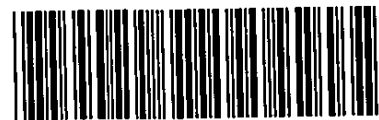


Registered number: 03427378

## **CHARTWELL GROUP LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010**

TUESDAY



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## **CHARTWELL GROUP LIMITED**

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## **CHARTWELL GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010**

---

The directors present their report and the financial statements for the year ended 31 August 2010

#### **PRINCIPAL ACTIVITIES**

##### **Principal Activities**

The principal activity of Chartwell Group is the provision of comprehensive and innovative financial solutions to both private and corporate clients

Chartwell Group operates in five segments of financial services

- Independent financial advisory
- Investment management (via Chartwell's OEIC)
- Chartwell Direct, a range of execution only investment and remote advisory services
- Mortgage and general insurance brokerage
- Healthcare brokerage

#### **BUSINESS REVIEW**

##### **Business Environment**

The business environment has been dominated by two factors

- 1 The low level of recovery from the global financial crisis
- 2 The 2012 FSA Retail Distribution Review (RDR) which is expected to significantly change the business models of many financial advisory businesses

##### **Financial Results**

Underlying financial performance improved significantly during the year, primarily due to the successful launch of the new client service proposition, and the significant reduction in costs undertaken in the prior year

On 1 December 2009 the company sold the entire share capital of Chartwell Fund Management Limited for a net consideration of £1,050,469, including costs of disposal

##### **Future Developments**

Continuing the successful roll out of the advisory service proposition, together with the growth in the direct advice business remain the top priorities for the business

After the balance sheet date, Chartwell sold its shareholding in Chartwell Healthcare Limited and Chartwell Funding Limited for £375,000

In addition, on 10 September 2010 Chartwell Group Limited was acquired by Close Asset Management Holdings Limited

##### **Principal Risks and Uncertainties**

The speed and level of recovery in the UK economy

This will be managed through a continued focus on outstanding client service and the ongoing delivery of the existing strategy

The impact of the FSA's Retail Distribution Review

Chartwell's service proposition achieves the objectives of the RDR, and has enabled the business to be a leader in the changes facing the industry

## **CHARTWELL GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010**

---

#### **RESULTS**

The loss for the year, after taxation and minority interests, amounted to £696,727 (2009 loss £1,408,557)

#### **DIRECTORS**

The directors who served during the year were

Mr J S Grant (resigned 10 September 2010)  
Lord I MacLaurin (resigned 10 September 2010)  
Mr D F Naish (resigned 10 September 2010)  
Mr D P Ransome (resigned 10 September 2010)  
Mr R I Hudson (resigned 10 September 2010)  
Ms M Humphries (resigned 10 September 2010)  
Mr D Childs (resigned 10 September 2010)  
Mr P S Chambers (appointed 10 September 2010)  
Mrs G M Clarke (appointed 10 September 2010)  
Mr R I Curry (appointed 10 September 2010)  
Mr S P Mendel (appointed 10 September 2010)

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable contributions totalling £2,660 (2009 £4,224)

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

#### **AUDITORS**

The auditors, Bishop Fleming, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

**Mr P S Chambers**  
Director



Date

11.03.11

10 Crown Place  
London  
EC2A 4FT

## **CHARTWELL GROUP LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2010**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **CHARTWELL GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHARTWELL GROUP LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Chartwell Group Limited for the year ended 31 August 2010, set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 statement of directors' responsibilities, 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 Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CHARTWELL GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHARTWELL GROUP LIMITED**

