CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED 1529591

ANNUAL REPORT 2007

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CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

Board of Directors

Kim Goodwin
Paul T Griffiths
Lawrence D Haber
Toby Hogbin
Sarah J Houghton
Jean C Perrig
Stephen C Smith
Mark S Tickle
Gary N Withers

Company Secretary

Paul E Hare

COMPANY REGISTRATION NUMBER: 1529591

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited Financial Statements for the year ended 31 December 2007

International Financial Reporting Standards

Credit Suisse Asset Management Funds (UK) Limited's 2007 annual accounts have been prepared in accordance with International Financial Reporting Standards and its interpretations ('IFRS') as adopted for use in the European Union ('EU') IFRS implementation activities included revising processes, systems and reporting structures, IFRS training and analysis of new standards and amendments to existing standards

Business review

Profile

Credit Suisse Group ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the Credit Suisse group) specialising in Investment Banking, Private Banking and Asset Management

CSG prepares Financial Statements under US Generally Accepted Accounting Principles ('US GAAP') These accounts are publicly available and can be found at www credit-suisse com

CSG, a leading financial services provider, is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland The Credit Suisse group serves its diverse clients through three divisions, Investment Banking, Private Banking and Asset Management, which cooperate closely to provide holistic financial solutions based on innovative products and specially tailored advice Founded in 1856, the Credit Suisse group has a truly global reach today, with operations in over 50 countries and a team of more than 44,000 employees from approximately 100 different nations

Global banking divisions

- Through its Investment Banking division, the Credit Suisse group supplies investment banking and securities products and services to corporate, institutional and government clients around the world Its products and services include debt and equity underwriting, sales and trading, mergers and acquisitions (M&A), divestitures, corporate sales, restructuring and investment research
- Through its Private Banking division, the Credit Suisse group offers comprehensive advice and a broad range of wealth management solutions, including pension planning, life insurance products, tax planning and wealth and inheritance advice, which is tailored to the needs of high-net-worth individuals worldwide In Switzerland, it supplies banking products and services to high-net-worth, corporate and retail clients
- Through its Asset Management division, the Credit Suisse group supplies products from the full range of investment classes (money market, fixed income, equities, balanced and alternative investments) to meet the needs of institutional, government and private clients globally

These global divisions are supported by the Shared Services division, which provides corporate services and business support

Credit Suisse Asset Management Funds (UK) Limited (the 'Company'), a wholly owned subsidiary of Credit Suisse Asset Management (UK) Holding Limited and an indirect wholly owned subsidiary of CSG, is a limited liability company and is authorised and regulated under the Financial Services and Markets Act 2000 by the Financial Services Authority

The principal activity of the Company is the promotion and management of Open Ended Investment Companies (OEICs) and unit trusts

The Company is strategically positioned to grow in the UK retail market The focused products for 2007 were UK income and UK multi manager range We remain focused on growth in these key products but are also exploring further product strategies to grow the UK retail orientated business This includes moving select funds to a systematic alpha product range (initially in US Equities) and expanding other products into the UK market We expect the product range to expand in a number of new product areas throughout 2008

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Performance

The net operating income for the Company for 2007 was £47 7 million (2006 £54 3 million) The profit attributable to shareholders for the year was £1 9 million (2006 £1 4 million) The Company's total operating expenses for the year were £45 5 million (2006 £52 6 million)

As at 31 December 2007, the Company had total assets of £37 7 million (2006 £48 3 million) and total shareholders' equity of £15 2 million (2006 £13 2 million)

Total assets under management at the year end were £4 3 billion representing a decrease of 21 8% from the amount of £5 5 billion at the end of 2006

Capital resources

During the period no additional share capital was issued (2006 £nil)

The Company maintains an actively managed capital base to support the risks inherent in the business

Dividends

No dividends have been paid for the year ended 31 December 2007 (2006 £nil)

Risk management

The Company's financial risk management objectives and policies and the exposure of the Company to credit risk, liquidity risk and market risk are outlined in Note 15 to the Financial Statements

Directors

The names of the directors as at the date of this report are set out on page 2 Changes in the directorate since 31 December 2006 and up to the date of this report are as follows

Appointments

Kim Goodwin	26 February 2007
Joachim M Mies	26 February 2007
Toby Hogbin	26 February 2007
Gary N Withers	1 May 2007
Paul T Griffiths	15 May 2007
Stephen C Smith	20 September 2007
Sarah J Houghton	6 December 2007

Resignations

Mark D Burgess	30 April 2007
Joachim M Mies	28 September 2007

None of the directors who held office at the end of the financial year was beneficially interested, at any time during the year, in the shares of the Company or had any disclosable interest in shares of Credit Suisse group companies

Directors of the Company benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Disclosure of information to auditors

