Company Registration No 06317722 (England and Wales)

BARWA CAPITAL (UK) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

BARWA CAPITAL (UK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2010

BARWA CAPITAL (UK) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

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 Registered Auditor 25 Farringdon Street London EC4A 4AB
SHARIA'A ADVISORY BOARD	Dr Esam Khalaf Al-Enezi Sheikh Essam M Ishaq Dr Osama Qais S Al Dereai

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

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

The company's principal activity continues to be the providing of advisory services to its parent, Cavendish Capital (Jersey) Limited and another associated undertakings on various projects, including private equity and asset acquisition transactions Total fees receivable for the period were £3 5 million (2009 £3 5 million)

The company is authorised and regulated by the FSA During the year the company sold its interest in its wholly owned subsidiary, which was also regulated by the FSA

The Group results for the year include the results of the company's subsidiary up to the date that the company sold the entity, on 1 November 2010

The company complies with the principles of Sharia'a Financial transactions are approved by the Sharia'a Board of the company Interest earned incidentally from a transaction is earmarked for application towards 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 company's functions which included the checking of the company's documents and procedures so as to scrutinise each material operation carried out by the company

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

- contracts, operations and transactions conducted by the company throughout the year ending 31 December 2010, 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,
- Zakat will be calculated according to the provisions and principles of Islamic Sharia'a

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

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Fees and income receivable	3,512,213	3,502,714
Profit before tax (including discontinued operations)	235,455	5,907
Gross assets	11,291,056	15,952,576

During the year under review the company continued its focus towards consolidating and value building within its operations, whilst seeking viable investment opportunities As a result of this process the company invested £2 5 million into a UK focused residential project, aimed to achieve a healthy return on capital over its expected short to medium term plan

The company also sold its investment in New Cavendish Asset Management LLP, the company's sole subsidiary, realising a total gain on the disposal of £471,695

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS – (continued)

The continued weakness of global economic conditions into 2010 has presented challenges for the company, as it sought to obtain new revenue opportunities

However, through a measured and cautious approach towards committing to new ventures coupled with tight controls over operating costs the company has returned a profit of £235,455 pre tax The profit for the year is stated after the company's initial share of associate costs of £161,220 incurred as part of the set up of this new investment

At the end of the reporting period the company remained highly liquid, free of any external bank borrowings and held cash and cash equivalents of £4 728 million (2009 £12 877 million)

RESULTS AND DIVIDENDS

The results for the period are set out on page 7 The company has traded satisfactorily during the year and at the year end the state of affairs of the company was considered satisfactory

The directors do not recommend the payment of a dividend for the year

FINANCIAL RISK AND CAPITAL MANAGEMENT

The company's risk and capital management policy is set out in note 24 of the financial statements

The Board of Directors assumes overall responsibility within the company 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

DIRECTORS

The following directors held office during the year

G B S Al-Saad
M Abdel-Haq
A A Al-Zubaid

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations under Gift Aid totalling £nil (2009 £28,000) The entire amount donated in 2009 was 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 company 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 company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES – (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company'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 company's auditor are aware of that information

AUDITOR

The auditor, Baker Tilly UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD

M Abdel-Haq
Director

18 March 2011

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BARWA CAPITAL (UK) LIMITED

We have audited the Group and Parent financial statements for the year ended 31 December 2010 on pages 7 to 44 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 more fully explained in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

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

Opinion on the financial statements
In our opinion

- the financial statements give a true and fair view of the state of the Group's and the Parent's affairs as at 31 December 2010 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with the IFRSs as adopted by the European Union,
- the Parent financial statements have been properly prepared in accordance with the IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB
As explained in Note 3 to the financial statements, the Company in addition to applying IFRSs adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board ("IASB")

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

BARWA CAPITAL (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BARWA CAPITAL (UK) LIMITED – (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company's 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

Antony David Pierre (Senior Statutory Auditor)
For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

28/3 2011

BARWA CAPITAL (UK) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 £	Year ended 31 December 2010 £	Year ended 31 December 2009 £	Year ended 31 December 2009 £
Continuing operations					
Revenue	5		3,512,213		3,502,714
Cost of sales			-		(91,336)
Gross profit			3,512,213		3,411,378
Investment revenue	6	25,158		110,484	
Other gains and losses	7	-		182,303	
Share of losses of associates	13	(161,220)		-	
Administration expenses		(3,301,457)		(3,273,504)	
Depreciation expenses		(180,868)		(174,297)	
Finance costs		(5,467)		(3,818)	
			(3,623,854)		(3,158,832)
(Loss) / profit before tax			**(111,641)**		252,546
Income tax expense	9		(46,180)		(2,924)
(Loss) / profit for the year from continuing operations			**(157,821)**		249,622
Profit / (loss) for the year from discontinued operations	11		347,096		(246,639)
Profit for the year			**189,275**		2,983
Other comprehensive income					
Available-for-sale financial assets					
Net gain arising on revaluation of available-for-sale financial assets			-		141,281
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year			-		(1,130,032)
Total comprehensive income for the year			**189,275**		(985,768)
Total comprehensive income attributable to:					
Owners of the Company			**189,275**		(985,768)

