

Company Registration No. 06317722 (England and Wales)

**BARWA CAPITAL (UK) LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**BARWA CAPITAL (UK) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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<b>Contents</b>	<b>Pages</b>
Company Information	1
Report of the Directors	2 - 4
Report of the Independent Auditors	5 - 6
Consolidated Income Statement	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 31

**BARWA CAPITAL (UK) LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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DIRECTORS:	G.B.S. Al-Saad M. Abdel-Haq A.A. Al-Zubaid
SECRETARY:	M. Abdel-Haq
REGISTERED OFFICE:	Devonshire House 1 Devonshire Street London W1W 5DR
BUSINESS ADDRESS:	4 Cavendish Square London W1G 0PG
REGISTERED NUMBER:	06317722 (England and Wales)
AUDITOR:	Baker Tilly UK Audit LLP 2 Bloomsbury Street London WC1B 3ST
SHARIA'A ADVISORY BOARD:	Dr. Esam Khalaf Al-Enezi Sheikh Essam M. Ishaq Dr. Osama Qais S. Al Dereai

## **BARWA CAPITAL (UK) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2008**

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The directors present their report and Group financial statements for the period ended 31 December 2008.

#### **PRINCIPAL ACTIVITY**

The Group comprising Barwa Capital (UK) Limited and its wholly owned subsidiary, New Cavendish Asset Management LLP, was principally engaged in the provision of advisory services during the period under review.

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

Barwa Capital (UK) Limited was incorporated on 19 July 2007 and commenced to trade in January 2008, having obtained regulatory authorisation from the Financial Services Authority ("FSA") on 3 December 2007.

During the period the Company provided advisory services to its parent, Cavendish Capital (Jersey) Limited and another associated undertaking on various projects, including private equity and asset acquisition transactions. Total fees receivable for the period were £5.051 million.

In August 2008, the Company acquired Blueprint Capital Management LLP, which then changed its name to New Cavendish Asset Management LLP ("NCAM LLP"). NCAM LLP is authorised by the FSA to provide asset management services. Since the acquisition of NCAM LLP the directors have been working on a new business plan for the asset management division of the Group, which they aim to launch fully in 2009.

The Group committed to make an investment into the share capital of an overseas investment bank and transferred funds pursuant to a share subscription, prior to the balance sheet date. However, since the period end due to events more fully explained in note 26 this transaction did not complete and the share subscription monies has returned to the Company.

The Group complies with the principles of Sharia'a. Financial transactions are approved by the Sharia'a Board of the Group. Interest earned incidentally from a transaction is donated to charitable or educational causes as agreed with the Sharia'a Board and Board of Directors

The Sharia'a Supervisory Board monitored, through their executive member, the Group's functions which included the checking of the Group's documents and procedures so as to scrutinise each material operation carried out by the Group.

The Sharia'a Supervisory committee has provided the directors with written confirmation that, in its opinion:

- contracts, operations and transactions conducted by the Group throughout the period ending 31 December 2008, were made in accordance to the standard contracts of Islamic Sharia'a;
- distribution of profits and losses on investment activities was in line with the basis approved by the Supervisory Board in accordance with the principles and standards of Islamic Sharia'a;
- Zakkat will be calculated according to the provisions and principles of Islamic Sharia'a.

The directors consider that the Key Performance Indicators for the period under review were:

	£
Fees and income receivable	5,051,487
	<hr/>
Profit before taxation	673,906
	<hr/>
Gross assets	18,707,799
	<hr/>

At the balance sheet date the Group was free of any external bank borrowings and held cash and cash equivalents of £2.977 million.

## **BARWA CAPITAL (UK) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

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#### **RESULTS AND DIVIDENDS**

The results for the period are set out on page 7.

The Group has traded profitably during the period and at the period end the state of affairs of the Group was considered satisfactory.

The directors do not recommend the payment of a dividend for the period.

#### **FINANCIAL RISK MANAGEMENT**

The Group's risk management policy is shown in note 20 of the financial statements.

