

**GAM LONDON LIMITED**

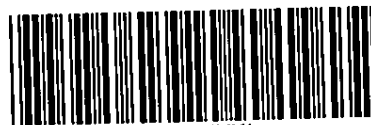
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2009**

Registered Company Number 874802

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**DIRECTORS' REPORT**

The directors submit their report together with the financial statements of GAM London Limited (the Company) for the year ended 31 December 2009

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of providing investment advisory services to clients, on both a discretionary and non-discretionary basis. The Company is regulated by the Financial Services Authority (FSA)

**FINANCIAL RESULTS**

During the year to 31 December 2009, the Company made a profit after taxation of £4 501,000 (2008 £10 498 000)

A dividend of £6,000,000 was paid during the year (2008 £14,500,000)

**OPERATING AND FINANCIAL REVIEW****Key performance indicators**

Client assets under management declined by 10.8% in 2009 to £4,383 million (2008 £4 913 million). At UK Group level, assets under management increased from £23,300 million to £27,120 million during the year, an increase of 16.4%.

The Company monitors its cost/income ratio on a monthly basis, which for the year ended 31 December 2009 was 84% (2008 75%).

**Capital structure of the Company**

The Company had issued capital at 31 December 2009 of £2,025,000 (2,025,000 issued ordinary shares of £1 each), all of which are held by GAM (U.K.) Limited, a company registered in the United Kingdom.

**Review of the business and future developments**

The year ended 31 December 2008 was characterised by unprecedented market volatility and severe dislocations in both the credit and equity markets. GAM was not immune from the turmoil and faced major challenges in continuing to deliver high quality investment management services to its clients. However, we continue to believe that the current extreme market environment is a cyclical and not a structural phenomenon. Therefore, whilst in 2008 and early 2009 we saw substantial redemptions from our products, we remain convinced that once volatility reduces and investors' appetite for risk returns, GAM's excellent relative performance and active management approach will enable it to capture substantial flows of new money.

**Principal risks and uncertainties**

As an investment advisory business focused on the private client business, the principal risks facing the Company include the loss of key staff and losses arising from adverse external market movements. The Company addresses the former risk through a well structured remuneration policy and the employment of highly motivated, professional staff. The latter is addressed through diligent attention to the asset allocation process.

Additionally, the Company seeks to mitigate the risk of losses from the loss of key clients through diversification of its client base and the growth in assets under management.

**Approach to risk**

The Company is incorporated in the United Kingdom and is a wholly owned subsidiary of GAM (U.K.) Limited. The Company's activities (described above) are regulated by the FSA.

**DIRECTORS' REPORT** (Continued)

The Company's management adopts a responsible attitude to risk and has actively taken steps to comply with the provisions of the Capital Requirements Directive. Following an assessment of the Company's corporate structure and relationship with its funds, it is apparent that its exposure to many of the principal risks identified in the New Basel Accord is low. As a result, the Company's risk level is perceived to be comfortable.

Two further discussions relating to the risks faced by the Company appear later in these financial statements. Firstly, a detailed discussion of the risks facing the Company and its approach to mitigating them is shown in the Financial Risk Management section of the Directors' Report. The Company seeks to meet its reporting obligations under Pillar 3 of the Capital Requirements Directive through this disclosure. Secondly, risks associated with Financial Instruments are covered in Note 3.

**FINANCIAL RISK MANAGEMENT****Introduction**

Risk is inherent in the Company's activities but it is carefully managed through a process of ongoing identification, measurement and monitoring. It is subject to prudent risk limits and strong control. This note presents information about the financial risks faced by the Company and the framework the Company has in place to manage those risks.

GAM London Limited is authorised and regulated by the Financial Services Authority (FSA) with permission to carry out investment activities under registration number 122330. The principal activities of the Company are the distribution of GAM funds, the discretionary management of private clients and the provision of investment advisory services to funds.

The Company has undertaken a detailed evaluation of its financial risks and the capital requirements in the Internal Capital Adequacy Assessment Process (ICAAP) document, the provisions of which are contained within Article 123 of the EU Capital Requirements Directive. There is no additional requirement for capital arising from the ICAAP. Additionally, there is no current or foreseen material, practical or legal impediment to the prompt transfer of capital resources or repayment of liabilities among the Company or its parent undertaking.

**Risk management structure**

There are a number of bodies associated with the management of the Company's financial risk.

*Board of Directors*

The Board of Directors is ultimately responsible for identifying and controlling risks. It has overall responsibility for setting the Company's risk management approach and for approving risk management strategies.

*Risk Management Team / Risk Officer*

The Risk Officer is responsible for identifying and collating all operational risks (either through the risk monitoring framework or as a result of specific incidents, including errors reported through the GAM Error Monitoring System). The Risk Officer is responsible for analysing the potential impact of identified risks and determining, in conjunction with the business function heads, the required action to mitigate those risks.

*Legal & Compliance Team*

The Legal & Compliance team monitors compliance, legal and regulatory requirements for the Company and is responsible for the development and ongoing monitoring of controls and procedures that seek to mitigate risk.

*Finance Department*

The Finance department has an oversight role monitoring performance against set strategy. Reporting to the CEO, the UK Head of Finance reviews the Company's financial position against budgets and forecasts.

**DIRECTORS' REPORT** (Continued)*Quantitative Services Department*

The Quantitative Services department performs statistical and quantitative reviews for the Company's clients and investments. These reviews centre predominantly on performance and Value at Risk (VaR) analysis, attribution analysis, peer group analysis and asset allocation analysis. The department looks to analyse the investment risks for both internal and external funds as well as for the individual Institutional clients of the Company.