The notes form part of these financial statements

BARWA CAPITAL (UK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010 £	2010 £	2009 £	2009 £
ASSETS					
Non-current assets					
Property, plant and equipment	10		425,986		570,448
Investment in associates	13		2,343,030		-
Goodwill	14		-		440,638
Available-for-sale financial assets	15		-		-
			2,769,016		1,011,086
Current assets					
Trade and other receivables	16	3,794,023		1,893,448	
Current tax assets	9	-		170,864	
Cash and cash equivalents	17	4,728,017		12,877,178	
			8,522,040		14,941,490
Total assets			11,291,056		15,952,576
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	606,892		980,987	
Current tax liabilities	9	25,000		-	
			631,892		980,987
Non-current liabilities					
Borrowings	19	-		4,500,000	
Deferred tax liabilities	20	-		1,700	
			-		4,501,700
Total liabilities			631,892		5,482,687
Equity					
Issued capital	21	10,000,000		10,000,000	
Reserves	22	-		-	
Retained earnings	23	659,164		469,889	
Total equity			10,659,164		10,469,889
Total equity and liabilities			11,291,056		15,952,576

The financial statements were approved by the Board of Directors and authorised for issue on 18/03/2011 and were signed on its behalf by

M Abdel-Haq
Director
Company registration No. 06317722

The notes form part of these financial statements

BARWA CAPITAL (UK) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010 £	2010 £	2009 £	2009 £
ASSETS					
Non-current assets					
Property, plant and equipment	10		425,986		565,317
Investment in subsidiary	12		-		912,638
Investment in joint venture	13		2,343,030		-
Available-for-sale financial assets	15		-		-
			2,769,016		1,477,955
Current assets					
Trade and other receivables	16	3,794,023		1,831,833	
Current tax assets	9	-		170,864	
Cash and cash equivalents	17	4,728,017		12,680,031	
			8,522,040		14,682,728
Total assets			11,291,056		16,160,683
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	606,892		961,712	
Current tax liabilities	9	25,000		-	
			631,892		961,712
Non-current liabilities					
Borrowings	19	-		4,500,000	
Deferred tax liabilities	20	-		1,700	
			-		4,501,700
Total liabilities			631,892		5,463,412
Equity					
Issued capital	21	10,000,000		10,000,000	
Reserves	22	-		-	
Retained earnings	23	659,164		697,271	
Total equity			10,659,164		10,697,271
Total equity and liabilities			11,291,056		16,160,683

The financial statements were approved by the Board of Directors and authorised for issue on 18/03/ 2011 and were signed on its behalf by

M Abdel-Haq
Director
Company registration No. 06317722

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £	Retained earnings £	Investments revaluation reserve £	Total equity £
Balance at 31 December 2008	10,000,000	466,906	988,751	11,455,657
Profit for the period	-	2,983	-	2,983
Other comprehensive income				
Gain arising on revaluation of available-for-sale financial assets	-	-	196,223	196,223
Income tax relating to above gain	-	-	(54,942)	(54,942)
Cumulative gain reclassified to profit on sale of available-for-sale financial assets	-	-	(1,130,032)	(1,130,032)
Total comprehensive income for the year	-	2,983	(988,751)	(985,768)
Balance at 31 December 2009	10,000,000	469,889	-	10,469,889
Profit for the year	-	189,275	-	189,275
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	189,275	-	189,275
Balance at 31 December 2010	10,000,000	659,164	-	10,659,164

BARWA CAPITAL (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £	Retained earnings £	Investments revaluation reserve £	Total equity £
Balance at 31 December 2008	10,000,000	516,206	988,751	11,504,957
Profit for the period	-	181,065	-	181,065
Other comprehensive income				
Gain arising on revaluation of available-for-sale financial assets	-	-	196,223	196,223
Income tax relating to gain arising on revaluation of equity on above gain	-	-	(54,942)	(54,942)
Income tax relating to above gain	-	-	(1,130,032)	(1,130,032)
Total comprehensive income for the period	-	181,065	(988,751)	(807,686)
Balance at 31 December 2009	10,000,000	697,271	-	10,697,271
Loss for the year	-	(38,107)	-	(38,107)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(38,107)	-	(38,107)
Balance at 31 December 2010	10,000,000	659,164	-	10,659,164

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 Group £	Company £	Year ended 31 December 2009 Group £	Company £
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) for the year		189,275	(38,107)	2,983	181,066
Depreciation of non-current assets		180,868	180,674	174,297	171,330
Income tax expense recognised in profit or loss		46,180	46,180	2,924	2,924
Finance costs recognised in profit or loss		(25,158)	(25,158)	(110,484)	(110,405)
Share of losses of associates		250,024	161,220	-	-
Loss on sale of non-current assets		30,006	30,006	-	-
Gain on sale of subsidiary and associate		(471,695)	(119,714)	-	-
Gain transferred from equity on sale of available-for-sale financial assets		-	-	(1,569,488)	(1,569,488)
		199,500	235,101	(1,499,768)	(1,324,573)
MOVEMENTS IN WORKING CAPITAL					
Increase in trade and other receivables		(1,879,261)	(1,962,189)	(1,473,174)	(1,426,155)
Decrease in trade and other payables		(374,095)	(354,820)	(1,379,640)	(1,369,703)
Cash used by operations		(2,053,856)	(2,081,908)	(4,352,582)	(4,120,431)
Income taxes received/(paid)		147,983	147,983	(129,088)	(129,088)
NET CASH USED BY OPERATING ACTIVITIES		**(1,905,873)**	**(1,933,925)**	**(4,481,670)**	**(4,249,519)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on sale of financial assets		-	-	14,430,822	14,430,822
Net cash inflow on sale of subsidiary	27	38,941	264,140	-	-
Net cash inflow on sale of associate		818,211	818,211	-	-
Proceeds on sale of non-current assets		30,000	30,000	-	-
Interest received		25,158	25,158	110,484	110,405
Payments for property, plant and equipment		(101,348)	(101,348)	(156,082)	(149,616)
Net cash outflow on acquisition of associate		(2,504,250)	(2,504,250)	-	-
Payment for further investment in subsidiary		(50,000)	(50,000)	(4,100)	(351,100)
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES		**(1,743,288)**	**(1,518,089)**	**14,381,124**	**14,040,511**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(4,500,000)	(4,500,000)	-	-
NET CASH USED FROM FINANCING ACTIVITIES		(4,500,000)	(4,500,000)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(8,149,161)**	**(7,952,014)**	**9,899,454**	**9,790,992**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12,877,178	12,680,031	2,977,724	2,889,039
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**4,728,017**	**4,728,017**	**12,877,178**	**12,680,031**