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

Employee involvement and employment of disabled persons

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

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

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

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

Donations

No charitable donations have been made for the year ended 31 December 2007 (2006 £100)

Auditors

Pursuant to Section 386 of the Companies Act 1985, KPMG Audit Plc continues in office as the Company's auditor

By Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
20 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare Financial Statements for each financial year Under that law they have elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the EU and applicable laws

The Financial Statements are required by law and IFRS to present fairly the financial position of the Company and the performance for that year, the Companies Act 1985 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation

In preparing these Financial Statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Under applicable law and regulation, the directors are also responsible for preparing a directors' report and a business review

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

We have audited the Financial Statements of Credit Suisse Asset Management Funds (UK) Limited (the 'Company') for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes These Financial Statements have been prepared under the accounting policies set out therein

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 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

The directors' responsibilities for preparing the Financial Statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 6

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 whether the Financial Statements have been 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

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 judgments 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

Opinion

In our opinion

- the Financial Statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the Financial Statements 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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB
20 March 2008

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Interest income	4	1,588	1,751
Interest expense	4	(71)	(75)
Net interest income		**1,517**	**1,676**
Net commissions and management fees	5	46,067	52,702
Net trading revenues	6	108	(88)
Net non-interest revenues		**46,175**	**52,614**
Net operating income		**47,692**	**54,290**
Operating expenses	5	(45,502)	(52,602)
Total operating expenses		**(45,502)**	**(52,602)**
Net gains on foreign currency and foreign currency related transactions		70	-
Profit before tax		**2,260**	**1,688**
Income tax expense	7	(325)	(259)
Profit after tax		**1,935**	**1,429**
Profit attributable to equity holders of the Company		**1,935**	**1,429**

All profits for both 2007 and 2006 are from continuing operations

The notes on pages 12 to 32 form an integral part of these Financial Statements

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Assets			
Cash and cash equivalents	8	17,610	21,210
Financial assets designated at fair value through profit or loss	6	5,159	5,192
Loans and receivables	9	14,958	21,621
Deferred tax asset	7	-	261
Total assets		**37,727**	**48,284**
Liabilities			
Current tax liability		4,695	3,190
Other liabilities	10	17,857	31,854
Total liabilities		**22,552**	**35,044**
Shareholders' equity			
Called-up share capital	11	500	500
Retained earnings		14,675	12,740
Total shareholders' equity		**15,175**	**13,240**
Total liability and shareholders' equity		**37,727**	**48,284**

The notes on pages 12 to 32 form an integral part of these Financial Statements

Approved by the Board of Directors on 20 March 2008 and signed on its behalf by

Gary N Withers

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Called-up share capital	Retained earnings	Total shareholders' equity
	£000	£000	£000
Balance as at 1 January 2007	**500**	**12,740**	**13,240**
Net profit for the year	-	1,935	1,935
Balance as at 31 December 2007	**500**	**14,675**	**15,175**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Called-up share capital	Retained earnings	Total shareholders' equity
	£000	£000	£000
Balance as at 1 January 2006	500	11,311	11,811
Net profit for the year	-	1,429	1,429
Balance as at 31 December 2006	**500**	**12,740**	**13,240**

The notes on pages 12 to 32 form an integral part of these Financial Statements

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Cash flows from operating activities			
Profit before taxation		2,260	1,688
Items not requiring cash included in profit for the year:			
Net interest income		(1,517)	(1,676)
Foreign exchange movements		(70)	-
Adjustments for:			
Net decrease in loans and receivables		6,663	102
Net (decrease) in other liabilities		(12,492)	(9,537)
		(5,829)	(9,435)
Interest received		1,588	1,751
Interest paid		(71)	(75)
Income tax received/(paid)		(64)	(357)
Net cash (used) in operating activities		**(3,703)**	**(8,104)**
Cash flows from investing activities			
Net purchase of investment securities		33	-
Net sale of investment securities		-	(14)
Net cash flow provided/(used) in investing activities		**33**	**(14)**
Net decrease in cash and cash equivalents		**(3,670)**	**(8,118)**
Cash and cash equivalents at 1 January		**21,210**	**29,328**
Effect on exchange rate fluctuations on cash held		**70**	**-**
Cash and cash equivalents at 31 December	8	**17,610**	**21,210**

The notes on pages 12 to 32 are an integral part of these Financial Statements

CREDIT SUISSE ASSET MANAGEMENT FUNDS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. General

Credit Suisse Asset Management Funds (UK) Limited is a company domiciled in Great Britain The address of the Company's registered office is One Cabot Square, London E14 4QJ