*Internal Audit*

Internal audit services for the Company are provided by the GAM Holding Limited Group Internal Audit Team (GIA) which comprises a dedicated team of professionals with asset management expertise. In the short term, external IT specialist auditors are being engaged to provide IT audit support. The primary goal of GIA is to provide reasonable assurance to the GAM Holding Limited Board of Directors, to the Company's Board of Directors and to the Audit Committee that the internal control environment which management has established is adequate, functioning effectively and in accordance with legal and regulatory requirements. GIA executes this responsibility by providing independent, objective assurance and consulting services in relation to controls and inherent risks, guided by the philosophy of adding value.

**Capital resources**

The Board of Directors has a responsibility to ensure that the Company's systems and controls are adequate to mitigate risks identified and that sufficient capital is in place at all times to meet those requirements. Additional capital, where required, is to be allocated in Pillar 2 for those risks not captured by Pillar 1.

A summary of the Company's capital resources and capital requirements as at the statement of financial position date appears below. It confirms that no additional regulatory capital is required under Pillar 2.

	£000
Pillar 1 - Credit risk	710
Pillar 1 - Market risk	87
Pillar 1 - Operational risk	-
Pillar 1 - Fixed Overhead Requirement (FOR)	6,336
Pillar 1 Total	6,336
Pillar 2 Total	-
ICAAP Capital Requirement	6,336
Total Capital after Deductions	11,159
Surplus Capital	4,823
Surplus Capital (%)	43.22%

**Key risks**

The major areas of risk for the Company are Market risk, Operational risk, Concentration risk and Business risk. All of these risks have been reviewed and stress tested in the ICAAP, which includes an aggregation exercise for capital adequacy purposes.

Each of these risks is discussed in greater detail below.

**Market risk**

Market risk is defined as the risk to a company arising from movements in market prices that will affect its income or the value of its holdings of financial instruments. Key components of Market risk are Interest Rate risk, Currency risk and Equity Price risk, each of which are discussed below. Market risk is inherent in the running of any statement of financial position.

*Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has some statement of financial position exposure to interest rate risk, the details of which are discussed in Note 3 ('Risks associated with financial instruments').

**DIRECTORS' REPORT** (Continued)*Currency Risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has some statement of financial position exposure to foreign currency risk, the details of which are discussed in Note 3 ('Risks associated with financial instruments').

*Equity Price Risk*

Equity Price risk is the risk that the fair value of securities decreases. While the Company does not engage in proprietary trading activities, it does provide investment management services to a range of GAM funds and private and institutional clients that do take proprietary positions. The market risk inherent within these funds and clients impacts the Company by affecting its income, which is calculated as a percentage of assets managed. As such, effective identification and management of market risk is essential for maintaining income stability.

Quantitative techniques for the measurement and management of Market risk continue to evolve, but the technique currently used is Value at Risk (VaR). VaR is a well established risk management technique. The Company uses a VaR model based on historic prices covering a 3 year period, with a decay factor to put more emphasis on recent events.

Additionally, the Company has identified a number of events in order to stress test its market risk and analyse the likely effect on its business. The way in which the funds managed by the Company would be expected to perform in these scenarios was compared with the MSCI World VaR. The stress tests performed covered a range of market scenarios which confirmed the view that the Company carries less absolute risk than the market.

**Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events (whether deliberate, accidental or natural). Operational risk is inherent in the activities of any company.

Losses arising from the failure to manage operational risk include both direct and indirect losses, the latter category including those resulting from reputational damage. The identification and control of operational risk is, therefore, the responsibility of all employees - as directed by the Risk Officer, who has primary responsibility in this area. The risk framework managed by the Risk Officer is extensive, and its key components are discussed in greater detail below.

The Risk Officer maintains a register of inherent risks and a risk inventory (risk issues list), which is subject to regular sign off by functional heads. Along side this, the Risk Officer carries out a trend analysis following the submission of Key Risk Indicators (KRIs) by functional

Functions are subject to a self certification process in which the certifier decides whether the operation under discussion is risk compliant or risk non-compliant. The functional head signs off and agrees actions to be taken for non-compliant operations. The Risk Officer reviews all self certification submissions and then performs a risk based assessment (the annual Operational Risk Self Assessment exercise) in line with the GAM Group Operational Risk Framework.

**Concentration risk**

Concentration risk is defined as the probability of a loss arising from heavy exposure to a particular counterparty or group of counterparties. Concentration risk arises from large individual exposures or from significant exposure to groups of counterparties whose likelihood of default or withdrawal of business is driven by common underlying factors, which can include economic sector, geographical location or currency.

The Company has three primary income streams: from fund management services, client management services and from the distribution of GAM funds. Each of these three income streams are discussed below with respect to Concentration risk and the Company's approach to managing that risk.

*Fund Management Services*

Fund management income is derived as a percentage of assets under management. This revenue stream accounted for just 18% of the Company's profits during the year. The primary concentration risk associated with the revenue stream concerns the fund managers providing the services. The Company seeks to mitigate this risk by spreading the management of funds across a number of individual fund management teams each consisting of a number of well trained individuals.

**DIRECTORS' REPORT** (Continued)*Client Management Services*

Client management income is derived as a percentage of monies managed for private clients. At the statement of financial position date, the Group had a well diversified base of actively managed clients and employed 10 portfolio managers and 11 supporting managers. Concentration risk for this revenue stream is mitigated by the spread of clients and of portfolio managers. No individual client represented more than 3.8% of the Group's client fee income.