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**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Charles Thomson FCA (senior statutory auditor)

for and on behalf of

**Bishop Fleming**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date

*11 March 2011*

**CHARTWELL GROUP LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	<b>7,253,135</b>	<b>7,180,280</b>
Cost of sales		<u>(2,706,140)</u>	<u>(2,698,516)</u>
<b>GROSS PROFIT</b>	3	<b>4,546,995</b>	<b>4,481,764</b>
Administrative expenses		<u>(5,356,764)</u>	<u>(5,035,658)</u>
<b>OPERATING LOSS</b>	3	<b>(809,769)</b>	<b>(553,894)</b>
<b>Share of loss from interests in associated undertakings</b>			
FRS 20 provision in relation to share options	7	<u>(17,681)</u>	<u>(114,320)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(827,450)</b>	<b>(668,214)</b>
Share of loss from interests in associated undertakings		-	(2,478)
Profit on disposal of investments		<b>13,881</b>	-
Interest receivable and similar income		<b>1,513</b>	<b>3,522</b>
Reversal of prior year impairment / (impairment) of intangible fixed assets		<b>137,768</b>	<b>(708,873)</b>
Interest payable and similar charges	6	<u>(104,374)</u>	<u>(155,498)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(778,662)</b>	<b>(1,531,541)</b>
Tax on loss on ordinary activities	8	<u>(2,267)</u>	<u>111,528</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(780,929)</b>	<b>(1,420,013)</b>
Minority interests		<u>84,202</u>	<u>11,456</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	17	<u><b>(696,727)</b></u>	<u><b>(1,408,557)</b></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 10 to 24 form part of these financial statements

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

**CHARTWELL GROUP LIMITED**  
**REGISTERED NUMBER. 03427378**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Intangible assets	9		3,591,169		4,414,024
Tangible assets	10		168,053		68,249
Investments in associates	11		-		15,588
			<u>3,759,222</u>		<u>4,497,861</u>
<b>CURRENT ASSETS</b>					
Debtors	13	711,474		1,195,441	
Cash at bank and in hand		177,278		168,934	
		<u>888,752</u>		<u>1,364,375</u>	
<b>CREDITORS</b> , amounts falling due within one year	14	(3,740,485)		(1,741,516)	
<b>NET CURRENT LIABILITIES</b>			<u>(2,851,733)</u>		<u>(377,141)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>907,489</u>		<u>4,120,720</u>
<b>CREDITORS</b> , amounts falling due after more than one year	15		(166,667)		(2,703,290)
<b>NET ASSETS</b>			<u>740,822</u>		<u>1,417,430</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		107,685		104,955
Share premium account	17		1,775,552		1,691,642
Other reserves	17		181,875		500,057
Profit and loss account	17		(1,276,732)		(915,868)
<b>SHAREHOLDERS' FUNDS</b>	18		<u>788,380</u>		<u>1,380,786</u>
<b>MINORITY INTERESTS</b>	19		(47,558)		36,644
			<u>740,822</u>		<u>1,417,430</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Mr P S Chambers  
Director



Date 11.03.11

The notes on pages 10 to 24 form part of these financial statements

**CHARTWELL GROUP LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 AUGUST 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Intangible assets	9		3,750		3,975
Tangible assets	10		156,248		49,201
Investments	11		4,658,071		5,806,817
			<u>4,818,069</u>		<u>5,859,993</u>
<b>CURRENT ASSETS</b>					
Debtors	13	112,371		803,564	
Cash at bank		65,688		-	
		<u>178,059</u>		<u>803,564</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(4,342,457)		(2,947,696)	
<b>NET CURRENT LIABILITIES</b>			<u>(4,164,398)</u>		<u>(2,144,132)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>653,671</u>		<u>3,715,861</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15		-		(2,452,866)
<b>NET ASSETS</b>			<u>653,671</u>		<u>1,262,995</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		107,685		104,955
Share premium account	17		1,775,552		1,691,642
Other reserves	17		181,875		500,057
Profit and loss account	17		(1,411,441)		(1,033,659)
<b>SHAREHOLDERS' FUNDS</b>	18		<u>653,671</u>		<u>1,262,995</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Mr P S Chambers  
Director



Date

11 03.11

The notes on pages 10 to 24 form part of these financial statements

**CHARTWELL GROUP LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
Net cash flow from operating activities	20	25,406	(133,583)
Non - cash movement of share of associates losses		-	2,478
Returns on investments and servicing of finance	21	(102,860)	(154,454)
Taxation		109,152	(31,220)
Capital expenditure and financial investment	21	(177,326)	(15,223)
Acquisitions and disposals	21	999,469	-
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>853,841</b>	<b>(332,002)</b>
Financing	21	(832,165)	193,310
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>21,676</b>	<b>(138,692)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 AUGUST 2010**