2. Accounting policies

a) Statement of compliance

Following the adoption of Regulation EC 1606/2002 on the 19 July 2002 by the European Parliament, the Company is entitled to prepare Financial Statements in accordance with IFRS as adopted by the EU ('Adopted IFRS'), including the standards (International Accounting Standards ('IAS')), as well as the interpretations issued by both the Standing Interpretations Committee ('SIC') and the International Financial Reporting Interpretations Committee ('IFRIC') as applicable to the Company for financial periods beginning 1 January 2006

These are the Company's first annual Financial Statements under IFRS and IFRS 1 has been applied This report contains the financial results for the year ended 31 December 2007 on the basis of IFRS, and comparative figures for the year ended 31 December 2006 have been restated to IFRS

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company is provided in note 16

b) Basis of preparation

The Financial Statements are presented in Great British Pounds ('£'), rounded to the nearest thousand They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value financial instruments held for trading and financial instruments designated by the Company as at fair value through profit and loss

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

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

Standards and Interpretations effective in the current period

As of 1 January 2007, the Company has adopted the provisions of IFRS 7 'Financial Instruments – Disclosures' The new standard addresses financial instrument disclosures and does not change the recognition and measurement of financial instruments Accordingly, it will have no effect on the Income Statement and Statement of Changes in Equity The new standard requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments Also, as of 1 January 2007, the amendments (Capital Disclosures) to IAS 1, Presentation of Financial Statements, have been adopted This amendment focuses on capital disclosures and details the objectives, polices and processes for managing capital

2. Accounting policies (continued)

Furthermore the Company adopted the following interpretations as of 1 January 2007,

- IFRIC 7 'Applying the Restatement Approach under IAS 29 'Financial Reporting in Hyperinflationary Economies',
- IFRIC 8 'Scope of IFRS 2',
- IFRIC 9 'Reassessment of Embedded Derivatives', and
- IFRIC 10 'Interim Financial Reporting and Impairment'

The application of these interpretations had no significant effect on the Financial Statements

Certain reclassifications have been made to the prior year Financial Statements of the Company to conform to the current year's presentation These reclassifications had no impact on the Income Statement and Statement of Changes in Equity

Standards and Interpretations in issue but not yet effective

The Company is not required to adopt the following EU endorsed standards and interpretations which are issued but not yet effective

- IFRS 8 'Operating Segments', which replaces IAS 14 'Segment Reporting', (effective for annual periods beginning on or after 1 January 2009 - expected adoption date 1 January 2009),
- IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' (effective 1 March 2007 - adoption date 1 January 2008)

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

c) Consolidated accounts

The Company has not consolidated the group, for the purpose of these financial statements, which would consist of the Company and its special purpose entity (Credit Suisse Cash Fund), of which the Company has the majority of the issued units The Company is a wholly owned subsidiary of Credit Suisse Asset Management (UK) Holding Limited, a company registered in England and Wales, which itself prepares consolidated accounts The Company has taken advantage of the exemption of Section 228 of the Companies Act 1985 not to prepare group accounts

d) Segment reporting

The Company has decided not to disclose segmental information as in terms of IAS 14 it is not an entity whose equity or debt securities are publicly traded, or an entity that is in the process of issuing equity or debt securities in pubic securities markets, and therefore is not required to apply the standard

e) Revenue

Revenue represents net management fees plus net dealing income from the sale of units in the Companies range of unit trusts and OEICs

Fees are recognised as revenue based on the stage of completion of the transaction at the balance sheet date Recurring fees are recognised on an accrual basis Initial fees received at the inception of a contract are recognised as revenue when earned Net dealing income is defined as the gross initial charge receivable from investors into the companies range of unit trusts and OEICs net of discounts and includes any box profits arising from short term holding of units

2. Accounting policies (continued)

In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity The amounts collected on behalf of the principal are not revenue Instead, revenue is the amount of commission

f) Dividends

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

g) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash at bank and in hand and bank overdrafts Bank overdrafts are shown within financial liabilities in the balance sheet

h) Other liabilities

Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate

i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity For items initially recognised in equity and subsequently recognised in the income statement, the related income tax initially recognised in equity is also subsequently recognised in the income statement

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the balance sheet, using tax rates enacted or substantively enacted at the balance sheet date

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

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

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 7

j) Foreign currency

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

2. Accounting policies (continued)

k) Interest income and finance charge

Interest income and expense is recognised for all financial assets and liabilities measured at amortised cost using the effective interest method

l) Allocation of expenditure

Administrative expenses include amounts recharged from other CSG subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company

Pension related information is disclosed in the Financial Statements of the Company's parent undertaking, Credit Suisse Asset Management (UK) Holding Limited

m) Financial assets

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

Loans and receivables are initially recorded at fair value plus any directly attributable transaction costs and subsequently are amortised on an effective yield basis, less impairment losses