A number of clients have been introduced by the same distributor. The largest distributor represented a combined 31% of the Group's client

*Distribution of GAM Funds*

The distribution of GAM funds accounted for 77% of the Company's profit before fixed costs. The Company receives a fee from GAM funds for introducing clients and mutual fund investors. Fees earned in this way are derived as a percentage of monies introduced.

Concentration risk for this revenue stream may arise both in relation to the in house distribution teams and where agents make up a material proportion of the Group's distribution income. The in house distribution teams are well diversified, with 30 sales staff marketing primarily to the United Kingdom, Channel Islands, Bermuda, South Africa, Sweden, Norway, Denmark and the Benelux countries. There is a greater degree of concentration risk in relation to the agents used to source funds. However, the loss of any one agent would not have a substantial impact on the Group's profitability.

The Company has stress tested a range of risk scenarios associated with Concentration risk, including the consequences of the departure of a high profile fund manager, the consequence of poor performance in fund mandates and the loss of a client. The Board has concluded that no concentration currently exists or is projected to exist within the next 5 years which would, in a worst case scenario, take the Company below a break even position. Accordingly, the Board believes it has adequate controls in place to mitigate concentration risk and considers that no additional capital above that provided by Pillar 1 to be required to cover this risk.

**Business risk**

Business risk is the risk associated with a chosen business strategy. It is affected by business cycles and by technological change. The Company seeks to minimise its exposure to Business risk through a number of initiatives including investment in IT infrastructure, which enables it to respond swiftly to new market products and to cater for changes in client requirements, and through GAM Group's development and introduction of attractive new funds and products in line with client demands and market opportunities.

The Company has stress tested a range of risk scenarios associated with Business risk, including the impact of legal or regulatory changes affecting managed clients in a jurisdiction and the impact of legal or regulatory changes on the investment funds from any individual jurisdiction. Based on the analysis and scenario testing, the Company's Business risk is considered to be minimal. Accordingly, the Board believes it has adequate controls in place to mitigate Business risk and considers that no additional capital above that provided by Pillar 1 to be required to cover this risk.

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

It is the policy of the Company to pay all amounts due to creditors in accordance with the terms and conditions agreed with those creditors. The Company had no material overdue trade creditors outstanding as at 31 December 2009 (2008: nil).

**DIRECTORS**

The directors who served in the year were as follows:

A Hanges	Chairman
D Smith	
G Wainer	
S Sullivan	
C Wallis	
A Wills	

**Directors' interests**

During the year none of the directors had any interest in the shares of the Company.

**DIRECTORS' REPORT** (Continued)**CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the year the Company contributed £10,000 (2008 £5,000) to charities. The company made no political donations or incurred any political expenditure during the year.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**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 they have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

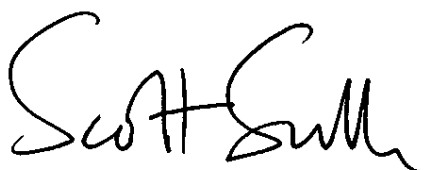
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.



By order of the Board  
S Sullivan  
Secretary  
22 March 2010

**INDEPENDENT AUDITOR'S REPORT**  
**to the members of GAM London Limited**

We have audited the financial statements of GAM London Limited for the year ended 31 December 2009 (set out on pages 8 to 25). The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors*

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

*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 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

*Opinion on other matters 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.



T Brown

*For and on behalf of*  
KPMG Audit Plc  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

22 March 2010



**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Revenue</b>	4	45,550	62,609
Investment Advisory costs, professional fees and marketing costs	4	(13,702)	(18,978)
Administrative expenses	4	(25,306)	(29,900)
Other operating expenses	4	(42)	(91)
<b>Operating profit</b>		6,500	13,640
Finance income	4	94	1,176
Finance cost	4	-	(31)
Finance income - net	4	94	1,145
<b>Profit before income tax</b>		6,594	14,785
Corporation tax expense	5	(2,093)	(4,287)
<b>Profit for the period</b>		4,501	10,498
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		4,501	10,498
<b>Profit attributable to:</b>			
Equity holders of the Company		4,501	10,498
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		4,501	10,498

**STATEMENT OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

	Share Capital £000	Retained Earnings £000	Total Equity £000
<b>Balance at 1 January 2008</b>	2,025	16,575	18,600
Profit for the period	-	10,498	10,498
Taxation on share based payments	-	(1,737)	(1,737)
Dividend paid	-	(14,500)	(14,500)
<b>Balance at 31 December 2008</b>	2,025	10,836	12,861
Profit for the period	-	4,501	4,501
Share based payments	-	613	613
Taxation on share based payments	-	10	10
Dividend paid	-	(6,000)	(6,000)
<b>Balance at 31 December 2009</b>	2,025	9,960	11,985

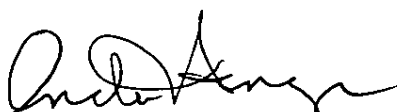
All balances shown in the above Statement of Changes in Equity are owner related. There are no equity balances relating to non-controlling interests.