ACCOUNTING POLICIES

1 GENERAL INFORMATION

Barwa Capital (UK) Limited is a Company incorporated in England and Wales The address of the registered office is given on page 1

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New and amended standards and interpretations adopted by the company

The company has adopted the following new and amended IFRSs during the current period

- IAS 27 (revised in 2008) 'Consolidated and Separate Financial Statements' – effective 1 January 2010 The amendment has resulted in changes in accounting policies for changes in ownership interests in subsidiaries In particular, when control of a subsidiary is lost as a result of a transaction, event or circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying value and to recognise the fair value of the consideration received The resulting difference is recognised as a gain or loss in profit or loss

  The change in accounting policy only results in changes to disclosures

b) Standards and interpretations adopted by the company with no effect on financial statements

The company has adopted the following new and amended IFRSs during the current period, but has not had any significant impact on the amounts reported in these financial statements but may affect the accounting of future transactions or arrangements

IFRS 3 (revised)	Business combinations
IFRS 5 (revised)	Non-current assets held for sale and discontinued operations
IAS 16 (revised)	Property, plant and equipment
IAS 19 (revised)	Employee benefits
IAS 36 (revised)	Impairment of assets
IAS 38 (revised)	Intangible assets
IAS 39 (revised)	Financial instruments recognition and measurement

c) Standards, amendments and interpretations to existing standards in issue but not yet effective and have not been adopted early by the company

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

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets
IFRS 9 (amended 2010)	Financial Instruments
IAS 24 (revised 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 2006 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

The company's business activity, together with its strong liquidity position, does not highlight any material uncertainty about the ability of the company to continue as a going concern

The company has appropriate financial resources together with fixed contracts that enable the company to operate effectively and meet its liabilities as they fall due The directors believe that the company is well placed to manage its business risks successfully in the current economic conditions

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the financial statements

b) Basis of consolidation
As permitted by Section 408 Companies Act 2006, no separate statement of comprehensive income 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

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

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

b) Basis of consolidation – (continued)

(ii) **Subsidiaries**
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 Statement of Comprehensive Income

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

(iii) **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 Statement of Comprehensive Income and is not subsequently reversed Goodwill is allocated to cash generating units for the purpose of impairment testing

d) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies

The results and assets and liabilities of associates are incorporated into these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* Under the equity method, an investment in an associate is initially recognised in the Statement of Financial Position at cost and adjusted thereafter to recognise the company's share of profit or loss in the comprehensive income of the associate

When the Group's share of losses of an associate exceeds the Group's interest in that associate, the company discontinues recognising its share of further losses

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in that associate

e) 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)

e) 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) **Loans and receivables**
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period

(iii) **Impairment of financial assets**
Financial assets are assessed for indicators of impairment at each end of the reporting period 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

For all other financial assets, objective evidence of impairment could include

- Significant financial difficulty of the issuer or counterparty, or
- Default or delinquency in interest or principal payments, or
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the numbers of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the financial asset's original effective interest rate

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets Changes in the carrying amount of the asset are recognised in profit or loss

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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

e) Financial assets – (continued)

(iv) **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

f) Financial liabilities
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs

Financial liabilities are classified as at FVTPL or other financial liabilities Financial liabilities are classified as FVTPL when the financial liability is either held for trading or is designated as at FVTPL Other financial liabilities, including borrowings, are initially measured as fair value net of transaction costs

Other financial liabilities are subsequently measured at amortised cost using the effective interest method The Group derecognises financial liabilities when, an only when, the Group's obligations are discharged, cancelled or they should expire

g) Revenue recognition
Revenue is measured at fair value of the consideration received or receivable

(i) **Rendering of services**
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

(ii) **Interest revenue**
Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amounts of revenue can be measured reliably Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

h) Property, plant and equipment
Depreciation is recognised in the Statement of Comprehensive Income 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	10 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)

h) 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 Statement of Comprehensive Income in the period the asset is derecognised

i) Taxation

Income tax expense represents the sum of the tax currently payable 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 end of the reporting period Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 end of the reporting period 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 end of the reporting period, 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 end of the reporting period

j) 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 statement of comprehensive income 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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

k) 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 end of the reporting period 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 Statement of Comprehensive Income in the period in which they arise

l) Retirement benefit costs
Contributions to defined contribution benefit plans are recognised in the Statement of Comprehensive Income in the period in which they become payable

m) Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

(i) *Impairment of goodwill*
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value

4 STAFF COSTS

Group	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Wages and salaries	1,005,908	1,048,516
Social security costs	167,640	143,982
Benefits in kind	123,500	111,715
Pension costs	42,807	37,200
	1,339,855	1,341,413

The total pension costs recognised in the Statement of Comprehensive Income 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 2010 £8,507 was outstanding (2009 £nil) in respect of pension contributions

The average monthly number of Group employees during the period was	2010 No.	2009 No.
Management and administration	12	14

4 STAFF COSTS – (continued)

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Directors' emoluments		
Emoluments	435,381	248,000
Benefits in kind	91,000	91,000
Emoluments paid to third party	32,500	20,715
Pension costs	42,807	37,200
	601,688	396,915

