

JO HAMBRO

INVESTMENT MANAGEMENT
a CREDIT SUISSE GROUP company

Annual Report and Accounts

Year Ended 31st December 2009

Registered in England No 2042285

WEDNESDAY



A21 *AUN1XM9K* 04/08/2010 9
COMPANIES HOUSE

Contents of the Annual Report

	Page
Directors' Report	2-4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6
Income Statement	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the financial statements	11-27

Directors' Report

Principal Activities

The principal activities of J O Hambro Investment Management Ltd ("the Company" or "JOHIM") are discretionary investment management on behalf of private clients, charities, trusts and collective investment vehicles, and the management of other specialist funds including hedge funds

Business Review

Profile

JOHIM is a specialist investment house focused on the discretionary management of portfolios for private individuals, their related family interests and intermediate customers JOHIM also manages charities and other specialist investment portfolios

For its private clients, JOHIM manages bespoke equity oriented portfolios on a fully discretionary basis, agreeing a specific investment objective with each client on a case by case basis JOHIM client portfolios include traditional growth, balanced or income mandates as well as specialist geographic mandates (Europe, UK, Asia/Japan, etc) JOHIM also manages fixed income and multi-asset class portfolios

JOHIM manages a range of regulated onshore and offshore funds In addition JOHIM manages two unregulated equity long/short funds

Performance

The results for the year show profits after tax of £4.2m (2008: £5.0m) During the year Assets Under Management ("AUM") rose by £547m from £2,542m to £3,089m However, the lowest point of equity markets occurred in March 2009 when AUM were at their lowest level at £2,360m Net New Assets for the year amounted to £124m (2008: £31m) Capital adequacy cover as at 31 December 2009 was 4 times the required liquid capital (2008: 4)

The business was impacted during the period by severe market instability Although the FTSE world index was up over the year by 19.6% in sterling terms this should be considered alongside the Quarter 1 2009 index performance of negative 10.7% The possibility that high volatility in equity performance will continue is a risk to the business Another risk arises from the fact that some of JOHIM's portfolios are denominated in currencies other than GBP and are therefore subject to the currency risk associated with this, particularly given the volatility in currency markets The increasingly competitive environment, with a number of financial institutions looking to develop private client teams, is also a risk identified by the business Nevertheless, the Directors are pleased with how the business has performed during the most challenging economic conditions The AUM is at a higher level now than 31 December 2007 (£3,011m), while in comparison market index levels still remain some way off their peak, indicating that the business is in a strong position for future progression

Dividends

Dividends of £2m were paid during 2009 (2008: £2m) The Directors do not propose another dividend in respect of the year ended 31 December 2009

Directors and Directors' Interests

The Directors of the Company who served during the year, are listed below

R A Hambro	Deceased 25 th April, 2009
D F Chaplin * ^y	
J A Anderson *	
Lord Balniel	Resigned 18 th November, 2009
A R Bonsor *	
W A M Francklin *	
H J Grootenhuys *	
H E Marshall ^y	
C M Rose * ^y	
A J Steel	Resigned 20 th May, 2009
W H van Straubenzee	Resigned 17 th November, 2009
A F Gibbs ^y	
D A S Gibbs ^y	
J L Fisher ^y	
C R Macfadyen ^y	
A A Percy ^y	
R Wallis ^y	

The Company is a 74% subsidiary of JOHIM (Holdings) Ltd. The Company is a 26% associate of J O Hambro Asset Management Limited, a fully owned subsidiary of JOHIM (Holdings) Ltd. Directors marked with an * are also Directors of JOHIM (Holdings) Ltd ("the Parent Company"). Their interests in the share capital of that undertaking are disclosed in the Parent Company's financial statements. Directors marked with a ^y resigned as Directors of the Company after 31st December 2009 due to a change in Board structure.

FSA

The Company is authorised and regulated by the UK Financial Services Authority ("the FSA")

Insurance

Throughout the period, the Company maintained insurance to provide protection for clients against losses arising from any negligence or dishonesty of its employees.

Donations

Charitable donations made by the Company during the period amounted to £31,360 (2008 £46,242)

Political donations made by the Company during the period amounted to nil (2008 nil)

Risk Management

The policies of JOHIM to risk management are set out in Note 25 to the financial statements.

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 auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Employee Involvement and Employment of Disabled Persons

The Company gives full and fair consideration to disabled persons in employment applications, training and career development including those who become disabled during their period of employment.

The Credit Suisse group has a Disability Interest Forum in place in the UK as an initiative. This forum

- provides a support network,
- facilitates information sharing for those with a disability or for those caring for a family member or friend with a disability, and
- invites all those who want to participate and who have an interest

The forum raises awareness of issues related to disability and promotes an environment where disabled employees are supported and are given the opportunity to reach their full potential

Creditor Policy

The Company's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make the payment in accordance with agreed terms and any other legal obligations. The number of trade creditor days as at 31 December 2009 was 60 days (2008: 43 days)

Auditors

Pursuant to Section 487 of the Companies Act 2006, KPMG Audit Plc continues in office as the Company's auditor

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations

UK Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company's financial statements in accordance with IFRS as adopted by the EU and applicable laws.