The notes on pages 11 to 25 are an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2009

<b>ASSETS</b>	Notes	2009 £000	2008 £000
<b>Non current assets</b>			
Deferred tax assets	5	224	159
<b>Current assets</b>			
Trade and other receivables	8	7 043	8,374
Cash and cash equivalents	9	16,629	16,053
Current tax assets	5	1 812	1,517
<b>Total current assets</b>		25,484	25 944
<b>TOTAL ASSETS</b>		25,708	26,103
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Issued Capital	10	2,025	2 025
Retained earnings		9 960	10,836
<b>Total equity</b>		11,985	12,861
<b>Current liabilities</b>			
Trade and other payables	11	13 723	13,242
Current tax liabilities	5	-	-
<b>Total current liabilities</b>		13 723	13,242
<b>TOTAL EQUITY AND LIABILITIES</b>		25 708	26,103

The financial statements on pages 8 to 25 were approved by the board on 22 March 2010 and signed on its behalf by



A Hanges  
Director



S Sullivan  
Director

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2009**

	Notes	2009 £000	2008 £000
<b>Cash flows from operating activities</b>			
Receipts from customers		46 881	65,819
Payments to suppliers and employees		(38 663)	(53,717)
Corporation tax paid	5	(1,715)	(4,508)
<b>Net cash flows from operating activities</b>		<u>6,503</u>	<u>7,594</u>
<b>Cash flows from investing activities</b>			
Interest Received	4	<u>73</u>	<u>1,176</u>
<b>Net cash flows used in investing activities</b>		<u>73</u>	<u>1,176</u>
<b>Cash flow from financing activities</b>			
Dividends paid to the Company's shareholders	7	<u>(6,000)</u>	<u>(14,500)</u>
<b>Net cash flows used in financing activities</b>		<u>(6 000)</u>	<u>(14 500)</u>
Net (decrease)/increase in cash and cash equivalents		576	(5 730)
Cash and cash equivalents at 1 January	9	<u>16 053</u>	<u>21,783</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>16,629</u></u>	<u><u>16 053</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**1. Corporate information**

The financial statements of GAM London Limited for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 22 March 2010. GAM London Limited is a limited company incorporated in the United Kingdom.

The Company is a wholly owned subsidiary of GAM (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent undertaking and controlling party of the Company is GAM Holding Ltd, a company incorporated in Switzerland. The Company's principal place of business and registered office is 12 St James's Place, London SW1A 1NX.

The principal activities of the Company are described in the Operating and Financial Review.

As GAM London Limited's shares are not publicly traded, and the presentation of segmental financial information would be unhelpful in assisting the user of accounts to understand GAM London Limited's business, segmental information is not presented.

**2. Summary of significant accounting policies**

**Basis of preparation**

The financial statements have been prepared on a historical cost basis. The financial statements are presented in pounds sterling (£) and are rounded to the nearest unit of £1,000 except when otherwise indicated. Income and expenses are recorded on an accruals basis.

**Statement of compliance**

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The following standards have been issued by the IASB during the year and endorsed by the EU:

Amendment to IAS 1 (Presentation of Financial Statements - A Revised Presentation)  
 Amendment to IFRS 2 (Share Based Payment - Vesting Conditions and Cancellations)  
 IFRS 7 (Financial Instruments - Disclosures)  
 IFRS 8 (Operating Segments)  
 Amendment to IAS 23 (Borrowing Costs)  
 IFRIC 14, IAS 19 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)

Management has assessed the impact of the standards above, of which only IFRS 7 (Financial Instruments - Disclosures) is considered to have a material impact on the financial statements.

**Foreign currency translation**

The functional and presentation currency of GAM London Limited is pounds sterling (£). Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The majority of foreign currency transactions are denominated in Swiss Francs (CHF), US Dollars (USD), Euros (EUR) and Japanese Yen (JPY). The exchange rates used for these currencies at the statement of financial position date were as follows:

GBP / CHF	1.6694
GBP / USD	1.6149
GBP / EUR	1.1256
GBP / JPY	150.3383

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009**2 Summary of significant accounting policies (Continued)****Trade and other receivables**

Trade receivables which generally have 30 day terms, are recognised at fair value (original invoice amount less an allowance for any uncollectible amounts) and carried at amortised cost using the effective interest rate method

**Pensions and other post-employment benefits**

The Company's immediate parent, GAM (U K ) Limited, operates a defined benefit pension scheme to which the Company is affiliated. The scheme requires contributions to be made to the fund. The assets and liabilities of the scheme are presented at GAM (U K ) Limited group.

**Trade and other payables**

Trade payables which generally have 30 day terms, are stated at amortised cost using the effective interest rate method.

**Revenue**

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the provision of asset management services is recognised as the services are provided and includes management fees and performance fees.

Performance fees are calculated by reference to the appreciation in the net asset value of the relevant fund during the performance period. In accordance with IAS 18, performance fees are only recognised once they can be measured reliably. The Company can only reliably measure performance fees at the end of the performance period as the net asset value of the relevant fund could move significantly, as a result of market movements, between the Company's statement of financial position date and the end of the performance period.

An analysis of revenue streams is presented in Note 4 ('Revenue and Expenses').

**Finance income and costs**

Finance income comprises interest earned on cash at banks and short-term bank deposits.

**Corporation Tax**

Deferred tax is provided using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and the liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of the unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Revenue, expense and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense items applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**2 Summary of significant accounting policies (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less

**Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

The significant estimates and judgements in preparing the Group's consolidated financial statements are in connection with any impairment, the valuation of the Group's share based payments, assumptions used in the defined benefit pension scheme and recognition of deferred tax.

**3. Risks associated with financial instruments**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (which includes foreign currency risk and interest rate risk).

The Company's risk management policies are designed to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor the risks and adherence to the limits by means of reliable up to date information. The Company regularly reviews its risk management policies and systems to reflect changes in business, counterparties, markets and the financial instruments that it utilises.

The Company's overall strategy and policies for the monitoring and management of financial risk are set by the Board of Directors. The Board of Directors delegates the implementation of risk monitoring, management and mitigation policies to a number of individuals and teams within the Group including the Risk Management Team / Risk Officer, the Legal & Compliance Team and Internal Audit. A more detailed discussion of the roles of each of these teams is contained within the Financial Risk Management section of the Directors' Report.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Credit risk arises from daily operations of the Company. The principal source of credit risk arises from the placing of funds with banks, trade debtors and accrued income and related-party receivables.