#### **ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

#### **DIRECTORS**

The following directors held office during the period:

G.B.S. Al-Saad	(Appointed 15 August 2007)
M. Abdel-Haq	(Appointed 23 November 2007)
A. Al-Zubaid	(Appointed 18 November 2007)
Brighton Director Limited	(Appointed 19 July 2007 and resigned 23 November 2007)

#### **CHARITABLE CONTRIBUTIONS**

During the period the Group made charitable donations under Gift Aid totalling £100,000. The entire amount was donated to a UK registered charity providing assistance to people with disabilities.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The directors have elected to prepare financial statements for the Parent Company and the Group in accordance with the International Financial Reporting Standards as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company and the Group and of the profit or loss of the Parent Company and 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 judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and Group will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

**BARWA CAPITAL (UK) LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Group's auditor are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

**AUDITOR**

Baker Tilly UK Audit LLP were appointed auditor in the period and in accordance with section 385 of the Companies Act 1985, Baker Tilly UK Audit LLP has indicated its willingness to remain in office and a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

**ON BEHALF OF THE BOARD**

Mohammed Abdel-Haq

M. Abdel-Haq

20 APRIL 2009

## **BARWA CAPITAL (UK) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BARWA CAPITAL (UK) LIMITED**

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We have audited the Group and Parent financial statements on pages 7 to 31.

We have audited the Group and Parent Company financial statements which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Changes in Shareholders' Equity, and the related notes.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**BARWA CAPITAL (UK) LIMITED**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF BARWA CAPITAL (UK) LIMITED**

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**Opinion**

In our opinion:

- The Group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its profit for the period then ended;
- The Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008;
- The financial statement have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London  
WC1B 3ST

*Baker Tilly UK Audit LLP*

*20 April* 2009



**BARWA CAPITAL (UK) LIMITED****CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

		<b>Period ended 31 December 2008</b>
	<b>Notes</b>	<b>£</b>
<b>Continuing operations</b>		
Revenue	6	5,051,487
		<hr/>
<b>Gross profit</b>		5,051,487
Finance income	5	193,842
General administrative expenses		(4,461,866)
Depreciation		(107,877)
Foreign currency re-measurement losses		(1,680)
		<hr/>
		(4,377,581)
		<hr/>
<b>Net profit before taxation</b>		673,906
Income tax expense	8	(207,000)
		<hr/>
<b>Profit for the period</b>		466,906
		<hr/>
<b>Attributable to:</b>		
Equity holders of the parent		466,906
		<hr/>

The notes form part of these financial statements

**BARWA CAPITAL (UK) LIMITED****CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	2008 £	£
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	588,663	
Goodwill	11	436,538	
Available-for-sale financial assets	12	14,234,600	
			15,259,801
<b>Current assets</b>			
Trade and other receivables	13	420,274	
Corporation tax receivable		50,000	
Cash and cash equivalents	14	2,977,724	
			3,447,998
<b>Total assets</b>			18,707,799
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	2,360,628	
<b>Non-current liabilities</b>			
Long-term borrowings	15	4,500,000	
Deferred tax liabilities	16	391,514	
			4,891,514
<b>Total liabilities</b>			7,252,142
<b>Equity</b>			
Share capital	17	10,000,000	
Reserves	18	988,751	
Retained earnings	19	466,906	
<b>Total equity</b>			11,455,657
<b>Total equity and liabilities</b>			18,707,799

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by

Mohammed Abdel - HAQ

M. Abdel-Haq

20 APRIL 2009

The notes form part of these financial statements.

**BARWA CAPITAL (UK) LIMITED****COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	2008 £	£
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	587,031	
Investment in subsidiary	10	561,538	
Available-for-sale financial assets	12	14,234,600	
			<hr/>
			15,383,169
<b>Current assets</b>			
Trade and other receivables	13	405,678	
Corporation tax receivable		50,000	
Cash and cash equivalents	14	2,889,039	
			<hr/>
			3,344,717
			<hr/>
<b>Total assets</b>			18,727,886
			<hr/>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	2,331,415	
<b>Non-current liabilities</b>			
Long-term borrowings	15	4,500,000	
Deferred tax liabilities	16	391,514	
			<hr/>
			4,891,514
			<hr/>
<b>Total liabilities</b>			7,222,929
<b>Equity</b>			
Share capital	17	10,000,000	
Reserves	18	988,751	
Retained earnings	19	516,206	
			<hr/>
<b>Total equity</b>			11,504,957
			<hr/>
<b>Total equity and liabilities</b>			18,727,886
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by

Mohammed Abdel-Haq  
M. Abdel-Haq

20 APRIL 2009

The notes form part of these financial statements.