The financial statements are required by law and IFRS to present fairly the financial position of the Company and the performance for that year; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 IFRS 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 1st July 2010

By order of the Board



Hugh Grootenhuys
Chief Executive Officer
1st July 2010
21 St James's Square
London, SW1Y 4HB

Independent Auditors' Report to the Members of J O Hambro Investment Management Limited

We have audited the financial statements of J O Hambro Investment Management Limited for the year ended 31 December 2009 set out on pages 6 to 27. 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 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 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.

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, 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.

I. Cummings

I Cummings (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

WC4Y 8BB

1st July 2010

Income Statement

For the year ended 31 December 2009

	Note	2009	2008
		£000	£000
Revenue	4	22,912	22,898
Administrative expenses		<u>(17,596)</u>	<u>(17,986)</u>
Operating profit		5,316	4,912
Other income	8	<u>340</u>	<u>1,258</u>
Profit before taxation	5	5,656	6,170
Income tax charge	9	<u>(1,477)</u>	<u>(1,137)</u>
Profit after tax		<u>4,179</u>	<u>5,033</u>

All profits for both 2009 and 2008 are from continuing operations

The notes on pages 11 to 27 form part of these financial statements

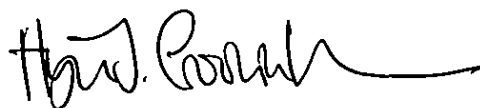
Statement of Financial Position

As at 31 December 2009

	Note	2009	2008
		£000	£000
Non-current assets			
Property, plant and equipment	10	472	640
Intangible assets	11	53	206
Current assets			
Trade and other receivables	13	10,890	10,954
Other assets	14	636	705
Deferred tax asset	19	572	331
Cash and cash equivalents	12	26,256	22,430
Total assets		38,879	35,266
Current liabilities			
Trade and other payables	16	3,549	3,764
Financial liabilities	17	9,652	8,778
Corporate tax liabilities		1,718	1,137
Non-current liabilities			
Long term debt	24	764	764
Provision for restoration costs	18	300	300
Total liabilities		15,983	14,743
Capital and reserves			
Issued share capital	21	23	23
Share premium account		313	313
Share based payment reserve		365	171
Profit and loss account		22,195	20,016
Total equity		22,896	20,523
Total equity and liabilities		38,879	35,266

The notes on pages 11 to 27 form part of these financial statements

These financial statements were approved by the Board of Directors on 1st July 2010 and signed on its behalf by



Hugh Grootenhuis
Chief Executive Officer

Statement of Changes in Equity

For the year ended 31 December 2009

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance as at 1 January 2008	<u>23</u>	<u>313</u>	<u>4,606</u>	<u>17,099</u>	<u>22,041</u>
Pre tax profit for the year - before IFRIC 11	-	-	-	6,170	6,170
Prior year adjustment - IFRIC 11 adjustment	-	-	-	(116)	(116)
Tax charge for the year - before IFRIC 11	-	-	-	(1,137)	(1,137)
Share based compensation - IFRIC 11 adjustment	-	-	(3,485)	-	(3,485)
Share based compensation taxation - IFRIC 11 adjustment	-	-	(950)	-	(950)
Dividend paid	-	-	-	(2,000)	(2,000)
Balance as at 1 January 2009	<u>23</u>	<u>313</u>	<u>171</u>	<u>20,016</u>	<u>20,523</u>
Pre tax profit for the year	-	-	-	5,656	5,656
Tax charge for the year	-	-	-	(1,477)	(1,477)
Share based compensation adjustment	-	-	194	-	194
Dividend paid	-	-	-	(2,000)	(2,000)
Balance as at 31 December 2009	<u>23</u>	<u>313</u>	<u>365</u>	<u>22,195</u>	<u>22,896</u>

Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities			
Profit before tax for the period		5,656	6,170
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities			
Non-cash items included in profit before tax and other adjustments			
Depreciation on property, plant and equipment	10-11	397	438
Foreign exchange (gains) / losses		76	(100)
Net interest income	8	(340)	(1,258)
Mark to Market		967	(95)
Adjustments for:			
Net decrease/(increase) in operating assets	13-14	134	(445)
Loans and receivables		64	(463)
Other assets		69	18
Net increase/(decrease) in operating liabilities	16-18	(410)	893
Short term debt		(410)	893
Long term debt		0	0
Provisions		0	0
Cash generated from operating activities		6,480	5,603
Interest received	8	553	1,027
Income taxes received		0	(1,190)
Net cash flow from operating activities		7,033	5,440
Investing activities			
Capital expenditure for property, plant and equipment and intangible assets		(76)	(128)
Net cash flow used in investing activities		(76)	(128)
Financing activities			
Dividends paid		(2,000)	(2,000)
Capital injection adjustment re IFRIC 11		0	0
Share based payment		(1,054)	(3,390)
Net cash flow used in financing activities		(3,054)	(5,390)
Net increase in cash and cash equivalents		3,903	(78)
Cash and cash equivalents at the beginning of the year	12	22,430	22,408
Effect of exchange rate fluctuations on cash held		(76)	100
Cash and cash equivalents at the end of the year	12	26,256	22,430

Notes to the financial statements

1) General

J O Hambro Investment Management Limited ("the Company" or "JOHIM") is domiciled in England and Wales. The address of the Company's registered office is 21 St James's Square, London, SW1Y 4HB.

2) Significant accounting policies

a) Statement of compliance

The Company's financial statements have been prepared on a going concern basis and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of preparation

The financial statements are presented in pounds sterling ('GBP'), rounded to the nearest thousand. They are prepared on the historical cost basis except for share-based payments which are accounted for at fair value.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these financial statements are set out in Note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

Standards and Interpretations effective in the current period

The Company has adopted the following amendments and interpretations in the current year:

- IAS 1 Revised - Presentation of Financial Statements. Details changes to the presentation of the financial statements, specifically around non-owner changes in equity (that is, 'comprehensive income') and the presentation thereof.
- IAS 1 and IAS 32 Revised - Puttable instruments and obligations arising on liquidation. The amendments provide for equity treatment, under certain circumstances, for financial instruments puttable at fair value and obligations arising on liquidation only.
- IFRS 2 Amendments - Share Based Payment. These amendments clarify the terms 'vesting conditions' and 'cancellations'.
- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements. Details changes to Business Combination accounting including Acquisition cost, Contingent consideration, Goodwill and non-controlling interest, Step acquisition, Partial disposal of an investment and acquiring additional shares in the subsidiary after control was obtained.
- IFRS 7 and IFRS 1 - Amendment to IFRS 7 Improving Disclosures about Financial Instruments. The amendments require enhanced disclosures about fair value measurements and liquidity risk and relief from comparative disclosures for amendments in IFRS 1.
- IAS 32 Amendment Financial Instruments Presentation. Classification of Rights Issues. The amendment provides guidance on the classification of rights issues denominated in a currency other than the functional currency of the issuer.
- IAS 39 Amendments - Financial Instruments. Recognition and Measurement and IFRS 7 - Financial Instruments. Disclosures regarding reclassification of financial assets. These amendments to IAS 39 allowed certain classifications of non-derivative financial assets out of fair value through profit or loss and also allow the reclassification of financial assets from available for sale to land and receivables, the IFRS 7 amendments require further disclosures around these reclassifications.

- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives This clarifies the accounting treatment of embedded derivatives for entities that make use of the reclassification amendments to IAS 39
- Amendments to IAS 39 'Financial Instruments Recognition and Measurement' Eligible Hedged Items These amendments clarify what can be designated as a hedged item in a hedge accounting relationship and deals with the circumstances in which an entity may designate a portion of the cash flows of a financial instrument as a hedged item
- Improvements to IFRS These amendments which resulted from IASB's annual improvements project comprise amendments that result in accounting charges for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual IFRS standards
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation This amendment clarifies issues around hedges of a net investment in a foreign operation
- IFRIC 17 - Distributions of Non-Cash Assets to Owners This amendment clarifies the recognition and measurement of dividends payable
- IFRIC 18 - Transfers of Assets from Customers This amendment clarifies the treatment of accounting for customer contributions, being transactions in which an entity - the "access provider" - receives an asset it uses to provide access to an ongoing supply of "goods and services" to a customer or customers

The application of these revised accounting standards and interpretations had no significant effect on the financial statements

Standards and Interpretations in issue but not yet effective

The Company is not required to adopt the following amendment to a standard which has been issued but is not yet effective

- IAS 32 Amendment Financial Instruments Presentation Classification of Rights Issues The amendment provides guidance on the classification of rights issues denominated in a currency other than the functional currency of the issuer (effective for annual periods beginning on or after 1 February 2010 – expected adoption date 1 February 2010)

The expected impact of the standards and interpretations issued but not yet effective is still being assessed, however, the Company does not anticipate that the above interpretations will have a material impact on the reported numbers in the Financial Statements in the period of initial application

c) Foreign currency

The Company's functional currency is GBP Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to GBP at the foreign exchange rate ruling at that date Foreign exchange differences arising from translation are recognised in the Income Statement Non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date are not revalued for movements in foreign exchange rates

d) Cash and cash equivalents

For the purpose and preparation of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less and that are held for the purpose of cash management

e) Financial assets

Management determines the classification of the Company's financial assets at initial recognition into one of the following categories loans and receivables, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss, and re-evaluates this designation at each reporting date as management determine applicable

Loans and receivables are recognised when cash is advanced to borrowers They are initially recorded at fair value plus any directly attributable transaction costs and subsequently carried at amortised cost less impairment loss

The Company assesses at each balance sheet date whether there is objective evidence that a receivable position or a portfolio of such positions is impaired. An individual receivable position or portfolio of positions is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. The amount of the loss is recognised in the Income Statement.