Cash held by the Group is held with several large banks. Bankruptcy or insolvency by these banks may cause the Group's rights with respect to the cash held by these banks to be delayed or limited. The Group monitors the credit rating of each bank on a monthly basis, as reported by the major credit rating agencies. Additionally, the GAM Group Cash Limit policy sets a limit for the maximum exposure permitted to each bank at Group level. If the credit quality or the financial position of any bank deteriorates significantly, management will move the cash holdings to another bank. Group policy stipulates that banking counterparties should have a minimum long term credit rating of A+.

Trade debtors and accrued income represents income due from clients in relation to funds under management. Given that the Company manages assets on behalf of clients and institutions and that management fees are typically charged to and paid from the underlying funds we manage, there is a relatively low risk of default on trade debtors and accrued income.

There were no past due related party receivables at the statement of financial position date.

At the statement of financial position date, the Company's financial assets exposed to credit risk were as follows:

	2009 £000	2008 £000
Cash and cash equivalents	16,629	16,053
Trade receivables	4,386	4,803
Receivable from related parties	2,657	3,571
	<u>23,672</u>	<u>24,427</u>

Amounts in the above table are based on the carrying value of all accounts. The Company does not have any past due receivables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**3. Risks associated with financial instruments (Continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. It is the Company's policy to have enough cash on hand to meet its current obligations. At the statement of financial position date, the Company had cash and cash equivalents of £16,629,000 (2008: £16,053,000) on hand to meet its current obligations.

The following table details the residual contractual maturities of the Company's financial liabilities at 31 December 2009

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	8,847	-	-
Payable to related parties	-	3,937	-	-
	-	12,784	-	-

The previous table shows the contractual, undiscounted cash flows of the Company's financial liabilities and capital commitments.

The following table details the residual contractual maturities of the Company's financial liabilities at 31 December 2008

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	9,084	-	-
Payable to related parties	-	3,272	-	-
	-	12,356	-	-

The previous table shows the contractual, undiscounted cash flows of the Company's financial liabilities and capital commitments.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its banking deposits.

The Company keeps its excess cash at banks and receives a floating rate of interest on these deposits. Management does not actively manage interest rate risk apart from placing excess cash in banks with a market interest rate.

At 31 December the Company had the following interest rate exposure

	2009 £000	2008 £000
Cash at bank	-	-
Short term bank deposits	16,629	16,053
	16,629	16,053

At 31 December, if interest rates had been 50 basis points higher with all other variables held constant, equity and profit and loss for the period per the statement of comprehensive income would have increased by £61,000 (2008: £202,000).

Had interest rates been 50 basis points lower, it would have resulted in an equal but opposite effect on the above financial statement accounts to the amounts shown above, on the basis that all other variables remain constant.

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**3. Risks associated with financial instruments (Continued)**

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The Company's business is impacted through its exposure to non-Sterling denominated income, expenses, assets and liabilities. The currency exposure is managed through the placing of monthly forward currency contracts on foreign currency revenue receipts. In addition, the Group carries a small exchange position as principal to facilitate the smooth conduct of its business.

At 31 December, the Company had the following statement of financial position exposure to foreign currency

	2009 £000	2008 £000
EUR	40	155
USD	1,214	1,881
CHF	(26)	(118)
JPY	24	185
	<u>1,252</u>	<u>2,103</u>

At 31 December, had the pound Sterling strengthened by 10% in relation to all currencies, with all other variables held constant, equity and profit for the period per the statement of comprehensive income would have increased by the amounts shown below

	2009 £000	2008 £000
EUR	(4)	(14)
USD	(110)	(171)
CHF	2	11
JPY	(2)	(17)
	<u>(114)</u>	<u>(191)</u>

A 10% weakening in the pound Sterling against the above currencies would have resulted in an equal but opposite effect on the above financial statement accounts to the amounts shown above, on the basis that all other variables remain constant



**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**4 Revenue and expenses**

<b>Revenue</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Revenue which is stated net of sales tax comprises		
Fees from advising		
Fund management	15 273	19 083
Distribution and client advisory	30,277	43 526
<b>Total Revenue</b>	<b>45,550</b>	<b>62 609</b>

<b>Finance income - net</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Interest income	73	1,176
Net foreign exchange translation gains/(losses)	21	(31)
	<b>94</b>	<b>1,145</b>

<b>Expense by nature</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Advertising and marketing costs	1 002	1,762
Management charge from holding company	8,353	11,613
Investment advisory fees	4 858	5,717
Professional fees	7 842	11,499
Employee benefits expense	14 416	15 290
Other administration costs	2,537	2,997
Other expense	42	91
	<b>39 050</b>	<b>48,969</b>

Investment advisory costs professional fees and marketing costs	13 702	18,978
Administrative expenses	25,306	29 900
Other operating expenses	42	91
	<b>39 050</b>	<b>48,969</b>

Investment advisory fees comprise amounts paid to other group companies or to third parties in respect of sub advisory fees provided to the Company

<b>Employee benefits expense</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Salaries and bonuses	10,444	10 831
Social security costs	1 346	1,284
Pension costs - defined contribution plans	228	204
Pension costs - defined benefit plans	688	848
EBT scheme costs	1,028	1,636
Other employment costs	682	487
	<b>14,416</b>	<b>15,290</b>

The average number of employees employed by the Company during the financial year was 57 (2008 63)

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**4. Revenue and expenses (Continued)**

<b>Auditor's Remuneration</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor for the audit of the Company's accounts	22	21
Fees payable to the Company's auditor for other services - other services pursuant to legislation	4	4
	<u>26</u>	<u>25</u>

<b>Directors' emoluments</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	6,552	18,225
Amounts (excluding shares) receivable under long-term incentives schemes included in the above aggregate emoluments	-	11,346
Highest paid director - aggregate emoluments	3,923	10,148

During the year two directors were also remunerated through the immediate holding company. The aggregate of these emoluments amounted to £1,950,000 (2008: two directors with aggregate emolument of £3,045,000). Payments made under long-term incentive schemes included in the prior figure amounted to £nil (2008: £1,324,000). Pension contributions amounted to £90,000 (2008: £86,000) and are not included in the above.