**BARWA CAPITAL (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2008****GROUP**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Investments revaluation reserve £</b>	<b>Total equity £</b>
Increase in issued share capital	10,000,000	-	-	10,000,000
Total recognised income and expenses for the period	-	466,906	-	466,906
Gain on available-for-sale investments	-	-	1,373,265	1,373,265
Deferred tax recognised in equity on above gain	-	-	(384,514)	(384,514)
Balance at 31 December 2008	<u>10,000,000</u>	<u>466,906</u>	<u>988,751</u>	<u>11,455,657</u>

**COMPANY**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Investments revaluation reserve £</b>	<b>Total equity £</b>
Increase in issued share capital	10,000,000	-	-	10,000,000
Total recognised income and expenses for the period	-	516,206	-	516,206
Gain on available-for-sale investments	-	-	1,373,265	1,373,265
Deferred tax recognised in equity on above gain	-	-	(384,514)	(384,514)
Balance at 31 December 2008	<u>10,000,000</u>	<u>516,206</u>	<u>988,751</u>	<u>11,504,957</u>

**BARWA CAPITAL (UK) LIMITED****CONSOLIDATED CASHFLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

	<b>Period ended 31 December 2008</b>	
	<b>Group £</b>	<b>Company £</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	466,906	516,206
Depreciation of non-current assets	107,877	107,278
Income tax expense recognised in profit and loss	207,000	207,000
Finance income recognised in profit and loss	(193,842)	(193,766)
	<hr/>	<hr/>
	587,941	636,718
<b>MOVEMENTS IN WORKING CAPITAL</b>		
Increase in trade and other receivables	(367,435)	(405,678)
Increase in trade and other payables	2,311,798	2,331,415
	<hr/>	<hr/>
Cash generated from operations	2,532,304	2,562,455
Income taxes paid	(250,000)	(250,000)
	<hr/>	<hr/>
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	2,282,304	2,312,455
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(694,818)	(694,309)
Payments for purchase of investments	(12,861,335)	(12,861,335)
Acquisition of subsidiaries (net of cash acquired)	(442,269)	(561,538)
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(13,998,422)	(14,117,182)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	10,000,000	10,000,000
Proceeds from borrowings	4,500,000	4,500,000
Finance income	193,842	193,766
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	14,693,842	14,693,766
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,977,724	2,889,039
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<hr/>	<hr/>
	2,997,724	2,889,039

## **BARWA CAPITAL (UK) LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008**

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#### **ACCOUNTING POLICIES**

##### **1. GENERAL INFORMATION**

Barwa Capital (UK) Limited is a company incorporated in England and Wales under the Companies Act 1985. The address of the registered office is given on page 1.

The financial information presented is for the Group's first accounting period covering the period from incorporation to 31 December 2008.

##### **2. IFRSs IN ISSUE BUT NOT EFFECTIVE**

At the date of authorisation of this report the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3 (revised)	Business combinations
IFRS 5 (revised)	Non-current assets held for sale and discontinued operations
IFRS 7 (revised)	Financial Instruments
IFRS 8	Operating segments
IAS 1 (revised)	Presentation of financial statements
IAS 16 (revised)	Property, plant and equipment
IAS 19 (revised)	Employee benefits
IAS 27 (revised)	Consolidated and separate financial statements
IAS 32 (revised)	Financial instruments: presentation
IAS 36 (revised)	Impairment of assets
IAS 38 (revised)	Intangible assets
IAS 39 (revised)	Financial instruments: recognition and measurement

Other than disclosure, the directors do not anticipate any significant impact as a result of these new standards.

##### **3. SIGNIFICANT ACCOUNTING POLICIES**

###### **a) Basis of preparation – accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS"), IFRIC interpretations and the Companies Act 1985 applicable to Companies reporting under IFRS.

In the preparation of the financial statements the management has had to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed later in this note.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments. The principal accounting policies adopted are set out below.

The consolidated financial statements have been prepared on the accruals basis of accounting using a number of measurement bases including historical cost convention and fair value in accordance with IFRS.

###### **b) Basis of consolidation**

As permitted by Section 230 of the Companies Act 1985, no separate income statement is presented for the Parent Company.

###### **(i) Business combinations (Acquisitions)**

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

**3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**b) Basis of consolidation – (continued)**

**(i) Business combinations (Acquisitions) – (continued)**

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Parent using the same accounting policies.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

**(i) Subsidiaries – (continued)**

The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the consolidated Income Statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

**(ii) Transactions eliminated on consolidation**

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**c) Goodwill**

Goodwill on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill arising on acquisitions is recognised as an asset and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable.

Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing.

**d) Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories; financial assets 'at fair value through profit or loss' ('FVTPL'), 'held-to-maturity' investments, 'available-for-sale' ('AFS') financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

d) Financial assets – (continued)

(i) **AFS financial assets**

Unlisted shares held by the Group are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

(ii) **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

(iii) **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

**e) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable.

Income is attributable to services rendered in respect of advisory services. Revenue is recognised when it is judged that the stage of completion of a contract to provide professional services can be measured reliably and it is probable the revenue will be received. It is measured by reference to the stage of completion of the contract at the estimated fair value of the right to consideration, which represents amounts chargeable to clients, but excluding value added tax.

Revenue is generally recognised as contract activity progresses. Revenue not billed to clients is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.

**f) Property, plant and equipment**

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of the depreciable assets are as follows:

Leasehold improvements	3 years
Fixtures and fittings	3 - 7 years
Motor vehicles	5 years
Computer and office equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.



**3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**f) Property, plant and equipment – (continued)**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the period the asset is derecognised.

**g) Taxation**

Tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date. Taxable profit differs from profit as reported in the consolidated income statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future except that:

- (i) provision is made for gains on disposals of assets that have been rolled over into replacement assets only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned; and
- (ii) deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from, which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods including the timing differences reversal, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

**h) Financial instruments and equity instruments**

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

**(i) Trade and other receivables**

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**(ii) Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and restricted bank balances.

**(iii) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

h) Financial instruments and equity instruments – (continued)

(iv) *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

i) **Leasing**

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessee*

Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

j) **Foreign currency transactions**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Sterling which is the Company and Group's functional and presentational currency.

Transactions in foreign currencies are translated to Sterling at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency differences arising on retranslation are recognised in the income statement in the period in which they arise.

k) **Retirement benefit costs**

Contributions to defined contribution benefit plans are recognised in the income statement in the period in which they become payable.

4. STAFF COSTS

	Period ended 31 December 2008
Group	£
Wages and salaries	2,336,037
Social security costs	312,962
Benefits in kind	105,857
Pension costs	37,200
	<hr/>
	2,792,056
	<hr/>

The total pension costs recognised in the income statement represents contributions payable by the Group in respect of payments to defined contribution plans made on behalf of a director into his personal pension scheme. As at 31 December 2008, all contributions due for the period had been paid.

**BARWA CAPITAL (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

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**4. STAFF COSTS – (continued)**

The average monthly number of Group employees during the period was:	<b>2008</b>
Management and administration	10
	<hr/>
	<b>£</b>
<b>Directors' emoluments</b>	
Emoluments	1,734,525
Benefits in kind	67,666
Emoluments paid to third party	38,191
Pension costs	37,200
	<hr/>
	1,877,582
	<hr/>

The emoluments of the highest paid director during the period are as detailed above.

**5. FINANCE INCOME**

	<b>Period ended 31 December 2008 £</b>
<b>Group</b>	
Bank interest	193,580
Other interest	262
	<hr/>
	193,842
	<hr/>

In accordance with Sharia'a principles the board has determined that all incidental interest earned by the Group will be applied towards charitable purposes.

**6. REVENUE**

The Group turnover derives from its principal activity of advisory services.

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****7. PROFIT BEFORE TAX****Period ended  
31 December 2008**

The profit before tax is stated after charging:

£

Depreciation of property, plant and equipment on owned assets	107,877
Fees payable to the Parent Company's auditor for the audit of the Company's annual accounts	15,000
Fees payable to the Parent Company's auditor for other services:	2,500
The audit of the Company's Subsidiary pursuant to legislation	653,193
Operating lease rentals – land and buildings	

**8. INCOME TAX EXPENSE IN CORPORATE ENTITIES**

The charge to tax arising in the corporate entities of the Group and included within these financial statements, is:

**Period ended  
31 December 2008**  
£**i) Analysis of the tax charge recognised in income statement**

Current tax comprising UK corporation tax expense at 28% on taxable profits for the period	200,000
Deferred tax movements	7,000
Total tax charge in corporate entities	207,000

**Factors affecting the tax charge**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The total charge for the period can be reconciled to the accounting profits as follows:-