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

5 REVENUE

The Group revenue derives from its principal activity of advisory services The Group turnover can be analysed geographically as follows

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Continuing operations		
Channel Islands	1,001,481	1,002,714
Rest of the World	2,510,732	2,500,000
	3,512,213	3,502,714
Discontinued operations		
Rest of the World	-	171,430

6 INVESTMENT REVENUE

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Interest revenue		
Bank deposits	24,089	41,282
Available-for-sale investment	-	69,202
Other interest	1,069	-
	25,158	110,484

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

7 OTHER GAINS AND LOSSES

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cumulative gain reclassified from equity on Disposal of available-for-sale investments	-	1,569,488
Net foreign exchange losses	-	(1,387,185)
	-	182,303

8 PROFIT BEFORE TAX

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
The (loss)/profit before tax is stated after charging		
Depreciation of property, plant and equipment on owned assets	180,868	174,297
Fees payable to the Parent Company's auditor for the audit of the Company's annual accounts	25,200	25,000
Fees payable to the Parent Company's auditor for other services	-	18,900
Fees payable to the Parent Company's auditor for other services The audit of the Company's Subsidiary pursuant to legislation	-	5,000
Operating lease rentals – land and buildings	1,077,585	1,077,872

9 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

i) Analysis of the tax charge recognised in profit or loss

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Current tax comprising UK corporation tax expense at 28% on taxable profits for the year	50,000	13,539
Deferred tax expense relating to temporary differences	(1,700)	(5,300)
	48,300	8,239
Adjustments recognised in the current year in relation to the current tax of prior period	(2,120)	(5,315)
Total tax charge in corporate entities	46,180	2,924

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 -

Group and Company	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Profit on ordinary activities of corporate entities before tax	235,455	5,907

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	65,927	1,654
Effect of		
Non deductible expenses	54,430	1,131
Depreciation add back	50,589	48,801
Capital allowances	(35,905)	(38,047)
Other tax adjustment	(85,041)	-
Deferred tax	(1,700)	(5,300)
	48,300	8,239
Adjustments recognised in the current year in relation to prior period	(2,120)	(5,315)
Total tax expense recognised in profit or loss	46,180	2,924

9. INCOME TAX EXPENSE IN CORPORATE ENTITIES – (continued)

ii) Tax charge recognised directly in other comprehensive income

Company and Group	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Arising on income and expenses recognised in other comprehensive income		
Revaluation of available-for-sale financial assets	-	54,942
	-	54,942
Reclassifications from equity to profit or loss		
Relating to available-for-sale financial assets	-	(54,942)
	-	(54,942)
Total income tax recognised in other comprehensive income	-	-

iii) Current tax assets and liabilities

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Current tax assets		
Tax refund receivable	-	170,864
	-	170,864
Current tax liabilities		
Income tax payable	25,000	-
	25,000	-

10 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold Improvements	Motor Vehicles	Fixtures and Fittings	Computer and Office Equipment	Total
COST	£	£	£	£	£
At 1 January 2010	406,700	98,298	257,859	89,765	852,622
Additions	-	90,694	9,148	1,506	101,348
Disposals	-	(98,298)	(3,941)	(4,756)	(106,995)
At 31 December 2010	406,700	90,694	263,066	86,515	846,975
DEPRECIATION					
At 1 January 2010	74,562	31,739	134,185	41,688	282,174
Expense for the year	40,670	21,669	89,784	28,745	180,868
Disposals	-	(38,293)	(1,099)	(2,661)	(42,053)
At 31 December 2010	115,232	15,115	222,870	67,772	420,989
CARRYING AMOUNT					
At 31 December 2010	291,468	75,579	40,196	18,743	425,986
At 31 December 2009	332,138	66,559	123,674	48,077	570,448

Company

	Leasehold Improvements	Motor Vehicles	Fixtures and Fittings	Computer and Office Equipment	Total
COST	£	£	£	£	£
At 1 January 2010	406,700	98,298	253,918	85,009	843,925
Additions	-	90,694	9,148	1,506	101,348
Disposals	-	(98,298)	-	-	(98,298)
At 31 December 2010	406,700	90,694	263,066	86,515	846,975
DEPRECIATION					
At 1 January 2010	74,562	31,739	133,195	39,112	278,608
Expense for the year	40,670	21,669	89,675	28,660	180,674
Disposals	-	(38,293)	-	-	(38,293)
At 31 December 2010	115,232	15,115	222,870	67,772	420,989
CARRYING AMOUNT					
At 31 December 2010	291,468	75,579	40,196	18,743	425,986
At 31 December 2009	332,138	66,559	120,723	45,897	565,317

10. PROPERTY, PLANT AND EQUIPMENT – (continued)

Group

COST	Leasehold Improvements £	Motor Vehicles £	Fixtures and Fittings £	Computer and Office Equipment £	Total £
At 1 January 2009	287,744	98,298	234,760	75,738	696,540
Additions	118,956	-	23,099	14,027	156,082
At 31 December 2009	406,700	98,298	257,859	89,765	852,622
DEPRECIATION					
At 1 January 2009	16,785	13,457	58,595	19,040	107,877
Expense for the year	57,777	18,282	75,590	22,648	174,297
At 31 December 2009	74,562	31,739	134,185	41,688	282,174
CARRYING AMOUNT					
At 31 December 2009	332,138	66,559	123,674	48,077	570,448
At 31 December 2008	270,959	84,841	176,165	56,698	588,663