There were no related party transactions with Directors.

**5. Corporation tax**

Major components of tax expense for the years ended 31 December 2009 and 31 December 2008 are

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<b>Profit on ordinary activities before tax</b>	<u>6,594</u>	<u>14,785</u>
<b>Statement of comprehensive income</b>		
UK corporation tax		
Current tax on income for the period	2,154	1,573
Adjustments in respect of prior periods	(1)	(50)
Current tax expense	2,153	1,523
Deferred tax (income)/expense	(60)	2,764
Corporation tax expense	<u>2,093</u>	<u>4,287</u>

Taxation charged on items credited to equity in the period amounted to £10,000 (2008: taxation written back on items credited to equity in the period amounted to £1,737,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**5. Corporation tax (Continued)**

In 2008, the standard rate applying in the UK changed from 30% to 28%, producing a weighted average rate of 28.5%. In 2009 the rate remained constant at 28%. The tax assessed for the period is higher (2008: higher) than the standard rate applying in the UK (28%). The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities at the UK tax rate 28% (2008: 28.5%)	1,846	4,214
Adjustments to tax in respect of prior period	(1)	(50)
Expenses not deductible for tax purposes	248	128
Adjustments to tax in respect of prior period deferred tax	-	(5)
<b>Total taxation - continuing operations</b>	<b>2,093</b>	<b>4,287</b>

**Statement of financial position**

	2009 £000	2008 £000
Current tax assets		
Other current tax assets	1,812	1,517

**Deferred tax**

Deferred tax is calculated in full on the temporary differences under the liability method using a tax rate of 28% (2008: 28%).

	2009 £000	2008 £000
Deferred tax asset	224	159

	2009 £000	2008 £000
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The movement on the deferred tax account is shown below:

	2009	2008
At beginning of period	159	5,497
Statement of comprehensive income credit/(charge)	60	(2,764)
Revenue reserve credit/(charge)	5	(2,574)
<b>At end of period</b>	<b>224</b>	<b>159</b>

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below:

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**5. Corporation tax (Continued)**

**Deferred tax (Continued)**

Deferred tax assets - Recognised	Provisions £000	Accelerated tax depreciation £000	Total £000
At 1 January 2009	147	12	159
Statement of comprehensive income credit/(charge)	63	(3)	60
Revenue reserve credit	5	-	5
At 31 December 2009	215	9	224
Assets receivable in less than 12 months			49
Assets receivable in 12 months or more			175
			224

There were no deferred tax liabilities as at 31 December 2009 (2008 nil)

Statement of cash flows	2009 £000	2008 £000
Corporation tax paid	1 715	4,508

**6 Employee benefits**

**Employee share incentive plans**

The Group participates in a share incentive scheme and a staff share participation scheme established by GAM (U K ) Limited

Share Incentive Scheme

GAM (U K ) Limited established the GAM Holding Ltd EBT (formerly the Julius Baer Employee Benefit Trust) ('The Trust'), a trust subject to the laws of the United Kingdom with Jersey trustees. The Trust purchased shares in Julius Baer Holding Ltd which were allocated to selected staff of participating companies. The shares vested over a three year period with full vesting on 30 September 2008. The cost of the shares was charged to the statement of comprehensive income on a straight line basis over the 36 months of the scheme's duration. On 30 September 2006 and 30 September 2007 the majority of the restrictions placed on one third of the shares allocated were lifted at each date, full ownership transferring to the employees on the final vesting date.

Shares in Julius Baer Holding Ltd underwent a 1 for 2 share split on 26th April 2007. Movements in the number of shares granted to the UK Group participating companies and their related weighted average prices were as follows:

Price per share in Swiss Francs (CHF)	2009 Average price (per share)	2009 Outstanding options	2008 Average price (per share)	2008 Outstanding options
<b>At 1 January</b>	-	-	93.60	249 386
Granted - pre share split	-	-	-	-
Share split (2 for 1)	-	-	-	-
Granted - post share split	-	-	77.70	6
Forfeited	-	-	77.70	(5 489)
Fully vested in year	-	-	54.40	(243,903)
<b>At 31 December</b>	-	-	-	-
<b>Restrictions removed</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**6. Employee benefits (Continued)**

**Employee share incentive plans (Continued)**

The GAM Holding Ltd EBT

GAM (U K ) Limited is the Settlor of the GAM Holding Ltd EBT (formerly the Julius Baer Employee Benefit Trust) Members of the GAM Group participate in the Trust with a view to granting benefits to their employees The members of the UK Group who participate in the Trust are GAM (U K ) Limited, GAM London Limited and GAM International Management Limited Costs incurred by the participating companies are charged to the statement of comprehensive income on a straight line basis The unamortised costs are held on the statement of financial position as a prepayment

The charges to the statement of comprehensive income during the year and the assets held by the Trust in relation to participating UK Group companies were as follows