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

n) Financial liabilities

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

o) Interest on loans and receivables

Interest on cash balances is accrued and recognised when earned

3. Critical accounting estimates and judgements

Income taxes

Deferred tax valuation

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

Periodically, the Company's management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses and credits can be utilised Within this evaluation process, the Company's management also considers tax-planning strategies The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits

Tax contingencies

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

4. Net interest income

	2007 £000	2006 £000
Interest income on cash and cash equivalents	1,588	1,751
Finance charges	(71)	(75)
Net interest income	**1,517**	**1,676**

5. Non-interest revenues and total operating expenses

The following table sets forth the details of commissions and fees

	2007 £000	2006 £000
Initial commission on sale of units	473	1,067
Management fees	45,594	51,635
Net commissions and management fees	**46,067**	**52,702**

The following table sets forth the details of operating expenses

	2007 £000	2006 £000
Commission expense	(20,887)	(24,482)
Administrative expenses payable to other Credit Suisse group companies	(24,615)	(28,120)
Total operating expenses	**(45,502)**	**(52,602)**

5 Non-interest revenues and total operating expenses (continued)

The Company receives a range of administrative services from related companies within the Credit Suisse Asset Management group and no employees have been directly employed by the Company during the year All employees are employed by the parent company, Credit Suisse Asset Management (UK) Holding Limited, as at 31 December 2007 Costs in relation to employees have been charged on a basis which appropriately reflects the costs applicable to the Company and are included in 'Administrative expenses payable to other Credit Suisse group companies'

6. Trading activities

The following table sets forth the details of trading revenues

	2007 £000	2006 £000
Investment income / (expense) on trading assets	108	(88)
Net trading revenue	**108**	**(88)**

Financial assets designated at fair value through profit or loss

	2007 £000	2006 £000
Credit Suisse Cash Fund	5,000	5,000
Other investments	159	192
Total financial assets designated at fair value through profit or loss	**5,159**	**5,192**

7. Taxation

a) Analysis of tax charge in the year

Current tax	2007 £000	2006 £000
Current tax on profits of the period	117	259
Adjustments in respect of previous periods	(53)	98
Total current tax	**64**	**357**

Deferred tax	2007 £000	2006 £000
Origination and reversal of temporary differences	195	-
Adjustments in respect of previous periods	66	(98)
Total deferred tax	**261**	**(98)**
Income tax expense	**325**	**259**

Current tax of £Nil (2006 £Nil) and deferred tax of £Nil (2006 £Nil) was charged directly to equity

7. Taxation (continued)

The income tax charge for the year can be reconciled to the profit per the income statement as follows

	2007 £000	2006 £000
Profit before tax	2,260	1,688
Profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 30% (2006 30%)	678	507
Other permanent differences	(366)	(248)
Adjustments to current tax in respect of previous periods	(53)	98
Adjustments to deferred tax in respect of previous periods	66	(98)
Income tax expense	**325**	**259**

b) Deferred taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2006 30%)

	2007 £000	2006 £000
Deferred tax assets	-	261
Net position	**-**	**261**

The movement for the year on the deferred tax position was as follows

	2007 £000	2006 £000
Opening balance	261	163
Expense to income for the year	(195)	-
Adjustments in respect of previous periods	(66)	98
At end of the year	**-**	**261**

The deferred tax asset is attributable to the following item

	2007 £000	2006 £000
Deferred tax assets		
Other short term temporary differences	-	261
At end of the year	**-**	**261**

8. Cash and cash equivalents

	2007 £000	2006 £000
Cash at bank and in hand	17,610	21,210
Total cash and cash equivalents	**17,610**	**21,210**

8. Cash and cash equivalents (continued)

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

9. Loans and receivables

	2007 £000	2006 £000
Amounts owed by Credit Suisse group companies	2,723	1,022
Trade receivables	12,235	20,599
Total loans and receivables	**14,958**	**21,621**

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

Ageing of past due receivables

2007	1-30 days £000	31-119 days £000	Over 120 days £000
Accounts receivable	4,488	56	40

2006	1-30 days £000	31-119 days £000	Over 120 days £000
Accounts receivable	11,122	387	-

No receivables are deemed impaired therefore no provision for doubtful debts have been made

10. Other liabilities

	2007 £000	2006 £000
Fees payable	2,264	3,198
Amounts owed to Credit Suisse group companies	4,492	12,765
Other liabilities	11,101	15,891
Total other liabilities	**17,857**	**31,854**

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

11. Called-up share capital

	2007 £000	2006 £000
Authorised·		
500,000 ordinary shares of £1 each	500	500
Total authorised share capital	**500**	**500**

11. Called-up share capital (continued)

	2007	2006
	£000	£000
Allotted, called up and fully paid:		
500,000 ordinary shares of £1 each	500	500
Total allotted, called up and fully paid share capital	**500**	**500**