An allowance for impairment is reversed only when the credit quality has improved such that there is reasonable assurance of timely collection of the receivable balance in accordance with the original contractual terms of the agreement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership.

f) Financial liabilities

Financial liabilities include intra-group borrowings, external borrowings, overdrafts and payables. Intra-group, external borrowings and payables are recognised initially at fair value net of transaction costs. These borrowings are subsequently stated at amortised cost using the effective interest rate method. Borrowings are classified as current unless the Company has an unconditional right to defer the liability for at least 12 months after the balance sheet date.

g) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Income Statement, the related income tax initially recognised in equity is also subsequently recognised in the Income Statement.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the depreciation of property, plant and equipment and other short term temporary differences. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the balance sheet, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiaries except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 9.

h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Between purchase date and next lease break date
Furniture, fittings and equipment	4 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

i) Intangible assets

Intangible assets consist primarily of internally developed software. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, and are amortised over an estimated useful life of 4 years using the straight-line method upon completion or utilisation. The amortisation of intangible assets is included in the Income Statement.

j) Provision for restoration costs

Provision has been made for the cost of restoring the leased property to its original condition at the end of the lease period, currently expected to be approximately £300k. The lease expires on 24 September 2015 and the provision is based on the estimate of the current cost of the work required. This is assessed at each balance sheet date.

k) Operating leases

The total payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any early termination payment required to be made to the lessor is recognised as an expense in the period in which termination takes place.

l) Revenue

Revenue primarily consists of management fees, performance fees, net commission on dealing and the net margin derived from placing client funds on deposit. All amounts are calculated on an accrued basis where such income is reasonably foreseeable, or recognised as the Company gains the right to be paid.

m) Interest income and expense

Interest income and expense includes interest income and expense on the Company's financial instruments owned, short-term and long-term borrowings. These are recorded using the effective interest rates of the financial assets or financial liabilities to which they relate.

n) Retirement benefit costs

The Company has only defined contribution pension plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

o) Share based payments

The Company grants shares in its ultimate parent company Credit Suisse Group ('CSG') to certain employees. The Company purchases CSG shares from Credit Suisse Equity Based Compensation AG ('CSEBC'), another CSG company, upon settlement and then transfers those shares to its employees.

p) Share based compensation

IFRS 2, as interpreted by IFRIC 11, requires that when a parent entity grants rights to equity instruments of itself directly to the employees of its subsidiary, such subsidiary should classify the share-based arrangement as equity settled. As CSG, the Company's ultimate parent company, is the grantor of the awards, all share-based arrangements are to be classified as equity-settled.

Equity-settled arrangements are fair valued on grant date and recognised as an expense through the Income Statement on a straight line basis over the vesting period. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

q) Dividends

Dividends are recognised as a reduction of equity when declared along with the corresponding liability that represents the amount payable.

3) Critical accounting estimates and judgements in applying accounting policies

In order to prepare the financial statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent, reasonable and consistently applied. For further information on significant accounting pronouncements, refer to note 2.

Management believes that the critical accounting estimates discussed below involve the most complex judgements and assessments. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Fair value

As is the normal practice in the financial services industry, the carrying values the Company reports in the financial statements with respect to financial instruments owned and financial instruments sold but not yet purchased are in most cases based on fair value, with the related unrealised gains or losses included in the Income Statement.

Income taxes

Deferred tax valuation

Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable/payable in future periods in respect of temporary differences and unused carry forward of tax losses and credits. For temporary differences, a deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax asset is recognised on unused carry forward tax losses and credits to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses and credits can be utilised.

Periodically, management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses and credits can be utilised. Within this

evaluation process, management also considers tax planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

Share based payments

For share-based payment transactions, the Company may receive a tax deduction related to the compensation paid in shares. The amount deductible for tax purposes may differ from the cumulative compensation expense recorded. At any reporting date, the Company must estimate the expected future tax deduction based on the current share price. If the amount deductible, or expected to be deductible, for tax purposes exceeds the cumulative compensation expense, the excess tax benefit is recognised in equity. If the amount deductible, or expected to be deductible, for tax purposes is less than the cumulative compensation expense, the shortfall is recognised in the Company's Income Statement for the period.