	<b>2010 £</b>	<b>2009 £</b>
Increase/(Decrease) in cash in the year	21,676	(138,692)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	918,805	(193,310)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>940,481</b>	<b>(332,002)</b>
Net debt at 1 September 2009	(2,425,471)	(2,093,469)
<b>NET DEBT AT 31 AUGUST 2010</b>	<b>(1,484,990)</b>	<b>(2,425,471)</b>

The notes on pages 10 to 24 form part of these financial statements

## CHARTWELL GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

---

#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### 1.2 GOING CONCERN

Accounts have been prepared on a going concern basis. This is considered the most appropriate because despite the speed and pervasiveness of the changes in the financial markets there still appears to be a viable service for financial advice being demanded by consumers.

##### 1.3 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Chartwell Group Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The results of subsidiaries sold are included up to the effective date of disposal.

##### 1.4 TURNOVER

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax.

##### 1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the consolidated profit and loss account over its estimated economic life.

The goodwill on consolidation is not currently being amortised, but an annual impairment review is performed.

Amortisation is provided at the following rates:

Company purchased goodwill	-	3 years straight line
Intangible assets	-	20 years straight line

##### 1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	5 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	3 - 5 years straight line
Leasehold property	-	Over the life of the lease

## **CHARTWELL GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010**

---

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.7 INVESTMENTS**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Associated undertakings**  
Investments in associates are stated at the amount of the company's share of net assets. The consolidated profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis
- (iii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment

##### **1.8 LEASING AND HIRE PURCHASE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.9 OPERATING LEASES**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### **1.10 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### **1.11 SHARE BASED PAYMENTS**

Chartwell Group has issued share options to their employees which have been classified and have been accounted for as equity settled share based payments in accordance with FRS20. The fair value of the options has been estimated by the group's directors and has been accrued over the period between the grant and the date on which the recipients become unconditionally entitled to the shares.

This provision is then adjusted to reflect the effect of any leavers from the scheme during the year.

#### **2. TURNOVER**

The whole of the turnover is attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.

## CHARTWELL GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

#### 3. OPERATING LOSS

The operating loss is stated after charging

	2010 £	2009 £
Amortisation - intangible fixed assets	225	20,811
Depreciation of tangible fixed assets		
- owned by the group	65,264	135,323
- held under finance leases	13,789	27,579
Auditors' remuneration	20,600	24,327
Auditors' remuneration - non-audit	25,719	12,220
Operating lease rentals		
- plant and machinery	5,030	6,794
- other operating leases	269,591	203,626
Impairment of assets	-	43,409

1) Auditors fees for the company were £9,123 (2009 £5,516)

#### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	2,709,604	2,501,518
Social security costs	302,388	276,086
Other pension costs	-	65,299
	<u>3,011,992</u>	<u>2,842,903</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No	2009 No
Administrative staff	55	55
Management staff	13	14
Advisory staff	24	26
	<u>92</u>	<u>95</u>

# CHARTWELL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

### 5 DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>700,363</u>	<u>427,417</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>17,250</u>

During the year retirement benefits were accruing to no directors (2009 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £258,336 (2009 £223,125)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2009 £11,250)

### 6. INTEREST PAYABLE

	2010 £	2009 £
On bank loans and overdrafts	64,161	110,732
On other loans	30,938	36,875
On finance leases and hire purchase contracts	3,195	6,393
Other interest payable	6,080	1,498
	<u>104,374</u>	<u>155,498</u>

### 7. SHARE BASED PAYMENT PROVISION

	2010 £	2009 £
Equity-settled share-based payment provision	<u>17,681</u>	<u>114,320</u>