The capital of the Company is represented by 500,000 ordinary shares

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

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

The capital balances and capital requirements are monitored on a monthly basis by the regulatory reporting departments of the Credit Suisse group and the directors of the Company Funding from the parent company Credit Suisse Asset Management (UK) Holding Ltd is provided when necessary to meet capital requirements and is approved by the Credit Suisse group Treasury Department

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

The Company has complied with all externally imposed capital requirements throughout the period

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

12. Related party transactions

The Company is wholly owned by Credit Suisse Asset Management (UK) Holding Limited, incorporated in the UK The ultimate parent company is CSG, which is incorporated in Switzerland

Copies of the accounts of Credit Suisse Asset Management (UK) Holding Limited and group accounts of the ultimate parent company, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff and Credit Suisse Group, Paradeplatz, P O Box 1, 8070 Zurich, respectively

12. Related party transactions (continued)

The following table sets forth the details of related party balances and transactions

a) Related party assets and liabilities

	2007 £000 Fellow Credit Suisse group Companies	2006 £000 Fellow Credit Suisse group Companies
Assets		
Amounts owed by Credit Suisse group	2,723	1,022
Total assets	**2,723**	**1,022**
Liabilities		
Amounts owed to Credit Suisse group	4,492	12,765
Total liabilities	**4,492**	**12,765**

b) Related party revenues and expenses

	2007 £000 Fellow Credit Suisse group Companies	2006 £000 Fellow Credit Suisse group Companies
Commission income received on behalf of inter-company affiliate	5,740	6,716
Management fees	1,810	1,675
Total non-interest revenues	**7,550**	**8,391**
Operating expenses	24,615	28,120
Commission expense attributable to inter-company affiliate	5,740	6,716
Total operating expenses	**30,355**	**34,836**

13 Employees

The Company did not have any employees during the year (2006 nil)

14. Auditors' remuneration

The fee liability of £35,000 associated with the audit of the Financial Statements was met by the immediate parent undertaking, Credit Suisse Asset Management (UK) Holding Limited

15. Financial risk management

a) Overview

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

15. Financial risk management (continued)

Risk management principles

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

- Protection of financial strength Credit Suisse group manages risk in order to limit the impact of potentially adverse events on Credit Suisse group's capital and income Credit Suisse group's risk appetite is to be consistent with its financial resources
- Protection of reputation The value of the Credit Suisse group franchise depends on its reputation Protecting a strong reputation is both fundamental and an overriding concern for all staff members
- Risk transparency Risk transparency is essential so that risks are well understood by senior management and members of the CSG Board of Directors and can be balanced against business goals
- Management accountability Credit Suisse group is organised into segments that own the comprehensive risks assumed through their operations Management of each segment is responsible for the ongoing management of their respective risk exposures and earning a sufficient long term return for the risks taken
- Independent oversight Risk management is a structured process to identify, measure, monitor and report risk The risk management, controlling and legal and compliance functions operate independently of the front office to ensure the integrity of the Credit Suisse group's control processes The risk management functions are responsible for implementing all relevant risk policies, developing tools to assist senior management to determine risk appetite and assessing the overall risk profile of Credit Suisse group

Risk management oversight

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

<u>Risk management oversight at the Credit Suisse group management level</u>

- Credit Suisse Executive Management (Chief Executive Officer and Executive Board) Responsible for implementing the strategy and actively managing its portfolio of businesses and its risk profile with the objective of balancing risk and return appropriately in the prevailing market conditions
- Credit Suisse Chief Risk Officer ('CRO') Responsible for establishing an organisational basis to manage all risk management matters of Credit Suisse group through the four primary risk functions independent of the front office, which are described below
    - Strategic Risk Management ('SRM') SRM is responsible for assessing the overall risk profile on a Credit Suisse group-wide, portfolio level and for individual businesses, and recommending corrective action where necessary
    - Risk Measurement and Management ('RMM') RMM is responsible for the measurement and reporting of credit risk, market risk, operational risk and economic risk capital data, managing risk limits and establishing policies on market risk and economic risk capital
    - Credit Risk Management ('CRM') CRM is headed by the Chief Credit Officer with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area's credit portfolios and allowances
    - Bank Operational Risk Oversight ('BORO') BORO is responsible for oversight of Credit Suisse group's operational risk, including governance and policy aspects, development and reporting of key risk indicators as well as operational risk capital management and allocation