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Company may accrue for tax contingencies despite the belief that positions taken in tax returns are always fully supportable. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of audits or when an event occurs requiring a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately accrued for any contingent tax liabilities.

4) Revenue

Revenue is arrived at as follows

	2009	2008
	£000	£000
Fees	17,905	17,779
Brokerage commission	2,403	2,458
Placing and unit trust commission	550	332
Margin on client money	1,955	2,226
Other income	99	103
	<u>22,912</u>	<u>22,898</u>

5) Profit before taxation

Profit on ordinary activities before taxation is stated after charging the following

	2009	2008
	£000	£000
Depreciation of property, plant and equipment	244	285
Amortisation of intangible assets	152	154
Auditors' and their associates		
Audit of financial statements	42	42
Exchange losses / (gains)	76	(100)
Payments for operating leases	767	767

6) Emoluments of Directors

Excluding pension contributions, the aggregate amount of emoluments and amounts receivable under long term incentive schemes of the highest paid Director were £340,805 (2008 £421,079) The Company also contributed £22,319 to their pension scheme during the year (2008 £26,908)

	2009	2008
	£000	£000
Directors' emoluments	4,710	6,081
Company contributions to pension schemes invested on a money purchase basis in respect of 28 Directors (2008 28)	484	512
Amounts receivable under share based payment schemes in respect of 16 Directors (2008 14)	1,128	-

7) Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the period, analysed by category, were as follows

	2009	2008
Fund management	32	38
Administration	<u>71</u>	<u>67</u>
	<u>103</u>	<u>105</u>

The aggregate payroll costs of these persons were as follows

	2009	2008
	£000	£000
Wages and salaries	10,633	9,833
Social security costs	683	634
Other pension costs	825	834
Amounts receivable under long term incentive schemes	<u>1,198</u>	<u>(95)</u>
	<u>13,339</u>	<u>11,206</u>

Other pension costs relate to the Company's contributions due to the defined contribution pension schemes for the benefit of all employees

8) Other income

	2009	2008
	£000	£000
Interest income from short term deposits	<u>340</u>	<u>1,258</u>

9) Taxation

Current tax	2009 £000	2008 £000
Tax charge in respect of the period	1,723	980
Adjustments in respect of previous periods	<u>(5)</u>	<u>23</u>
Total current tax	<u>1,718</u>	<u>1,003</u>
Deferred Tax		
Origination and reversal of timing differences	(53)	41
Share based compensation	(133)	-
Adjustments in respect of previous periods	<u>(55)</u>	<u>93</u>
Total deferred tax	<u>(241)</u>	<u>134</u>
Tax on profit on ordinary activities	<u>1,477</u>	<u>1,137</u>
	2009 £000	2008 £000
Profit on ordinary activities before taxation	5,656	6,170
Profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 28% (2008 28.5%)	1,584	1,758
Other Permanent differences	86	31
Adjustments to current tax in respect of previous periods	(5)	23
Adjustments to deferred tax in respect of previous periods	(55)	93
Share based compensation	(133)	(770)
Other short term timing differences	=	<u>2</u>
Actual current tax charge	<u>1,477</u>	<u>1,137</u>

10) Property, plant and equipment

	Leasehold Improvements	Fixtures, Fittings & Equipment	Total
	£000	£000	£000
Cost			
At 1 January 2009	1,466	1,924	3,390
Additions	-	76	76
At 31 December 2009	<u>1,466</u>	<u>2,000</u>	<u>3,466</u>
Accumulated depreciation			
At 1 January 2009	(1,072)	(1,678)	(2,750)
Charge for the year	<u>(123)</u>	<u>(121)</u>	<u>(244)</u>
At 31 December 2009	<u>(1,195)</u>	<u>(1,799)</u>	<u>(2,994)</u>
Net book value			
At 31 December 2009	<u>271</u>	<u>201</u>	<u>472</u>
At 31 December 2008	<u>394</u>	<u>246</u>	<u>640</u>

11) Intangible assets

	Investment Accounting System £000
Cost	
At 1 January 2009	1,127
Additions	-
At 31 December 2009	<u>1,127</u>
Accumulated depreciation	
At 1 January 2009	(921)
Charge for the year	<u>(153)</u>
At 31 December 2009	<u>(1,074)</u>
Net book value	
At 31 December 2009	<u>53</u>
At 31 December 2008	<u>206</u>

12) Cash and cash equivalents

	2009 £000	2008 £000
Cash at bank and in hand	<u>26,256</u>	<u>22,430</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates their fair value. The Company's exposure to credit risk is represented by the carrying value of the assets.