The group has a share option scheme for its employees (including directors) Options are exercisable at a price equal to the average market price of the company's shares on the date of grant The vesting period is usually 3 years The exercise of options is also dependent on eligible executives meeting performance criteria The options are settled in equity once exercised

Options are forfeited if the employee leaves the group before the options vest

The group recognised a total provision of £17,681 (2009 £114,320) in relation to equity-settled share-based transactions during the year

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**8. TAXATION**

	2010 £	2009 £
<b>ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge/(credit) on loss for the year	2,661	(109,097)
Adjustments in respect of prior periods	(394)	1,176
<b>TOTAL CURRENT TAX</b>	<u>2,267</u>	<u>(107,921)</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	-	(3,607)
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<u>2,267</u>	<u>(111,528)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2009 higher than) the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	<u>(778,662)</u>	<u>(1,531,541)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(218,025)	(428,831)
<b>EFFECTS OF</b>		
Non-tax deductible amortisation of goodwill and impairment	78,838	258,946
Capital allowances for year in excess of depreciation	12,883	3,607
Utilisation of tax losses	207,200	-
Non taxable income	(80,190)	-
Marginal relief	(881)	-
Adjustments to tax charge in respect of prior periods	733	1,176
Other timing differences	1,772	-
Potential deferred tax asset not recognised	-	47,309
Allowable amortisation adjustment	(63)	(5,764)
Current year losses carried back	-	124,734
Adjustment to tax charge based on losses carried back	-	(109,098)
<b>CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR</b> (see note above)	<u>2,267</u>	<u>(107,921)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**9 INTANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>COST</b>			
At 1 September 2009	4,500	5,434,757	5,439,257
On disposal of subsidiaries	-	(1,531,503)	(1,531,503)
At 1 September 2009 and 31 August 2010	4,500	3,903,254	3,907,754
<b>AMORTISATION</b>			
At 1 September 2009	525	1,024,708	1,025,233
Charge for the year	225	-	225
On disposals	-	(571,105)	(571,105)
Impairment losses written back	-	(137,768)	(137,768)
At 31 August 2010	750	315,835	316,585
<b>NET BOOK VALUE</b>			
At 31 August 2010	3,750	3,587,419	3,591,169
At 31 August 2009	3,975	4,410,049	4,414,024

A prior year goodwill impairment on Chartwell Fund Management Limited has been reversed to recognise the net realisable value on the final sale of the business

<b>COMPANY</b>	<b>Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>COST</b>			
At 1 September 2009 and 31 August 2010	4,500	15,000	19,500
<b>AMORTISATION</b>			
At 1 September 2009	525	15,000	15,525
Charge for the year	225	-	225
At 31 August 2010	750	15,000	15,750
<b>NET BOOK VALUE</b>			
At 31 August 2010	3,750	-	3,750
At 31 August 2009	3,975	-	3,975

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**10. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Fixtures &amp; fittings £</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Leasehold improvements £</b>	<b>Total £</b>
<b>COST</b>					
At 1 September 2009	101,432	324,978	34,621	199,321	660,352
Additions	14,725	64,303	5,061	94,805	178,894
Disposals	(7,629)	(166,345)	-	(199,321)	(373,295)
At 31 August 2010	<u>108,528</u>	<u>222,936</u>	<u>39,682</u>	<u>94,805</u>	<u>465,951</u>
<b>DEPRECIATION</b>					
At 1 September 2009	93,545	302,571	19,358	176,629	592,103
Charge for the year	9,270	32,822	9,647	27,314	79,053
On disposals	(7,629)	(166,308)	-	(199,321)	(373,258)
At 31 August 2010	<u>95,186</u>	<u>169,085</u>	<u>29,005</u>	<u>4,622</u>	<u>297,898</u>
<b>NET BOOK VALUE</b>					
At 31 August 2010	<u>13,342</u>	<u>53,851</u>	<u>10,677</u>	<u>90,183</u>	<u>168,053</u>
At 31 August 2009	<u>7,887</u>	<u>22,407</u>	<u>15,263</u>	<u>22,692</u>	<u>68,249</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