Company

COST	Leasehold Improvements £	Motor Vehicles £	Fixtures and Fittings £	Computer and Office Equipment £	Total £
At 1 January 2009	287,744	98,298	234,251	74,016	694,309
Additions	118,956	-	19,667	10,993	149,616
At 31 December 2009	406,700	98,298	253,918	85,009	843,925
DEPRECIATION					
At 1 January 2009	16,785	13,457	58,562	18,474	107,278
Expense for the year	57,777	18,282	74,633	20,638	171,330
At 31 December 2009	74,562	31,739	133,195	39,112	278,608
CARRYING AMOUNT					
At 31 December 2009	332,138	66,559	120,723	45,897	565,317
At 31 December 2008	270,959	84,841	175,689	55,542	587,031

11. DISCONTINUED OPERATIONS

During the year the company disposed of its interest in its wholly owned subsidiary, New Cavendish Asset Management LLP This sale was undertaken in two transactions, in January 2010 and November 2010, as disclosed in notes 12 and 13

Analysis of profit / (loss) for the year from discontinued operations

The results of the discontinued operations included in the consolidated Statement of Comprehensive Income are set out below The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Revenue	-	171,430
Expenses	(35,795)	(418,069)
	(35,795)	(246,639)
Share of losses in associate (see note 13)	(88,804)	-
Gain on disposal of subsidiary (see note 12)	83,502	-
Gain on disposal of associate (see note 13)	388,193	-
Profit / (loss) for the year from discontinued operations	347,096	(246,639)

Cash flows from discontinued operations

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Net cash outflows from operating activities	(21,948)	(232,151)
Net cash outflows from investing activities	-	(6,387)
Net cash inflows from financing activities	807,152	-
Net cash inflows / (outflows)	785,204	(238,538)

12. INVESTMENT IN SUBSIDIARY

	31 December 2010 £	31 December 2009 £
Balance at beginning of year	912,638	561,538
Further investment in subsidiary	50,000	351,100
Investment disposed of during the year	(962,638)	-
Balance at end of year	-	912,638

12. INVESTMENT IN SUBSIDIARY – (continued)

During the year, the company disposed of its controlling interest in New Cavendish Asset Management LLP through a part disposal in January 2010, retaining a 49% interest in the LLP The fair value proceeds (net of costs) on disposal of £264,140 were received in cash, realising a gain on part disposal of £83,502

The gain on disposal recognised in profit or loss is calculated as follows,

	31 December 2010 £
Proceeds on disposal (net of selling costs)	264,140
Plus fair value of investment retained (49%)	260,000
Less derecognised goodwill on disposal	(440,638)
Gain arising on disposal	83,502

13 INVESTMENT IN ASSOCIATES

The Group has the following significant interests in associates at the end of the reporting period

Associate	Country of Incorporation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Regency Residential (UK) Limited	Guernsey	50%	-	Real Estate Development

a) Although the Group and company holds less than 20% of the voting power at shareholder meetings of Regency Residential (UK) Limited, the Group and company exercises significant influence by virtue of its contractual right to Board representation

b) The Group held a 49 per cent interest in New Cavendish Asset Management LLP (registered office Devonshire House, 1 Devonshire Street, London W1W 5DR), between February 2010 and November 2010, when the remaining interest in the entity was sold The losses incurred from February 2010 to November 2010 has been included in the profit for the year from discontinued operations (see note 11)

The company disposed of its 49% interest in New Cavendish Asset Management LLP in November 2010, following an initial sale in January 2010 (see note 11) The fair value proceeds (net of costs) on disposal of £818,211 were received in cash, realising a gain of £388,193

13. INVESTMENT IN ASSOCIATES – (continued)

The gain on disposal recognised in profit or loss is calculated as follows,

	31 December 2010 £
Proceeds on disposal (net of selling costs)	818,211
Less carrying amount of investment on the date of loss of significant influence	(170,018)
Less derecognised goodwill on disposal	(260,000)
Gain arising on disposal	388,193

Summarised financial information in respect of the Group's associate at 31 December 2010 is set out below

	31 December 2010 £
Total assets	5,130,911
Total liabilities	(444,851)
Net assets	4,686,060
Company's share of net assets of associate	2,343,030

Summarised financial information in respect of the Group's associate results recognised in the Statement of Comprehensive Income is set out below

	31 December 2010 £
Continuing operations	
Total revenue	-
Total expenses	(322,440)
Total loss for the year	(322,440)
Company's share of losses of associate	(161,220)
Company's share of other comprehensive income	-

13. INVESTMENTS IN ASSOCIATES – (continued)

	31 December 2010 £
Discontinued operations	
Total revenue	-
Total expenses	(177,608)
Total loss for the year	(177,608)
Company's share of losses of associate (see note 11)	(88,804)
Company's share of other comprehensive income	-

14. GOODWILL

Group	31 December 2010 £	31 December 2009 £
COST		
Balance at beginning of year	440,638	436,538
Additional amounts recognised from business combinations	-	4,100
Derecognised on disposal of subsidiary	(440,638)	-
Balance at end of the year	-	440,638
ACCUMULATED IMPAIRMENT LOSSES		
Balance at beginning and end of the year	-	-
CARRYING AMOUNT		
At 31 December 2010	-	440,638
At 31 December 2009	440,638	436,538

15 AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2010 Group £	31 December 2010 Company £	31 December 2009 Group £	31 December 2009 Company £
Balance at beginning of year	-	-	14,234,600	14,234,600
Fair value gains during the year	-	-	196,223	196,223
Share subscription monies returned during the year	-	-	(14,430,823)	(14,430,823)
Balance at end of year	-	-	-	-

Included within available for sale financial assets were share subscription monies paid pursuant to the acquisition of an interest in an unlisted overseas Investment Bank The share issue had not completed, following events outside the control of the company and these share subscription monies were repaid to the company during 2009