13) Trade and other receivables

	2009	2008
	£000	£000
Trade receivables	3,646	408
Other receivables	574	1,593
Accrued income	<u>6,670</u>	<u>8,953</u>
	<u>10,890</u>	<u>10,954</u>

14) Other assets

	2009	2008
	£000	£000
Prepayments	<u>636</u>	<u>705</u>

15) Employee share-based compensation

Share-based compensation

JOHIM's share-based compensation is an important part of the overall compensation package for select employees and senior executives. Share-based compensation is designed to promote employee retention and align the interests of employees and shareholders. Share-based compensation is granted as part of the annual incentive performance bonus subsequent to the fiscal year to which the incentive performance bonus relates. Share-based compensation is subject to restrictive features such as vesting, retirement and forfeiture rules.

Performance share award

As part of its annual incentive performance bonus process for 2007, 2008 and 2009, JOHIM granted Performance Share Award (PSA) units during 2007 (PSA III), 2008 (PSA IV) and 2009 (PSA V) respectively. PSA units are retention incentive awards requiring continued employment with JOHIM, subject to restrictive covenants and cancellation provisions, and vest on the third anniversary of the grant date. Each PSA unit will settle for a specified number of CSG registered shares depending on the achievement of JOHIM cumulative three-year earnings performance as compared to predefined targets. The outcome of the performance conditions ranges between zero and two, and is used to determine the final number of PSA units that convert into shares.

Compensation expense is determined by taking the number of PSA units expected to vest multiplied by management's current expectation as to the outcome of the performance conditions and the price of a CSG share as of the award grant date. Management reassesses its estimate of the outcome of the performance conditions on a periodic basis and adjusts the cumulative compensation expense recorded in the financial statements accordingly. Based on the estimated outcome of the performance condition as of 31 December 2009, the compensation expense reflects a conversion of each PSA III, IV and V initial unit into 0.00, 0.00 and 1.00 final units, respectively at the end of the vesting period. These estimates depend upon both the market environment and JOHIM's financial performance over the remainder of the vesting periods and, therefore, management cannot predict the final number of PSA units that will ultimately be expensed in the financial statements. For employees eligible for early retirement, compensation expense is based on performance multiplier of 1.00, estimated as of grant date.

None of the PSA units were vested as of 31 December 2009. JOHIM intends to purchase CSG shares from CS Group to satisfy its PSA-related obligations.

The following table presents the PSA award activities for the periods indicated.

	PSA II Number of awards in thousands	PSA III Number of awards in thousands	PSA IV Number of awards in thousands	PSA V Number of awards in thousands
Outstanding 31 December 2006	37	-	-	-
Granted	-	36	-	-
Forfeited	(1)	-	-	-
Outstanding 31 December 2007	36	36	-	-
Granted	-	-	44	-
Outstanding 31 December 2008	36	36	44	-
Granted	-	-	-	119
Delivered	(36)	-	-	-
Forfeited	-	(11)	(11)	-
Outstanding 31 December 2009	-	25	33	119

Compensation expense

Total compensation expense for equity-settled share based plans recognised during 2009 and 2008 was £1,248,615 and (£94,617) respectively. The average weighted fair value of awards granted in 2009 was CHF 51.20 (2008: CHF 41.52).

16) Trade and other payables

	2009 £000	2008 £000
Staff cost liabilities	3,033	3,293
Other liabilities	<u>516</u>	<u>472</u>
	<u>3,549</u>	<u>3,764</u>

17) Financial liabilities

	2009 £000	2008 £000
Trade payables	185	330
Other group payables	8,868	7,937
Accruals	<u>598</u>	<u>512</u>
	<u>9,652</u>	<u>8,778</u>

18) Provision for restoration costs

Provision has been made for the cost of restoring the leased property to its original condition at the end of the lease period, currently expected to be approximately £300k. The lease expires on 24 September 2015 and the provision is based on the estimate of the current cost of the work required. This is assessed at each balance sheet date.

19) Deferred tax

Deferred taxes are calculated on temporary differences under the liability method using an effective tax rate of 28% (2008 28.5%)

	2009	2008
	£000	£000
The movement for the year on the deferred tax account is as follows		
At the beginning of the year	331	1,415
Charge / (Benefit) to income for the year	186	(41)
Adjustments in respect of previous years	55	(93)
Movement through equity	-	(950)
At end of year	<u>572</u>	<u>331</u>

Deferred tax assets are attributable to the following items

Decelerated tax depreciation	215	103
Stock based compensation	335	189
Other short term temporary differences	22	39
At end of year	<u>572</u>	<u>331</u>

20) Share capital authorised

The concept of authorised share capital was abolished under the UK Companies Act 2006 with effect from 1st October 2009

At 31st December 2008, the authorised ordinary share capital of the Company was £43,966,000, divided into 43,644,000 ordinary shares of £1 each and 322,000 redeemable ordinary shares of £1 each

21) Issued share capital

	2009	2008
	£000	£000
Ordinary shares of £1 each	21,322	21,322
O1 ordinary shares of £1 each	222	222
O2 ordinary shares of £1 each	1,000	1,000
O3 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>22,644</u>	<u>22,644</u>

22) Capital adequacy

The Company's lead regulator, the Financial Services Authority (FSA), sets and monitors capital requirements for the Company. In implementing current capital requirements the FSA requires the Company to have capital in excess of its capital requirements.