GROUP	2010 £	2009 £		
Leasehold improvements	-	13,789		
COMPANY	Fixtures & fittings £	Office equipment £	Other fixed assets £	Total £
COST				
At 1 September 2009	93,803	298,047	199,321	591,171
Additions	14,725	63,072	94,805	172,602
Disposals	-	-	(199,321)	(199,321)
At 31 August 2010	108,528	361,119	94,805	564,452
DEPRECIATION				
At 1 September 2009	86,649	278,692	176,629	541,970
Charge for the year	8,538	29,703	27,314	65,555
On disposals	-	-	(199,321)	(199,321)
At 31 August 2010	95,187	308,395	4,622	408,204
NET BOOK VALUE				
At 31 August 2010	13,341	52,724	90,183	156,248
At 31 August 2009	7,154	19,355	22,692	49,201

# CHARTWELL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

### 10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

COMPANY	2010 £	2009 £
Leasehold improvements	-	13,789

### 11. FIXED ASSET INVESTMENTS

GROUP	Investments in associates £
<b>COST OR VALUATION</b>	
At 1 September 2009	15,588
Disposals	(15,588)
At 1 September 2009 and 31 August 2010	-
<b>NET BOOK VALUE</b>	
At 31 August 2010	-
At 31 August 2009	15,588

On 10 September 2009 Chartwell Group Limited sold its holding in 7House Limited for £24,000. This resulted in no profit or loss on disposal in the company accounts and a profit of £8,412 in the Group accounts in the current financial year.

COMPANY	Investments in subsidiary companies £	Investments in associates £	Total £
<b>COST OR VALUATION</b>			
At 1 September 2009	6,491,690	24,000	6,515,690
Additions	225,000	-	225,000
Disposals	(970,000)	(24,000)	(994,000)
At 31 August 2010	5,746,690	-	5,746,690
<b>IMPAIRMENT</b>			
At 1 September 2009	708,873	-	708,873
Charge for the year	379,746	-	379,746
At 31 August 2010	1,088,619	-	1,088,619
<b>NET BOOK VALUE</b>			
At 31 August 2010	4,658,071	-	4,658,071
At 31 August 2009	5,782,817	24,000	5,806,817

## CHARTWELL GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

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#### 11. FIXED ASSET INVESTMENTS (continued)

Details of the principal subsidiaries and associates can be found under note number 12

During the year Chartwell Funding Limited issued 225,000 ordinary shares at £1 each to Chartwell Group Limited

On 1 December 2009 the company sold the entire share capital of Chartwell Fund Management Limited for a net consideration of £1,050,469, including costs of disposal. This has resulted in a profit of £80,469 in the company accounts and £5,469 in the group accounts

On 10 September 2010, the company sold its investments in Chartwell Healthcare Limited and Chartwell Funding Limited for £375,000. The cost of investment has been impaired by £379,746 to reflect the final net realisable value on sale of the companies

#### 12. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

##### a. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Chartwell Funding Limited	England and Wales	100	The company offers independent financial advice
Chartwell Private Client Limited	England and Wales	100	Independent financial advisors
Broad oak Group Limited	England and Wales	100	Business offers independent financial advice
Chartwell Healthcare Limited	England and Wales	58	The subsidiary offers independent financial advice The company currently owns 66,300 of the allotted 114,400 shares

##### b. PRINCIPAL ASSOCIATES

Company name	Country	Percentage Shareholding	Description
7House Limited (Previously 7House Consulting Limited)	England and Wales	40	The associate offers adhoc consultancy services

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**13. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>599,326</b>	939,968	<b>16,674</b>	-
Amounts owed by group undertakings	-	-	-	700,845
Amounts owed by undertakings in which the company has a participating interest	-	8,365	-	8,365
Other debtors	<b>23,265</b>	132,013	<b>20,075</b>	40,283
Called up share capital not paid	<b>600</b>	-	<b>600</b>	-
Prepayments and accrued income	<b>88,283</b>	115,095	<b>75,022</b>	54,071
	<b>711,474</b>	<b>1,195,441</b>	<b>112,371</b>	<b>803,564</b>