<b>Company and Group</b>	<b>Period ended 31 December 2008</b> £
Profit on ordinary activities of corporate entities before tax	673,906

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****8. INCOME TAX EXPENSE IN CORPORATE ENTITIES – (continued)**

<b>Company and Group</b>	<b>Period ended 31 December 2008 £</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	188,694
Effect of:	
Non deductible expenses	417
Depreciation add back	30,038
Capital allowances	(36,815)
Other tax adjustments	17,666
Deferred tax	7,000
	<hr/>
Total tax expense recognised in income statement	207,000
	<hr/>

**ii) Tax charge recognised directly in equity**

<b>Company and Group</b>	<b>Period ended 31 December 2008 £</b>
Arising on income taken directly to equity:	
Revaluation of available-for-sale financial assets	384,514
	<hr/>

**BARWA CAPITAL (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

**9. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Leasehold Improvements £	Motor Vehicles £	Fixtures and Fittings £	Computer and Office Equipment £	Total £
<b>COST</b>					
Acquired through business combinations	-	-	-	1,722	1,722
Additions	287,744	98,298	234,760	74,016	694,818
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	287,744	98,298	234,760	75,738	696,540
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEPRECIATION</b>					
Expense for the period	16,785	13,457	58,595	19,040	107,877
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	16,785	13,457	58,595	19,040	107,877
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>CARRYING AMOUNT</b>					
At 31 December 2008	270,959	84,841	176,165	56,698	588,663
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Company**

	Leasehold Improvements £	Motor Vehicles £	Fixtures and Fittings £	Computer and Office Equipment £	Total £
<b>COST</b>					
Additions	287,744	98,298	234,251	74,016	694,309
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	287,744	98,298	234,251	74,016	694,309
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEPRECIATION</b>					
Expense for the period	16,785	13,457	58,562	18,474	107,278
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	16,785	13,457	58,562	18,474	107,278
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>CARRYING AMOUNT</b>					
At 31 December 2008	270,959	84,841	175,689	55,542	587,031
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

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<b>10. INVESTMENT IN SUBSIDIARY</b>	<b>31 December 2008</b>
<b>Company</b>	<b>£</b>
Investment in subsidiary in the period	561,538
	<hr/>
At 31 December 2008	561,538
	<hr/>

Details of the Parent Company's subsidiary at 31 December 2008 are as follows:-

<b>Subsidiary</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>	<b>Proportion of voting power held</b>	<b>Principle activity</b>
New Cavendish Asset Management LLP	England and Wales	100%	100%	FSA regulated Asset Management LLP

During the period, the Group acquired a 100% holding in New Cavendish Asset Management LLP ("NCAM LLP"), a Limited Liability Partnership incorporated in England and Wales.

<b>11. GOODWILL</b>	<b>31 December 2008</b>
<b>Group</b>	<b>£</b>
<b>COST</b>	
Arising on acquisition of subsidiary (see note 24)	436,538
	<hr/>
At 31 December 2008	436,438
	<hr/>
<b>ACCUMULATED IMPAIRMENT LOSSES</b>	
Charge for the period	-
	<hr/>
At 31 December 2008	-
	<hr/>
<b>CARRYING AMOUNT</b>	
At 31 December 2008	436,538
	<hr/>

NCAM LLP is considered to be a single cash generating unit for the purpose of impairment testing. Based on the benefits of NCAM LLP regulated status coupled with expected revenues under the asset management business plan, no impairment of goodwill is considered to have arisen since the date of acquisition.

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****12. AVAILABLE FOR SALE FINANCIAL ASSETS**

	<b>31 December 2008 Group £</b>	<b>31 December 2008 Company £</b>
Subscription for shares during the period	12,861,335	12,861,335
Fair value gains during the period	1,373,265	1,373,265
Amortisation charge for the period	-	-
	<hr/>	<hr/>
<b>Carrying amount at 31 December 2008</b>	<b>14,234,600</b>	<b>14,234,600</b>
	<hr/>	<hr/>

Included within available for sale financial assets are share subscription monies paid pursuant to the acquisition of an interest in an unlisted overseas Investment Bank. At 31 December 2008 the share issue had not completed. Subsequent to the period end, following events outside the control of the Group, these share subscription monies were repaid to the Group. The fair value of these investment monies has been determined by reference to the funds returned after date.