15. Financial risk management (continued)

Credit Suisse risk management committees

- Capital Allocation and Risk Management Committee ('CARMC') is responsible for supervising and directing the Credit Suisse group risk profile on a consolidated basis, recommending risk limits to the CSG Board of Directors and its Risk Committee and for establishing and allocating risk limits within Credit Suisse group CARMC meetings focus on the following three topics on a rotating basis Asset and Liability Management, Position Risk for Market and Credit Risk, and Operational Risk
- Risk Processes and Standards Committee ('RPSC') is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters
- Credit Portfolio and Provisions Review Committee is responsible for reviewing the quality of the credit portfolio, with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances
- Reputational Risk Review Committee is responsible for setting the policy and reviewing processes regarding reputational risks within Credit Suisse group
- Divisional Risk Management Committees ('RMC') Within the investment banking, private banking and asset management segments of the Credit Suisse group, the respective divisional RMCs are established to manage risk on a divisional basis

The Company has exposure to the following financial risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

b) Credit risk

Maximum exposure to credit risk

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

The Company does not undertake lending activity as part of its business Its debtors typically consist of amounts which arise incidentally to its business, for example, management fee income receivable and inter company receivables To mitigate the credit risk of inter company receivables, a letter of support from the holding company Credit Suisse Asset Management (UK) Holding Limited is supplied For debtors it should be noted that the Company has a mandate to debit fees directly from the client portfolio in the majority of cases This would further mitigate the credit risk exposure in relation to the fee income receivable The Company only deposits cash with reputable banks of good credit rating The Company monitors these banks for any changes to their credit rating

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

	2007 £000	2006 £000
Cash and cash equivalents	17,610	21,210
Loans and receivables		
Trade receivables	12,235	20,599
Amounts owed by Credit Suisse group	2,723	1,022
Total financial assets	**32,568**	**42,831**

The amounts in the above table are based on carrying value For disclosure on past due receivables refer note 9

15. Financial risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities In the ordinary course of business the Company enters into transactions which result in financial liabilities The Treasury department manages the day-to-day liquidity position of the Credit Suisse group The Company is managed within the framework below

Liquidity is managed as a central Credit Suisse group function to ensure that sufficient funds are either on hand or readily available at short notice These funds are raised directly by Credit Suisse group and its branches, with access to stable deposit-based core funds and the inter-bank markets

The following table sets out details of the remaining undiscounted contractual maturity for financial liabilities

2007

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 Years £000	Due after 5 years £000	Total £000
Interest and fee payable	-	2,264	-	-	-	2,264
Amounts owed to Credit Suisse group	4,492	-	-	-	-	4,492
Other liabilities	-	11,101	-	-	-	11,101
Total financial liabilities	4,492	13,365	-	-	-	17,857

2006

	On demand £000	Due within 3 months £000	Due between 3 and 12 months £000	Due between 1 and 5 Years £000	Due after 5 years £000	Total £000
Interest and fee payable	-	3,198	-	-	-	3,198
Amounts owed to Credit Suisse group	12,765	-	-	-	-	12,765
Other liabilities	-	15,891	-	-	-	15,891
Total financial liabilities	12,765	19,089	-	-	-	31,854

d) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk The Company deems interest rate risk and price risk as immaterial

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates The Company may enter into transactions denominated in currencies other that its functional currency Consequently the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Company's assets or liabilities denominated in currencies other that GBP

A process for managing foreign exchange risk related to accrued net income and net assets was implemented in early 2008 The new process is to centrally and systematically manage foreign exchange risk with a focus on risk reduction and diversification Any currency risk that materialises will be managed centrally by the Credit Suisse group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at Credit Suisse group level As at 31 December, the Company had CHF 4 39 million foreign currency exposure on net assets A change of 50 basis points in the CHF exchange rate at the balance sheet date would have increased / (decreased), equity and profit or loss by £0 558 million / (£0 355 million)

15. Financial risk management (continued)

Interest rate risk

The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances The maximum exposure of this balance is £17 6 million (2006 £21 2 million) The Company does not actively manage this risk.

A change of 50 basis points in interest rates at the balance sheet date would have increased / (decreased), equity and profit or loss by £61,634 / (£61,634) (2006 £74,234 / (£74,234)) This calculation assumed that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 30%

Price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market The Company is subject to price risk on its investment in the Credit Suisse Cash Fund The total exposure of the investment is £5 million Management does not actively monitor this risk as they do not believe there is a reasonable possibility the price of the units will move

e) Fair value of financial instruments

The following table details the fair value of financial instruments for which it is practical to estimate that value, whether or not this is reported in the Company's Financial Statements All non-financial instruments are excluded

The Credit Suisse Cash Fund is valued at cost, which is used as a reasonable estimate of fair value

For other investments the value is marked to market based on the daily price of the relevant OEIC, therefore the book value is assumed to approximate to fair value

2007	Fair value £000	Book value £000
Financial assets designated at fair value through profit or loss	5,159	5,159
Loans and receivables	14,958	14,958
Financial assets	**20,117**	**20,117**
Other liabilities at amortised cost	17,857	17,857
Financial liabilities	**17,857**	**17,857**