16 TRADE AND OTHER RECEIVABLES

Group	31 December 2010 £	31 December 2009 £
Current·		
Trade receivables	69,263	71,981
Amounts due by fellow Group undertakings	3,239,093	1,372,706
Prepayments	374,727	386,664
Other receivables	110,940	62,097
	3,794,023	1,893,448

Company	31 December 2010 £	31 December 2009 £
Current:		
Trade receivables	69,263	-
Amounts due by fellow Group undertakings	3,239,093	1,394,706
Prepayments	374,727	379,472
Other receivables	110,940	57,655
	3,794,023	1,831,833

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at cost The average credit period on sales to unrelated parties is not more than 30 days (2009 30 days) The company has financial risk management policies in place to ensure that all receivables are received within pre-agreed credit terms

16. TRADE AND OTHER RECEIVABLES – (continued)

Trade receivables above include amounts that are past due at the end of the reporting period but against which the company has not has recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable

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

17. CASH AND CASH EQUIVALENTS

Group	31 December 2010 £	31 December 2009 £
Cash and bank balances	4,728,017	12,877,178
Company		
Cash and bank balances	4,728,017	12,680,031

Cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less

18 TRADE AND OTHER PAYABLES

Group Current	31 December 2010 £	31 December 2009 £
Trade payables	27,947	26,750
Amounts due to fellow Group undertakings	1,547	143,227
Social security and other taxes	37,162	44,693
Accrued expenses	123,569	332,247
Deferred income	416,667	434,070
	606,892	980,987

Company Current:	31 December 2010 £	31 December 2009 £
Trade payables	27,947	26,336
Amounts due to fellow Group undertakings	1,547	37,111
Social security and other taxes	37,162	36,198
Accrued expenses	123,569	427,997
Deferred income	416,667	434,070
	606,892	961,712

18. TRADE AND OTHER PAYABLES – (continued)

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases to unrelated parties is not more than 30 days (2009 30 days) The company has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms

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

19 BORROWINGS

Group and company	31 December 2010	31 December 2009
Unsecured	**£**	**£**
Loans from parent undertaking	-	4,500,000

Non-current payables of £4 5m in 2009 represented a loan provided by the immediate Parent undertaking Cavendish Capital (Jersey) Limited, a Jersey registered Company The loan was repaid during the year

The loan was interest free and unsecured

20 DEFERRED TAX BALANCES

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

Group and Company	31 December 2010 £	31 December 2009 £
Balance at beginning of year	1,700	391,514
Recognised in profit or loss in respect of accelerated capital allowances	(1,700)	(5,300)
Recognised in other comprehensive income in respect of available-for-sale financial assets	-	54,942
Reclassified from equity to profit or loss	-	(439,456)
Balance at end of year	-	1,700

20. DEFERRED TAX BALANCES – (continued)

Deferred tax balances are presented in the statement of financial position as follows

	31 December 2010 £	31 December 2009 £
Deferred tax liabilities	-	1,700
Balance at end of year	-	1,700

Deferred tax is considered and calculated under the liability method on temporary differences Deferred tax has been calculated using a rate of 27% (2009 28%) There are no material deferred tax liabilities to recognise in the current year under review

21 ISSUED CAPITAL

Allotted, issued and fully paid·	31 December 2010 £	31 December 2009 £
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
Authorised:		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000

22 RESERVES

Group and Company

Investment revaluation	31 December 2010 £	31 December 2009 £
Balance at beginning of year	-	988,751
Net gain arising on revaluation of available-for-sale financial assets	-	196,223
Income tax relating to gain on available-for sale financial assets	-	(54,942)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	-	(1,130,032)
Balance at end of year	-	-

The investments revaluation reserve represented accumulated gains and losses arising on the revaluation of available-for-sale financial assets that had been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to have been impaired

23 RETAINED EARNINGS

	31 December 2010 Group £	31 December 2010 Company £	31 December 2009 Group £	31 December 2009 Company £
Balance at beginning of year	469,889	697,271	466,906	516,206
Profit for the year	189,275	(38,107)	2,983	181,065
Balance at end of year	659,164	659,164	469,889	697,271

24 FINANCIAL INSTRUMENTS

Categories of financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial liability and equity instrument are disclosed in note 3 to the financial statements

As at 31 December 2010	Loans and receivables £	Total £
Financial assets		
Current financial assets		
Trade and other receivables	3,794,023	3,794,023
Cash and cash equivalents	4,728,017	4,728,017
Total	8,522,040	8,522,040

As at 31 December 2010	Other financial liabilities £	Total £
Financial liabilities		
Current financial liabilities		
Trade and other payables	631,892	631,892
	631,892	631,892
Non-current financial liabilities	-	-
Total	631,892	631,892

24 FINANCIAL INSTRUMENTS – (continued)

Categories of financial instruments – (continued)

As at 31 December 2009	Loans and receivables £	Total £
Financial assets		
Current financial assets		
Trade and other receivables	1,893,448	1,893,448
Cash and cash equivalents	12,877,178	12,877,178
Total	14,770,626	14,770,626

As at 31 December 2009	Other financial liabilities £	Total £
Financial liabilities		
Current financial liabilities		
Trade and other payables	980,987	980,987
	980,987	980,987
Non-current financial liabilities		
Other non-current financial liabilities	4,500,000	4,500,000
Total	5,480,987	5,480,987

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while also maintaining the regulatory capital necessary to satisfy the minimum capital requirements of the Financial Services Authority The Group is capitalised at a level significantly in excess of the minimum regulatory level

The capital structure of the Group consists of the equity of the Group (comprising issued capital, reserves and retained earnings)