**13. TRADE AND OTHER RECEIVABLES**

	<b>31 December 2008 £</b>
<b>Group</b>	
Amounts owed by fellow Group undertakings	190,651
Prepayments	111,091
Other receivables	118,532
	<hr/>
	420,274
	<hr/>
<b>Company</b>	
Amounts owed by fellow Group undertakings	190,651
Prepayments	101,881
Other receivables	113,146
	<hr/>
	405,678
	<hr/>

The directors consider that the carrying amount of trade receivables approximates to their fair value.



**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****14. CASH AND CASH EQUIVALENTS**

	<b>31 December 2008 £</b>
<b>Group</b>	
Cash at bank and in hand	2,977,724
	<u>          </u>
<b>Company</b>	<b>£</b>
Cash at bank and in hand	2,889,039
	<u>          </u>

**15. TRADE AND OTHER PAYABLES**

	<b>31 December 2008 £</b>
<b>Group</b>	
<b>Current:</b>	
Trade payables	60,250
Social security and other taxes	43,221
Accrued expenses	348,321
Other payables	325,325
Deferred income	1,583,511
	<u>          </u>
	2,360,628
	<u>          </u>
<b>Company</b>	
<b>Current:</b>	
Trade payables	47,937
Social security and other taxes	43,221
Accrued expenses	331,421
Other payables	325,325
Deferred income	1,583,511
	<u>          </u>
	2,331,415
	<u>          </u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days.

The directors consider that the carrying amount of trade payables approximates to their fair value.

**BARWA CAPITAL (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

**15. TRADE AND OTHER PAYABLES - (continued)**

	<b>31 December 2008 £</b>
<b>Group</b>	
<b>Non-current:</b>	
Amounts due to parent undertaking	4,500,000
	<u>                    </u>
<b>Company</b>	
<b>Non-current:</b>	
Amounts due to parent undertaking	4,500,000
	<u>                    </u>

Non-current payables of £4.5m represent a loan provided by the immediate Parent undertaking Cavendish Capital (Jersey) Limited, a Jersey registered company.

The loan is interest free and unsecured.

**16. DEFERRED TAX**

The movements in the Group and Company's deferred tax liabilities during the period were as follows:

	<b>31 December 2008 Group £</b>	<b>31 December 2008 Company £</b>
<b>Temporary differences</b>		
Charged to income in respect of accelerated capital allowances	7,000	7,000
Charged to equity in respect of available-for-sale financial assets	384,514	384,514
	<u>                    </u>	<u>                    </u>
Balance at 31 December 2008	391,514	391,514
	<u>                    </u>	<u>                    </u>

Deferred tax is calculated in full under the liability method on temporary differences. In accordance with the Finance Act 2008, deferred tax has been calculated using a rate of 28%.

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****17. SHARE CAPITAL****31 December  
2008  
£**

Authorised:

10,000,000 Ordinary shares of £1 each 10,000,000

Allotted, issued and fully paid:

10,000,000 Ordinary shares of £1 each 10,000,000

Following receipt of FSA Regulatory Permissions in December 2007 the company issued 1,000,000 ordinary shares of £1 each at par for cash. On 27 November 2008 a further 9,000,000 ordinary shares of £1 each were issued at par for cash.

**18. RESERVES****31 December  
2008  
Group  
£****31 December  
2008  
Company  
£****Investments revaluation**Increase arising on revaluation of  
available-for-sale financial assets 1,373,265 1,373,265

Related deferred tax (384,514) (384,514)

At 31 December 2008 988,751 988,751

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****19. RETAINED EARNINGS**

	<b>31 December 2008 Group £</b>	<b>31 December 2008 Company £</b>
Profit for the period	466,906	516,206
At 31 December 2008	466,906	516,206

**20. FINANCIAL INSTRUMENTS****Financial risk management objectives**

The Group's risk management policy has been to identify the principal business risks in achieving the Group's strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. These controls are continually reviewed and where necessary improved.

The Group's principal financial instruments comprise cash and cash equivalent balances, trade payables and trade receivables and loans to the Group from its immediate Parent undertaking. The main purpose of these instruments is to fund the Group's operations. The Group's approach to managing risks applicable to the financial instruments concerned is shown below:

**Market risk**

As an advisory business the Group does not take positions which expose it to price risk.