Charges to the Statement of Comprehensive Income	2009 £000	2008 £000
Pre-financed share based payment as at 1st January	-	3,708
Participation in Trust	-	-
Charge to Statement of Comprehensive Income	-	(3,708)
Pre-financed share based payment as at 31st December	-	-
Assets held for UK Group by the Trust as at 31st December	2009 £000	2008 £000
All shares held for UK participating companies		
Cost	-	-
Fair market value	-	-
Of which	2009 £000	2008 £000
Unvested shares		
Cost	-	-
Fair market value	-	-

Employee Share Participation Scheme

The employee share participation scheme is a 12 month employee benefit scheme In March 2008, employees were invited to purchase shares in Julius Baer Holding Ltd For every three shares purchased by the employee, a further free share was granted which would ultimately vest on the employee in March 2009 as long as the employee remained in the employment of one of the GAM (U K ) Limited group companies

In March 2009 employees were invited again to purchase shares in Julius Baer Holding Ltd For every three shares purchased by the employee, a further free share was granted which would ultimately vest on the employee in March 2010 as long as the employee remained in the employment of one of the GAM (U K ) Limited group companies Following the separation of Julius Baer and GAM in October 2009, these awards were held as a basket of one new GAM Holding Limited share and one new Julius Baer Group Limited share for each old Julius Baer Holding Ltd share

	2009 £000	2008 £000
Value of options at scheme inception	80	211
Charged to statement of comprehensive income as at 31st December	66	176

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

**6. Employee benefits (Continued)**

**Employee share incentive plans (Continued)**

Option Plan

The Long Term Incentive Plans of the Julius Baer Holding Ltd Group were aimed at employees who had a significant influence on the Group's long term development and financial results as well as at the members of the Board of Directors. The purpose of the Incentive Plans was to strengthen the long term commitment to the Bank and to foster interdisciplinary teamwork in that the entitled employees are granted Julius Baer Holding Ltd registered shares and/or options on such registered shares whose value depends, among other things, on the long term success of the organisation as a whole.

In line with the objectives of the plans, the shares and options were tied to a vesting and forfeiture clause. Only after expiration of the vesting period were employees entitled to the registered shares and/or options provided that said employees were in ongoing employment (forfeiture clause) and that the other conditions of the plans are met. The shares and options acquired in this way were subject to a sales restriction period. Until expiration of the vesting period, the Loteco Foundation managed the shares and options that have been distributed to the beneficiaries within the scope of the Long Term Incentive Plan.

The Loteco Foundation hedge their liabilities from the Long Term Incentive Plan on allocation date through purchase of the corresponding shares and/or options. The UK group of companies finances these shares and options purchased by Loteco Foundation. In the reporting period the UK group of companies recognised the amount of £409 000 as a pre-financed share based payment. This asset will be recovered over the vesting period by way of a capital contribution representing the recharge of share based payment made by Loteco Foundation.

There were no capital contributions during the year.

To the extent that the prefinanced share based payment will not result in vested share based payment the asset will be recovered in cash from Loteco Foundation. Following the separation of Julius Baer and GAM in October 2009, these awards were held as a basket of one new GAM Holding Limited share and one new Julius Baer Group Limited share for each old Julius Baer Holding Ltd share.

The shares will vested on employees in two tranches, the first tranche after a 14 month period in January 2009 and the second tranche after a 26 month period in January 2010.

	2009 £000	2008 £000
Inception value of unforfeited options	1,644	1,644
Charged to statement of comprehensive income as at 31st December	409	1,084

2009 Long-Term Incentive Plan (GAM Holding Ltd)

On 28 October 2009 the Board of Directors approved the granting of options over GAM Holding Ltd's shares. Options were granted to every officer and employee of the Group with an exercise price of CHF 12.28. They vested on the same day and are accounted for under IFRIC 17 as a contribution from the ultimate parent company. The costs associated with this award are taken directly to reserves. The amount taken to the Statement of Comprehensive Income represents the IFRS 2 charge of options granted by GAM Holding Limited to employees of the Company. This cost is borne by the Company by way of a recharge.

Out of the total option grant to mark the independent listing of GAM Holding Ltd, options over 3,009,247 shares were granted to members of the GAM (U.K.) Limited group specifically to recognise the efforts of employees in facilitating this event. These options vested immediately upon grant subject to certain conditions being fulfilled. Options over a further 9,027,740 shares will vest in three equal installments on the following three anniversaries of the grant date. Save in limited circumstances (not including change of control events), all of the options granted will only be exercisable at the end of the three year vesting period. The exercise period, and therefore the options, expires on 26 January 2013. Each installment is accounted for as a separate share based payment arrangement and therefore the expenses are allocated over the corresponding vesting period of one, two or three years.

	2009 £000	2008 £000
Charged to statement of comprehensive income as at 31st December	1,562	-
Charged to equity as at 31st December	4,420	-

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**6. Employee benefits (Continued)**

**Employee share incentive plans (Continued)**

	Number of Options @ 31/12/2009	Weighted average exercise price 2009 CHF
Outstanding at the beginning of the year	-	-
Granted during the year	12,036,987	12 28
Exercised during the year	-	-
Forfeited/cancelled during the year	(1 281)	12 28
Outstanding at the end of the year	<u>12,035,706</u>	12 28
<i>Of which exercisable at the end of the year</i>	-	-

	Options vested on 28/10/2009	Options vesting on 28/10/2010	Options vesting on 28/10/2011	Options vesting on 28/10/2012
Fair value of option at grant date	2 48	2 62	2 63	2 55
Average remaining contractual life (in months)	37	37	37	37
Share price at grant date	12 28	12 28	12 28	12 28
Exercise price	12 28	12 28	12 28	12 28
Expected volatility	40 75%	40 75%	40 75%	40 75%
Expected dividend yield	5 00%	5 00%	5 00%	5 00%
Risk-free interest rate	0 98%	0 98%	0 98%	0 98%
Expense recognised for the period (£000)	5 982	7,794	3 488	1 263

**Pensions and other post-employment plans**

The immediate holding company, GAM (U K ) Limited operates a defined benefit pension scheme and a defined contribution scheme for its employees and those of its subsidiaries including GAM London Limited. Details of the schemes are disclosed in the accounts of GAM (U K ) Limited.