The Group's board of directors reviews the capital structure of the Group on an ongoing basis

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 company operates, imposes extensive reporting requirements and continuing self assessment and appraisal The company seeks to continually improve its operating efficiencies and standards

24 FINANCIAL INSTRUMENTS – (continued)

Gearing Ratio

The gearing ratio at the end of the reporting period was as follows

	31 December 2010 £	31 December 2009 £
Debt (i)	-	4,500,000
Cash and cash equivalents	(4,728,017)	(12,877,178)
Net (funds)/debt	(4,728,017)	(8,377,178)
Equity (ii)	10,659,164	10,469,889
Net debt to equity ratio	(44 4%)	(80 0%)

The Group has negative gearing at the reporting end date as the cash balances exceed the borrowings

(i) Debt is defined as long and short-term borrowings
(ii) Equity includes all capital and reserves of the Group

Financial risk management objectives

The objective of the Group is to achieve, medium to long-term capital growth through providing advisory services within the sectors it operates in

The Group's activities expose it to a variety of financial risks Its risk management policy to date 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, previously, loans to the Group from its immediate Parent undertaking The main purpose of these instruments is to fund the Group's operations The Group does not currently use derivative financial instruments to hedge any risk exposures as current policies implemented are considered to mitigate risk exposures The Group does not enter into or trade financial instruments, including derivative financial instruments of a speculative nature

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 generally take positions which expose it to price risk However, the Group's interest in Regency Residential creates an exposure to the UK residential property market The business plan underpinning this investment provides for diversification across a range of developments backed up by rigorous due diligence and financial modelling before commitments are made, thereby spreading and mitigating risk

24. FINANCIAL INSTRUMENTS – (continued)

Foreign currency risk

The major part of the Group's income and expenditure is in Sterling although the Group does hold assets denominated in currencies other than Sterling, the functional currency It is therefore exposed to currency risk as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates The directors are responsible for managing the Group's exposure to foreign currency risk by monitoring the exposure on all foreign currency denominated assets and liabilities

Foreign currency risk, as defined by IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign exchange risk However, the Group's assets and liabilities in other currencies are comprised entirely from monetary assets and no non-monetary

In the current and prior year the Group has had no material concentration of assets and liabilities in other currencies, monetary or non-monetary items The Group has therefore not taken material positions to expose itself to material foreign currency risk

Interest rate risk

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

The Group did have borrowings with its immediate Parent undertaking, though this was repaid during the year This loan was interest free and unsecured and therefore the company did not have any material sensitivity to interest rates on borrowings

The table below summarises the Group's exposure to interest rate risks It includes the Group's assets and liabilities at fair values, categorised by contractual maturity dates

At 31 December 2010	Less than 1 month £	Non-interest bearing £	Total £
Assets			
Non-current assets	-	2,769,016	2,769,016
Other receivables and prepayments	-	3,794,023	3,794,023
Cash at bank	4,703,017	25,000	4,728,017
Total assets	4,703,017	6,588,039	11,291,056
Liabilities			
Other payables and accrued expenses	-	606,892	606,892
Current tax liabilities	-	25,000	25,000
Total liabilities	-	631,892	631,892
Total interest sensitivity gap	4,703,017	-	4,703,017

24 FINANCIAL INSTRUMENTS – (continued)

Interest rate risk -- (continued)

At 31 December 2009	Less than 1 month £	Non-interest bearing £	Total £
Assets			
Non-current assets	-	1,011,086	1,011,086
Other receivables and prepayments	-	2,064,312	2,064,312
Cash at bank	12,877,178	-	12,877,178
Total assets	12,877,178	3,075,398	15,952,576
Liabilities			
Borrowings	-	4,500,000	4,500,000
Other payables and accrued expenses	-	982,687	982,687
Total liabilities	-	5,482,687	5,482,687
Total interest sensitivity gap	12,877,178	-	12,877,178

At 31 December 2010, should interest rates change by 25 basis points with all other variables remaining constant, the change in net assets attributable to the Group would amount to approximately £11,800 (2009 £32,200)

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

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 credit risk on liquid funds is mitigated as far as possible given the recent global economic conditions as the financial assets are held at major international banking companies with reported substantial financial strength and high grade credit ratings assigned by international credit-rating agencies

Trade and other receivables relate predominantly 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 the Group to meet payments as they fall due

Other than the above the Group does not have significant credit risk exposure to any single counterparty Concentration of credit risk to the largest external customer of the Group did not amount to any significant proportion of gross monetary assets at any time during the year

The Group's maximum exposure to credit risk is detailed in the table below The Group does not hold any collateral or other credit enhancements to cover the credit risk For those assets that are not past due it is believed that the risk of default is limited Current tax assets, being central government exposures, are also deemed to have a low risk of default

24 FINANCIAL INSTRUMENTS – (continued)

Credit risk – (continued)

31 December 2010	Not past due £	Past due less than 1 year £	Past due more than 1 year £	Total £
Trade and other receivables	3,794,023	-	-	3,794,023
Cash and cash balances	4,728,017	-	-	4,728,017
	8,522,040	-	-	8,522,040

31 December 2009	Not past due £	Past due less than 1 year £	Past due more than 1 year £	Total £
Trade and other receivables	1,821,467	71,981	-	1,893,448
Current tax assets	-	170,864	-	170,864
Cash and cash balances	12,877,178	-	-	12,877,178
	14,698,645	242,845	-	14,941,490

Liquidity risk

Liquidity risk refers to the risk that the Group does not have sufficient financial resources to enable it to meet its obligations as they fall due