**Foreign currency risk**

The major part of the Group's income and expenditure is in Sterling. However, the Group's material foreign exchange risk arises primarily from its US Dollar exposure in the AFS financial asset. This unquoted equity investment was acquired for strategic rather than trading purposes. As explained more fully in note 25 events subsequent to the balance sheet de-risked its exposure to US Dollars leaving it with no material foreign currency risk.

**Interest rate risk**

The Group has no external borrowings which expose it to interest rate risk.

The Group's principal borrowings are the balances owed to its immediate Parent undertaking. The loans are interest free and unsecured. The Parent undertaking is aware of the Group's required finance and have determined that the loan will only be repaid, in whole or in part, when cashflow is available, having regard to both regulatory and working capital needs.

The Group's financial assets do have exposure to interest rates risk through the cash deposits held. However, the Group does not seek to rely on financial income as a key source of revenue and it has been agreed at Board level that all incidental interest earned will be applied for charitable purposes in order to comply with Sharia'a principles.

**20. FINANCIAL INSTRUMENTS - (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Cash deposits with banks give rise to counterparty risk. The Group manages counterparty risk as far as possible given the current global economic conditions by taking into account an institution's credit rating. All financial assets are held at major international banking group's with reported substantial financial strength and high grade credit ratings assigned by international credit-rating agencies.

Trade receivables relate to balances owed from related parties and are managed in respect of cash flow risk by regularly monitoring the amounts outstanding and calling on funds to enable to the Group to meet payments as they fall due.

**Liquidity risk**

Liquidity risk refers to the risk of suffering financial loss or loss of permission to operate due to improper financial reporting, poor management of revenues, costs and liquidity, and / or due to financial crime.

Ultimate responsibility for liquidity risk management rests with the board of directors, which manages the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The equity share capital of the Group has been set at a level that, the board believes, takes due regard to the Group's disposition of current and non-current assets and liabilities, thereby managing liquidity risk.

The directors consider trade payables' liquidity risk to be the most significant risk and this is managed by ensuring sufficient funds are available to meet amounts due as they fall payable. The Group aims to maintain high levels of liquidity at all times and the directors regularly monitor cash flow and management accounts to ensure that the Group maintains adequate working capital.

**21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**Group and Company**

The directors carried out a comparison by category of book values and fair values of the Group's financial assets and liabilities as at 31 December 2008. Fair values of cash, cash equivalents and borrowings have been calculated by discounting expected future cash flows at prevailing interest rates, being predominately non-interest earning, and approximate to book value owing to the short term maturity of these instruments and the current low interest rate environment.

**22. RELATED PARTY DISCLOSURES**

The immediate parent and ultimate controlling party respectively of the Group are Cavendish Capital Jersey Limited, incorporated in Jersey and Barwa Estate Investment Company Q.S.C, incorporated in Qatar.

Transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

**BARWA CAPITAL (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

**22. RELATED PARTY DISCLOSURES – (continued)**

	31 December 2008 Group £	31 December 2008 Company £
<b>a) Amounts due from related parties</b>		
Cavendish Learning Limited	859	859
Cavendish Compliance Limited	82,500	82,500
Cavendish Real Estate Limited	100,548	100,548
Cavendish Capital (Jersey) Limited	6,744	6,744
	<hr/>	<hr/>
	190,651	190,651
	<hr/>	<hr/>
	31 December 2008 Group £	31 December 2008 Company £
<b>b) Amounts due to related parties</b>		
Cavendish Capital (Jersey) Limited	4,500,000	4,500,000
	<hr/>	<hr/>
	4,500,000	4,500,000
	<hr/>	<hr/>
<b>c) Related party transactions charged to consolidated income statement</b>		31 December 2008 £
<b>Fees receivable</b>		
Cavendish Capital (Jersey) Limited		2,968,154
Barwa Real Estate Company Q.S.C.		2,083,333
		<hr/>
		5,051,487
<b>Fees payable</b>		
New Cavendish Partners Limited		(100,000)
Complyport Limited		(3,000)
<b>Rent payable</b>		
Barwa Cavendish Limited		(626,623)
Cavendish Real Estate Limited		(26,571)
Complyport Limited		(4,000)
		<hr/>
		4,291,293
		<hr/>

All of the related parties noted above form part of the Group headed by Cavendish Capital (Jersey) Limited ("CC (J) L"), save for Barwa Real Estate Investment Company Q.S.C. which controls CC (J) L and Barwa Cavendish Limited, which is a fellow subsidiary in the Group controlled by Barwa Real Estate Investment Company Q.S.C.