The cost of providing benefits under the plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when they exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets at the last balance sheet date. The gains or losses are recognised over the expected average remaining working lives of the employees participating in the scheme. The Scheme is valued every three years by a professionally qualified independent Actuary. The rate of contributions payable is determined by the Actuary on behalf of the Trustees of the Scheme. With effect from 1 January 2004 the defined benefits scheme was closed to new entrants and a money purchase section was opened for all new employees.

Costs are charged by GAM (U K ) Limited to the Company based on the contributions paid on behalf of employees of the Company. The contribution rate for the defined benefit plan throughout 2009 was 37 0% (2008 37 0%) of pensionable payroll.

	2009 £000	2008 £000
Costs charged to statement of comprehensive income		
Defined contribution pension scheme	228	204
Defined benefit pension scheme	<u>688</u>	<u>848</u>
	<u>916</u>	<u>1,052</u>

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**as at 31 December 2009**

<b>7. Dividends paid and proposed</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Declared and paid during the year		
Equity dividends on ordinary shares		
Final paid	<u>6,000</u>	<u>14,500</u>
Total	<u><u>6,000</u></u>	<u><u>14,500</u></u>
Dividend paid per share (£)	<u><u>2.96</u></u>	<u><u>7.16</u></u>

All dividends in 2009 were paid in the same year they are proposed, declared and approved

<b>8 Trade and other receivables (current)</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	4,386	4,803
Receivable from related parties	<u>2,657</u>	<u>3,571</u>
	<u><u>7,043</u></u>	<u><u>8,374</u></u>

Trade receivables are non-interest bearing and are generally on 30 day terms. The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a quarterly basis.

<b>9. Cash and cash equivalents</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Short-term bank deposits	<u>16,629</u>	<u>16,053</u>
	<u><u>16,629</u></u>	<u><u>16,053</u></u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £16,629,000 (2008: £16,053,000). For the purposes of the statement of cash flows, cash and cash equivalents are shown in the table above.

The effective interest rate on short-term bank deposits was 0.5% (2008: 4.4%). These deposits have an average maturity of 28 days (2008: 25 days).



**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2009**

<b>10. Issued capital</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Authorised		
2,500,000 ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>
Issued, called up and fully paid		
2,025,000 ordinary shares of £1 each	<u>2,025</u>	<u>2,025</u>

There have been no shares issued or redeemed during the financial year ended 31 December 2009 (2008 nil). There are no preferences or restrictions attaching to any share class.

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of the share capital.

The Company is supervised in the UK by the Financial Services Authority ('FSA'). The FSA has agreed to waive the Company from consolidated supervision. The Company submits quarterly returns to the FSA on its capital adequacy. Throughout the year, the Company held significant surplus capital over regulatory requirements.

Information as to how the Company manages capital is disclosed in the Directors' Report and in Note 3 to the financial statements.

<b>11 Trade and other payables (current)</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Amounts due to holding company	2,381	1,904
Social security and other taxes	939	886
Accrued expenses	8,847	9,084
Payable to related parties	<u>1,556</u>	<u>1,368</u>
	<u>13,723</u>	<u>13,242</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Amount due to holding company is interest bearing. Interest is charged on the average month end balances at Bank of England base rate plus 0.25%.

**12. Parent undertaking**

The immediate parent undertaking into which GAM London Limited is consolidated is GAM (U K) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company is GAM Holding Ltd, Zurich, a company incorporated in Switzerland. The smallest group in which the financial statements of GAM London Limited are consolidated is headed by GAM (U K) Limited. The largest group in which the financial statements of GAM London Limited are consolidated is that headed by GAM Holding Ltd, Klausstrasse 10, CH-8034 Zurich. Copies of the parent's consolidated financial statements may be obtained from GAM Holding Ltd, Zurich.

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2009

**13. Related party transactions**

Amounts payable and receivable between related parties are due on demand. The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year.

Related party - 2009	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
GAM (Schweiz) AG	768	270	199	89
GAM (U K ) Limited	4	8 353	-	2 381
GAM Anlagefonds AG	1	-	-	-
GAM Fund Management Limited	-	152	-	39
GAM Hong Kong Limited	222	355	50	50
GAM Limited	27 591	406	2 392	1,360
GAM Sterling Management Limited	45	-	-	-
GAM USA Inc	71	1	16	-
GAM Holding AG	-	1	-	-
Julius Baer Holding Ltd	3	240	-	18

Related party - 2008	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
GAM (Schweiz) AG	1 893	863	368	132
GAM (U K ) Limited	7	11,613	-	1 904
GAM Anlagefonds AG	1	11	-	-
GAM Fund Management Limited	-	156	-	39
GAM Hong Kong Limited	368	199	80	20
GAM Limited	38,033	1 534	3,096	1,153
GAM USA Inc	117	4	24	-
Julius Baer Holding Ltd	8	182	3	24

The Company is wholly owned by GAM (U K ) Limited. The Company's related party receivable with its parent arose primarily as a result of the management services provided by the parent.

**14 Contingencies**

The Company had no contingent liabilities at 31 December 2009 (2008: nil).