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

There were no capital commitments at the end of the reporting period The amounts in the table below are the contractual undiscounted cash flows

31 December 2010	On demand £	Less than 1 year £	No maturity £	Total £
Trade and other payables	631,892	-	-	631,892

24. FINANCIAL INSTRUMENTS – (continued)

Liquidity risk – (continued)

31 December 2009	On demand £	Less than 1 year £	No maturity £	Total £
Trade and other payables	980,987	-	-	980,987
Borrowings	-	-	4,500,000	4,500,000
	980,987	-	4,500,000	5,480,987

25. 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 2010

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

In cases where the carrying amount is a reasonable approximation of fair value for example, for financial instruments such as short-term receivables and payables – no additional fair value is required All current assets and current liabilities are short term

26 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 up to the date that control was lost on sale in January 2010, and are not disclosed in this note Details of transactions between the Group and other related parties are disclosed below

26 RELATED PARTY DISCLOSURES – (continued)

a) Amounts due from related parties

Group	31 December 2010 £	31 December 2009 £
New Cavendish Partners limited	2,120	-
Cavendish Learning Limited	459,291	133,919
Cavendish Compliance Limited	198,662	91,000
Cavendish Real Estate Limited	2,519,391	1,123,135
Complyport Limited	3,210	-
Complyport (C I) Limited	4,841	24,652
New Cavendish Real Estate Limited	51,577	-
	3,239,092	1,372,706

Company	31 December 2010 £	31 December 2009 £
New Cavendish Partners limited	2,120	-
Cavendish Learning Limited	459,291	133,919
Cavendish Compliance Limited	198,662	91,000
Cavendish Real Estate Limited	2,519,391	1,123,135
Complyport Limited	3,210	-
Complyport (C I) Limited	4,841	24,652
New Cavendish Real Estate Limited	51,577	-
New Cavendish Asset Management LLP	-	22,000
	3,239,092	1,394,706

b) Amounts due to related parties

Group	31 December 2010 £	31 December 2009 £
Cavendish Capital (Jersey) Limited	1,547	4,500,000
New Cavendish Partners limited	-	98,266
Complyport Limited	-	44,961
	1,547	4,643,227

26. RELATED PARTY DISCLOSURES – (continued)

b) Amounts due to related parties – (continued)

Company	31 December 2010 £	31 December 2009 £
Cavendish Capital (Jersey) Limited	1,547	4,500,000
New Cavendish Partners limited	-	31,250
Complyport Limited	-	5,861
	1,547	4,537,111

c) Related party transactions charged to consolidated statement of comprehensive income

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Fees receivable		
Cavendish Capital (Jersey) Limited	1,001,480	993,577
Barwa Real Estate Company Q S C	2,500,000	2,500,000
Complyport Limited	10,732	9,137
Rent receivable (as recharged to expense)		
Complyport Limited	34,000	18,956
	3,546,212	3,521,670
Fees payable		
New Cavendish Partners Limited	(50,000)	(303,275)
Complyport Limited	(30,500)	(42,000)
Complyport (Channel Islands) Limited	-	(9,000)
Rent and service charge payable		
Cavendish Real Estate Limited	(1,153,885)	(1,147,872)
Complyport Limited	(7,000)	(61,367)
Other transactions		
Gain on disposal of subsidiary undertaking	471,695	-
Loss on sale of non-current assets	(30,006)	-
	2,746,516	1,958,156

All of the related parties noted above form part of the Group headed by Cavendish Capital (Jersey) Limited ("CC (J) L"), with the exception of,

i) During the year the company sold its interest in New Cavendish Asset Management LLP to Playground Limited and Bluebell Holdings Limited, entities in which director A A Al-Zubaid has a controlling interest

ii) During the year the Group and company sold 2 motor vehicles to directors M Abdel-Haq and A A Al-Zubaid respectively, resulting in a total loss of £30,006 below book value

27. BUSINESS COMBINATIONS (DISPOSAL OF SUBSIDARY)

In January 2010, the Group disposed of its controlling interest in NCAM LLP, the company's wholly owned subsidiary

a) Consideration received

	Year ended 31 December 2010 £
Consideration received in cash and cash equivalents (net of selling costs)	264,140

b) Analysis of assets and liabilities over which control was lost

	31 December 2010 £
Current assets	
Cash and cash equivalents	225,199
Trade and other receivables	187,564
Non-current assets	
Property, plant and equipment	4,937
Current liabilities	
Trade and other payables	(158,877)
	258,823

c) Gain on disposal of subsidiary

	Year ended 31 December 2010 £
Consideration on disposal (net of selling costs)	264,140
Plus fair value of investment retained (49%)	260,000
Less derecognised goodwill on disposal	(440,638)
Gain arising on disposal	83,502

d) Net cash inflow on disposal of subsidiary

	Year ended 31 December 2010 £
Consideration received in cash and cash equivalents	264,140
Less cash and cash equivalent balances disposed of	(225,199)
	38,941

28 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to business premises with an initial lease term between 1 and 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

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Recognised as expense in the year	1,153,885	1,157,908
Rent receivable as recharged to expenses	(34,000)	(18,956)
Minimum lease payments	1,119,885	1,138,952

Non-cancellable operating lease commitments

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Not later than one year	1,077,585	1,077,585
Later than one year and not later than five years	4,310,340	4,310,340
Later than five years	2,358,870	3,436,455
	7,746,795	8,824,380

The Group as lessor

The property rental income earned by the Group relates to business premises held by the Group under existing lease terms, part of which has been leased out under an operating lease term of 1 year The lessee does not have an option to purchase the leased asset at the expiry of the lease period

Non-cancellable operating lease receivables

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Not later than one year	-	32,044