Capital is calculated in three 'Tiers'. Tier 1 is share capital, share premium, non-cumulative preference shares and audited reserves, adjusted to reflect differences in regulatory treatments for certain asset portfolios. Tier 2 is other preference shares and long term subordinated debt and Tier 3 is trading book profits and short term subordinated debt adjusted for illiquid assets and qualifying property. The capital requirements are calculated and split into expenditure, risk, foreign exchange and other asset requirements.

The capital balances and capital requirements are monitored on an ongoing basis by the Company's finance department. Funding from CSG would be made available to meet capital requirements if the need arose, after being approved by CSG's Treasury Department.

The Company's policy is to maintain a strong capital base so as to provide returns to the shareholders and sustain future development of the business. The Board of Directors monitor the capital base and the return of capital to investors.

The Company must at all times monitor and demonstrate its compliance with the relevant regulatory capital requirements of the FSA. The Company has put in place processes and controls to monitor and manage the Company's capital adequacy and no breaches were reported to the FSA during the year.

In light of these factors and the risk analysis set out in this document, management believes that the Company's exposure to risk is adequately addressed by the calculations mandated in the Pillar 1 rules.

There were no changes in the Company's approach to capital management during the year.

23) Operating leases

The following table sets forth the details of future minimum payments the Group is committed to under non-cancellable operating leases:

	2009	2008
	£000	£000
Within 1 year	365	767
Between 2-5 years	<u>2,920</u>	<u>-</u>
	<u>3,285</u>	<u>767</u>

24) Fair value of financial instruments

The following table details the fair value of financial instruments for which it is practicable to estimate that value, whether or not this is reported in the Group's financial statements. All non-financial instruments such as deferred tax assets and property, plant and equipment are excluded.

For trade and other receivables, other assets and short term borrowings the fair value is assumed to approximate book value, given the short term nature of these financial instruments.

Financial assets

As at 31 December 2009	Book value	Fair value
	£000	£000
Trade and other receivables	10,890	10,890
Other assets	<u>636</u>	<u>636</u>
Financial assets	<u>11,526</u>	<u>11,526</u>

As at 31 December 2008	Book value £000	Fair value £000
Trade and other receivables	10,954	10,954
Other assets	705	705
Financial assets	<u>11,659</u>	<u>11,659</u>

Financial liabilities

As at 31 December 2009	Book value £000	Fair value £000
Long term debt	764	764
Trade and other payables	3,549	3,549
Other liabilities	11,369	11,369
Financial liabilities	<u>15,682</u>	<u>15,682</u>

As at 31 December 2008	Book value £000	Fair value £000
Long term debt	764	764
Trade and other payables	3,764	3,764
Other liabilities	9,915	9,915
Financial liabilities	<u>14,443</u>	<u>14,443</u>

25) Financial instruments risk position

Overview

The Company is part of CSG and its risks are managed as part of the global Credit Suisse Group. CSG's risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CSG's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with JOHIM's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputational risk.

Risk management principles

The prudent taking of risk is fundamental to the business of JOHIM. The primary objectives of risk management are to protect the financial strength and the reputation of JOHIM and CSG, while looking to ensure that capital is well deployed to maximise income and shareholder value. JOHIM's risk management framework is based on the following principles which apply universally across all risk types:

- **Protection of financial strength** JOHIM manages risk in order to limit the impact of potentially adverse events on JOHIM's capital and income. JOHIM's risk appetite is to be consistent with its financial resources.
- **Protection of reputation** The value of JOHIM's franchise depends on its reputation. Protecting a strong reputation is both fundamental and an overriding concern for all staff members.
- **Risk transparency** Risk transparency is essential so that risks are well understood by senior management and members of the JOHIM Board of Directors and can be balanced against business goals.
- **Management accountability** JOHIM is organised into segments that own the comprehensive risks assumed through their operations. Management of each segment is responsible for the ongoing management of their respective risk exposures and earning a sufficient long term return for the risks taken.

- Independent oversight Risk management is a structured process to identify, measure, monitor and report risk. The risk management, controlling and legal and compliance functions operate independently of the front office to ensure the integrity of JOHIM's control processes. The risk management functions are responsible for implementing all relevant risk policies, developing tools to assist senior management to determine risk appetite and assessing the overall risk profile of JOHIM.