**14. CREDITORS-  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>1,412,268</b>	624,041	<b>1,368,750</b>	598,151
Other loans	<b>83,333</b>	-	-	-
Net obligations under finance leases and hire purchase contracts	-	17,498	-	17,498
Trade creditors	<b>90,791</b>	84,353	<b>86,713</b>	52,799
Amounts owed to group undertakings	-	-	<b>1,263,858</b>	1,771,249
Corporation tax	<b>2,661</b>	-	-	-
Social security and other taxes	<b>125,682</b>	468,629	<b>125,682</b>	462,317
Other creditors	<b>755,336</b>	110,570	<b>755,336</b>	800
Accruals and deferred income	<b>1,270,414</b>	436,425	<b>742,118</b>	44,882
	<b>3,740,485</b>	<b>1,741,516</b>	<b>4,342,457</b>	<b>2,947,696</b>

Natwest Bank hold a fixed and floating charge over all the assets of Chartwell Group Limited, Chartwell Fund Management Limited, Chartwell Funding Limited, Chartwell Private Client Limited and Broadoak Group Limited

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**15 CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	-	1,702,866	-	1,702,866
Other loans	<b>166,667</b>	250,000	-	-
Other creditors	-	750,000	-	750,000
Accruals and deferred income	-	424	-	-
	<b>166,667</b>	<b>2,703,290</b>	<b>-</b>	<b>2,452,866</b>

Included within the above are amounts falling due as follows

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>BETWEEN ONE AND TWO YEARS</b>				
Bank loans	-	567,188	-	567,188
Other loans	<b>100,000</b>	83,333	-	-
<b>BETWEEN TWO AND FIVE YEARS</b>				
Bank loans	-	1,135,678	-	1,135,678
Other loans	<b>66,667</b>	166,667	-	-

Natwest Bank hold a fixed and floating charge over all the assets of Chartwell Group Limited, Chartwell Fund Management Limited, Chartwell Funding Limited, Chartwell Private Client Limited and Broadoak Group Limited

Interest is charged at a rate of 3.5% over LIBOR on these borrowings

**16. SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
10,768,500 (2009 10,495,500) Ordinary shares of £0.01 each	<b>107,685</b>	<b>104,955</b>

On 1 April 2010 the company issued 188,000 shares at 28p per share generating a share premium of £50,760

Also on 1 April 2010 the company issued 85,000 shares at 40p per share generating a share premium of £33,150

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**17 RESERVES**

	Share premium account £	Share options reserve £	Profit and loss account £
<b>GROUP</b>			
At 1 September 2009	1,691,642	500,057	(915,868)
Loss for the year	-	-	(696,727)
Premium on shares issued during the year	83,910	-	-
Movement on other reserves	-	17,681	-
Transfer between reserves	-	(335,863)	335,863
At 31 August 2010	<u>1,775,552</u>	<u>181,875</u>	<u>(1,276,732)</u>

The remaining balance in the share options reserve represents the estimated fair value of the remaining share options in the company which were exercised on 10 September 2010

	Share premium account £	Share options reserve £	Profit and loss account £
<b>COMPANY</b>			
At 1 September 2009	1,691,642	500,057	(1,033,659)
Loss for the year	-	-	(713,645)
Premium on shares issued during the year	83,910	-	-
Movement on other reserves	-	17,681	-
Transfer between reserves	-	(335,863)	335,863
At 31 August 2010	<u>1,775,552</u>	<u>181,875</u>	<u>(1,411,441)</u>

The remaining balance in the share options reserve represents the estimated fair value of the remaining share options in the company which were exercised on 10 September 2010