2006	Fair value £000	Book value £000
Financial assets designated at fair value through profit or loss	5,192	5,192
Loans and receivables	21,621	21,621
Financial assets	**26,813**	**26,813**
Other liabilities at amortised cost	31,854	31,854
Financial liabilities	**31,854**	**31,854**

f) Country risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets Credit Suisse group's major operating divisions all assume country risk in a variety of ways The setting of limits for this risk is the responsibility of CARMC based on the recommendations of CRM, SRM and Credit Suisse group's economists

15. Financial risk management (continued)

Country limits for emerging markets are approved annually by the Board of Directors of CSG, following recommendations from CARMC The measurement of exposures against country limits is undertaken by RMM with weekly reports to senior management and monthly reports to CARMC For trading positions, country risk is a function of the mark-to-market exposure and currency of the position, while for loans and related facilities country risk is a function of the amount and currency that Credit Suisse group has lent or committed to lend The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations RMM and CRM provide independent oversight to ensure that the core businesses operate within their limits CRM is responsible for periodically adjusting these limits to reflect changing credit fundamentals and business volumes

g) Legal risk

The Company faces significant legal risks in its businesses Legal risks include, among other things, disputes over the terms of trades and other transactions in which the Company acts as principal, the unenforceability or inadequacy of the documentation used to give effect to transactions in which the Company participates, investment suitability concerns, compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the Company does business, and disputes with its employees Some of these transactions or disputes result in potential or actual litigation that the Company must incur legal expenses to defend

The Company is subject to extensive regulation in the conduct of its investment business A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the Company's business activities or other sanctions The Company seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal counsel

h) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events Credit Suisse group's primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting Where appropriate, Credit Suisse group transfers operational risks to third-party insurance companies

Operational risk is inherent in most aspects of the Credit Suisse group's activities and comprises a large number of disparate risks While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also intrinsically difficult to measure Credit Suisse group therefore manages operational risk differently from market and credit risk Credit Suisse group believes that effective management of operational risks requires ownership by the management responsible for the relevant business process Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities

Within the Credit Suisse group, each individual business area and management level takes responsibility for its own operational risks and provides adequate resources and procedures for the management of those risks Each segment takes responsibility for its own operational risks and has a dedicated operational risk function In addition, Credit Suisse group has established a central team within the Chief Risk Officer function that focuses on the coordination of consistent policy, tools and practices throughout Credit Suisse group for the management, measurement, monitoring and reporting of relevant operational risks This team is responsible for the overall operational risk measurement methodology and capital calculations Knowledge and experience are shared throughout Credit Suisse group to maintain a coordinated approach

In addition to the quarterly Credit Suisse group CARMC meetings covering operational risk, regular risk committees meet at the divisional level, where operational risk exposures are discussed, with representation from senior staff in all the relevant functions Credit Suisse group utilises a number of group-wide tools for the management, measurement, monitoring and reporting of operational risk These include self-assessments, the collection, reporting and analysis of internal and external loss data, and key risk indicator reporting

15 Financial risk management (continued)

Credit Suisse group has employed the same methodology to calculate the economic risk capital for operational risk since 2000, and plans to use a similar methodology for the Advanced Measurement Approach under the Basel II Accord This methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that Credit Suisse group currently faces Groups of senior staff review each scenario and discuss how likely it is to occur and the potential severity of loss if it were to happen Internal and external loss data, along with certain business environment and internal control factors (for example self-assessment results, key risk indicators) are considered as part of this process Based on the output from these meetings, Credit Suisse group enters the scenario probabilities and severities into an event model that generates a loss distribution Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario, incorporating haircuts as appropriate Based on the loss distribution, the level of capital required to cover operational risk can then be calculated

i) Reputational risk

Credit Suisse group's policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself Where the presence of these or other factors gives rise to potential reputational risk for Credit Suisse group, the relevant business proposal is required to be submitted to Credit Suisse group's Reputational Risk Review Process This involves a vetting of the proposal by senior business management, and its subsequent referral to one of Credit Suisse group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on Credit Suisse group's participation

16. Transition to IFRS

The Financial Statements for the period ended 31 December 2007 are the Company's first Financial Statements that comply with IFRS The Company reported under UK GAAP in its Financial Statements for the year ended 31 December 2006 In order to show the effect of the transition from UK GAAP to IFRS on the Company's position and financial performance, IFRS 1 'First-time Adoption of International Financial Reporting Standards' requires the following reconciliations to be presented and explained

- a reconciliation of equity (i e net assets) at 1 January 2006 (the date of transition to IFRS) and 31 December 2006, and
- a reconciliation of profit for the year ended 31 December 2006