Risk management oversight

Risk management oversight is performed at several levels in the organisation. Key responsibilities lie with the following management bodies and committees:

Risk management oversight at the JOHIM management level as at 1 January 2009

- The Risk and Compliance Committee is responsible for reviewing and evaluating the firm's risks, these include credit, market, business, liquidity, systems and concentration risks. The committee meets once a month. The Finance department is responsible for the monitoring and reporting of capital adequacy.
- JOHIM Executive Management (Chief Executive Officer and Executive Committee). Responsible for implementing the strategy and actively managing its portfolio of businesses and its risk profile with the objective of balancing risk and return appropriately in the prevailing market conditions.
- Director of Legal and Compliance. Responsible for establishing an organisational basis to manage all risk management matters of JOHIM through the Risk and Compliance Committee independent of the front office.

a. Market risk

Overview

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant market parameters, such as market volatilities.

The Company is exposed to market risk with regards to foreign currency and interest rates.

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP. Management do not actively manage this risk.

As at 31 December 2009, the Company had USD 1 141 million foreign currency exposure on net assets. A change of 50 basis points in the USD exchange rate at the balance sheet date would have increased/(decreased) equity and profit or loss by £2,202/(£2,189) (2008 £2,076/(£2,062)).

As at 31 December 2009, the Company had EUR 1 411 million foreign currency exposure on net assets. A change of 50 basis points in the EUR exchange rate at the balance sheet date would have increased/(decreased) equity and profit or loss by £5,660/(£5,610) (2008 £4,657/(£4,612)).

Interest rate risk

The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances. The exposure of this balance is £26.3 million (2008 £22.4 million). The Company does not actively manage this risk.

A change of 50 basis points in interest rates at the balance sheet date would have increased/(decreased) equity and profit/loss by £131,282 (2008 £112,450). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 28% (2008 28.5%).

b. Concentration risk

Since the Company does not take proprietary positions and has minimal levels of credit exposure, it is not exposed to potential sources of concentration risk such as sector, industry, country or group exposure

c. Credit risk

Overview

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The Company does not undertake lending activity as part of its business. Its debtors typically consist of amounts which arise incidentally to its business such as management fee income receivable. The Company has a mandate to debit fees directly from the client portfolio in approximately 80% of cases.

Maximum exposure to credit risk before collateral held or other credit enhancement

	2009 £000	2008 £000
Trade and other receivables	<u>10,890</u>	<u>10,954</u>

Distribution of loans and receivables by credit quality

	2009 £000	2008 £000
Neither past due nor impaired	<u>10,890</u>	<u>10,954</u>

Trade and other receivables neither past due nor impaired consist of trade receivables and accruals from funds which are managed by the Company. These funds do not themselves have credit ratings however historically and presently there are no past due amounts to the Company.

d. Liquidity risk

Overview

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's own cash balances are held in call accounts or short-term deposit accounts. Further to this, as part of CSG, the Company has access to centrally managed treasury funding. All client assets are clearly segregated from the Company's assets.

The following table sets out details on the remaining contractual maturity of all financial liabilities

As at 31 December 2009

	On Demand	Less than one year	1-3 years	3-5 years	>5 years	Total
Other liabilities	11,369	-	-	-	-	11,369
Trade and other payables	3,549	-	-	-	-	3,549
Long term debt	-	-	-	-	764	764
Total financial liabilities	14,918	-	-	-	764	15,682

As at 31 December 2008

	On Demand	Less than one year	1-3 years	3-5 years	>5 years	Total
Other liabilities	9,915	-	-	-	-	9,915
Trade and other payables	3,764	-	-	-	-	3,764
Long term debt	-	-	-	-	764	764
Total financial liabilities	13,679	-	-	-	764	14,443

26) Related party transactions

The Company is controlled by the Credit Suisse Group ("CSG"), its ultimate holding company, which is incorporated in Switzerland. The Company's parent company, which holds a majority of the voting rights in the undertaking, is JOHIM (Holdings) Limited, which is incorporated in the United Kingdom.

The Company enters into transactions with related parties in the ordinary course of business on market terms.

Related party assets and liabilities

JOHIM has a related party liability for group tax relief in relation to its parent company of £9,123k as at 31 December 2009 (2008: £7,173k) and other related party liabilities to JOHIM group companies of £764k (2008: £764k).

27) Parent and ultimate holding company

The Company is a 74% owned subsidiary of JOHIM (Holdings) Limited and a 26% associate of J O Hambro Asset Management Limited both of which form part of the group wholly owned by JOHIM (CS) Limited, which prepares consolidated accounts. The ultimate holding company is CSG which is incorporated in Switzerland.

Copies of the group financial statements of the parent undertaking and of the ultimate holding company, which are those of the smallest (JOHIM CS Ltd) and largest (Credit Suisse Group) groups in which the results of the company are consolidated, are available to the public at Crown Way, Mandy, Cardiff and CSG, Paradeplatz, P O Box 1, 8070 Zurich, respectively.