**23. PILLAR 3 DISCLOSURES**

The board of directors assumes overall responsibility within the Group for assessing risks faced by the business and determining the acceptability of these risks. Ultimate responsibility for ensuring an effective framework is in place to mitigate these risks on a day-to-day basis lies with the Managing Director and the Compliance Officer.

**Operational risk**

Operational risk, inherent in all businesses, is the potential for financial and reputation loss arising from failures in internal controls, operational processes or systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The regulated environment in which the Group operates, imposes extensive reporting requirements and continuing self assessment and appraisal. The Group seeks continually to improve its operating efficiencies and standards.

**Capital Management**

The Parent Company and subsidiary of the Group are both regulated by the Financial Services Authority and are subject to specific regulatory capital requirements. The Group is not subject to consolidated supervision and has no specific regulatory requirements.

The Group's capital is currently falling into Tier 1 capital as defined by GENPRU. It does not currently have any capital falling into the Tier 2 or Tier 3 category and there are no current plans to issue financial instruments falling within Tiers 2 or 3 in the foreseeable future. The Group is capitalised at a level significantly in excess of the minimum required regulatory level and the directors monitor management accounts and cash liquidity statements on a frequent basis to ensure that this buffer of capital is maintained at all times.

Tier 1 capital consists entirely of permanent eligible capital for both the Company and its subsidiary. At 31 December 2008 this was £10,076,000 and as a comparison Pillar 1 requirement as imposed by GENPRU as at 31 December 2008 stood at £125,000. The Group's Internal Capital Adequacy Assessment Process ("ICAAP") did not envisage any further capital requirement under Pillar 2.

The Group's internal capital levels and future requirements are managed by the board of directors. Any increase in the capital requirements of the Group due to unforeseen circumstances or due to a change in the Group's forecasts or business plan must be assessed and approved by the board of directors. The capital resources model is then revised to reflect such changes.

The planned expansion of activities within NCAM LLP may increase the Group's Pillar 1 and regulatory capital requirement and this is presently under review. However the directors are confident that any increase will be more than sufficiently covered by existing capital resources.

**BARWA CAPITAL (UK) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)****24. BUSINESS COMBINATIONS (ACQUISITIONS)**

On 21 August 2008 Barwa Capital (UK) Limited acquired 100% of NCAM LLP for a cash consideration of £440,243, incurred directly attributable costs settled in cash of £36,538, followed by a subsequent investment of cash directly into the acquired business of £84,757. This transaction has been accounted for using the purchase method of accounting.

Analysis of assets and liabilities acquired:

	<b>31 December 2008 Fair value</b>	<b>31 December 2008 Acquiree's carrying amount</b>
	<b>£</b>	<b>£</b>
Net assets acquired		
Property, plant and equipment	1,722	1,722
Trade and other receivables	52,839	52,839
Cash and cash equivalents	34,512	34,512
Trade and other payables	(48,830)	(48,830)
	<hr/>	<hr/>
Fair value of assets acquired on date of acquisition	40,243	40,243
	<hr/>	<hr/>
Additional cash invested into the business	84,757	
	<hr/>	
Total fair value of assets acquired	125,000	
	<hr/>	
Goodwill	436,538	
	<hr/>	
Total consideration including direct costs and additional cash invested into the business	561,538	
	<hr/>	

Following its acquisition, NCAM LLP made no contribution towards Group revenues, whilst its forward business plan was remodelled. Costs of £49,299 accrued between the acquisition date and 31 December 2008, are included in general administrative expenses in the income statement. Had this business combination been effected at 1 January 2008, Group revenue would have been £5,194,625 and net profit £692,656.



**BARWA CAPITAL (UK) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008 – (CONTINUED)**

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**25. OPERATING LEASE ARRANGEMENTS**

**The Group as lessee**

Operating leases relate to business premises with an initial lease term of 10 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

**Payments recognised as an expense**

	<b>31 December 2008 £</b>
Minimum lease payments	653,193
	<hr/>
<b>Non-cancellable operating lease commitments</b>	
Longer than 5 years	1,077,585
	<hr/>

**26. EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the period end the Group received back its share subscription monies. This reimbursement arose as a consequence of the Investment Bank being unable to meet its required capital base and therefore money was returned to the shareholders.