# CHARTWELL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

### 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
<b>GROUP</b>		
Opening shareholders' funds	1,380,786	2,675,023
Loss for the year	(696,727)	(1,408,557)
Shares issued during the year	2,730	-
Share premium on shares issued (net of expenses)	83,910	-
Recognition of equity-settled share-based payments in the year	17,681	114,320
	<u>788,380</u>	<u>1,380,786</u>
Closing shareholders' funds		
	<u>788,380</u>	<u>1,380,786</u>
	2010 £	2009 £
<b>COMPANY</b>		
Opening shareholders' funds	1,262,995	2,233,571
Loss for the year	(713,645)	(1,084,896)
Shares issued during the year	2,730	-
Share premium on shares issued (net of expenses)	83,910	-
Recognition of equity-settled share-based payments in the year	17,681	114,320
	<u>653,671</u>	<u>1,262,995</u>
Closing shareholders' funds		
	<u>653,671</u>	<u>1,262,995</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £713,645 (2009 £86,024)

### 19. MINORITY INTERESTS

	£
<b>EQUITY</b>	
At 1 September 2009	36,644
Proportion of profit/(loss) after taxation for the year	(84,202)
	<u>(47,558)</u>
At 31 August 2010	
	<u>(47,558)</u>

### 20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating loss	(809,769)	(553,894)
Share based payment provision	(17,681)	-
Amortisation of intangible fixed assets	225	20,811
Depreciation of tangible fixed assets	79,053	162,902
Loss on disposal of tangible fixed assets	(1,530)	-
Decrease/(increase) in debtors	374,920	(246,400)
Decrease in amounts owed by associates	8,365	10,559
Increase in creditors	391,823	472,439
	<u>25,406</u>	<u>(133,583)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		
	<u>25,406</u>	<u>(133,583)</u>

**CHARTWELL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2010 £	2009 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	1,513	3,522
Interest paid	(101,178)	(149,105)
Hire purchase interest	(3,195)	(6,393)
Income from investments in related companies	-	(2,478)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<u>(102,860)</u>	<u>(154,454)</u>
	2010 £	2009 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(178,894)	(15,223)
Sale of tangible fixed assets	1,568	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<u>(177,326)</u>	<u>(15,223)</u>
	2010 £	2009 £
<b>ACQUISITIONS AND DISPOSALS</b>		
Cash disposed of with subsidiary undertaking	(75,000)	-
Sale of fixed asset investments	1,050,469	-
Sale of share in associates	24,000	-
<b>NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS</b>	<u>999,469</u>	<u>-</u>
	2010 £	2009 £
<b>FINANCING</b>		
Issue of ordinary shares	86,640	-
Repayment of loans	(901,307)	(19,210)
Other new loans	-	250,000
Repayment of finance leases	(17,498)	(37,480)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>	<u>(832,165)</u>	<u>193,310</u>

# CHARTWELL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

### 22. ANALYSIS OF CHANGES IN NET DEBT

	1 September 2009 £	Cash flow £	Other non-cash changes £	31 August 2010 £
Cash at bank and in hand	168,934	8,344	-	177,278
Bank overdraft	(56,850)	13,332	-	(43,518)
	<u>112,084</u>	<u>21,676</u>	<u>-</u>	<u>133,760</u>
<b>DEBT:</b>				
Debts due within one year	(584,689)	918,805	(1,786,199)	(1,452,083)
Debts falling due after more than one year	(1,952,866)	-	1,786,199	(166,667)
	<u>(2,425,471)</u>	<u>940,481</u>	<u>-</u>	<u>(1,484,990)</u>
<b>NET DEBT</b>				

### 23. OPERATING LEASE COMMITMENTS

At 31 August 2010 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
GROUP	2010	2009	2010	2009
	£	£	£	£
<b>EXPIRY DATE:</b>				
Within 1 year	-	202,957	-	-
After more than 5 years	<u>283,809</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 August 2010 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
COMPANY	2010	2009	2010	2009
	£	£	£	£
<b>EXPIRY DATE:</b>				
Within 1 year	-	202,957	-	-
After more than 5 years	<u>283,809</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 24. POST BALANCE SHEET EVENTS

After the balance sheet date, the share capital of Chartwell Healthcare Limited and Chartwell Funding Limited were sold for £375,000

In addition, after the balance sheet date, Chartwell Group Limited was acquired by Close Asset Management Holdings Limited