16. Transition to IFRS (continued)

These reconciliations are set out below

BALANCE SHEET

Reclassification of balances from UK GAAP to IFRS format

As at 1 January 2006	UK GAAP £000	Reclassifications £000	IFRS £000
Assets			
Cash and cash equivalents	29,328	-	29,328
Investments	5,000	(5,000)	-
Stock of units	178	(178)	-
Financial assets designated at fair value through profit or loss	-	5,178	5,178
Debtors	21,886	(21,886)	-
Loans and receivables	-	21,723	21,723
Deferred tax asset	-	163	163
Total assets	**56,392**	-	**56,392**
Current liabilities			
Creditors amounts falling due within one year	44,581	(44,581)	-
Current tax liabilities	-	5,412	5,412
Other liabilities	-	39,169	39,169
Total liabilities	**44,581**	-	**44,581**
Capital & reserves			
Called-up share capital	500	-	500
Retained earnings	11,311	-	11,311
Total shareholders' equity	**11,811**	-	**11,811**
Total liability and shareholders' equity	**56,392**	-	**56,392**

16. Transition to IFRS (continued)

As at 31 December 2006	UK GAAP £000	Reclassifications £000	IFRS £000
Assets			
Cash and cash equivalents	21,210	-	21,210
Investments	5,000	(5,000)	-
Stock of units	192	(192)	-
Financial assets designated at fair value through profit or loss	-	5,192	5,192
Debtors	21,882	(21,882)	-
Loans and receivables	-	21,621	21,621
Deferred tax asset	-	261	261
Total assets	**48,284**	**-**	**48,284**
Current liabilities			
Creditors amounts falling due within one year	35,044	(35,044)	-
Current tax liabilities	-	3,190	3,190
Other liabilities	-	31,854	31,854
Total liabilities	**35,044**	**-**	**35,044**
Capital & reserves			
Called-up share capital	500	-	500
Retained earnings	12,740	-	12,740
Total shareholders' equity	**13,240**	**-**	**13,240**
Total liability and shareholders' equity	**48,284**	**-**	**48,284**

16. Transition to IFRS (continued)

INCOME STATEMENT

Reclassification of balances from UK GAAP to IFRS format as at 31 December 2006

	UK GAAP £000	Reclassifications £000	IFRS £000
Turnover	41,516	(41,516)	-
Interest income	1,751	-	1,751
Interest expense	(75)	-	(75)
Net commissions and fees	-	52,702	52,702
Other operating income	1,633	(1,633)	-
Net trading revenues	-	(88)	(88)
Net operating income	**44,825**	**9,465**	**54,290**
Operating expenses	(6,301)	(46,301)	(52,602)
Distribution and selling costs	(8,405)	8,405	-
Administration expenses	(28,431)	28,431	-
Total operating expenses	**(43,137)**	**(9,465)**	**(52,602)**
Profit before tax	**1,688**	**-**	**1,688**
Income tax charge	(259)	-	(259)
Profit after tax	**1,429**	**-**	**1,429**
Profit attributable to equity holders of the Company	**1,429**	**-**	**1,429**

16. Transition to IFRS (continued)

The significant differences between the Company's UK accounting policies and IFRS accounting policies are summarised below

<table>
<tr><th>UK GAAP Schedule 9A</th><th>IFRS</th></tr>
<tr><td>Investments
All investments are shown at market value</td><td>Financial assets
All financial assets are classified initially at acquisition and subsequently measured in accordance with the classification

<table>
<tr><th>Classification</th><th>Measurement basis</th></tr>
<tr><td>Held to maturity</td><td>Amortised cost less impairment</td></tr>
<tr><td>Non-trading loan and receivable</td><td>Amortised cost less impairment</td></tr>
<tr><td>Available for sale</td><td>Fair value – gains and losses included in shareholders' equity until disposal or impairment</td></tr>
<tr><td>Trading assets</td><td>Fair value – gains and losses included in the income statement</td></tr>
</table>

In addition, any financial asset may be designated as fair valued through profit and loss at initial recognition

Investments in short term listed securities have been included in cash and cash equivalents as they have a less than 3 month maturity

Financial liabilities
Financial liabilities are classified as held for trading, at fair value through profit and loss, or are carried at amortised cost

Investment contracts are recognised as financial liabilities in the balance sheet at fair value when the Company becomes party to their contractual provisions</td></tr>
<tr><td>Taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19</td><td>Taxation
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base The principal temporary differences arise from the depreciation of property, plant and equipment The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the balance sheet, using tax rates enacted or substantively enacted at the balance sheet date</td></tr>
</table>

16 Transition to IFRS (continued)

UK GAAP Schedule 9A	IFRS
Debtors Debtors assets are recorded at amortised cost less impairments	**Loans and receivables** Debtors have been classified as 'Loans and receivables' and are held at amortised cost less impairment
Creditors Creditors are recorded at amortised cost	**Liabilities** Creditors are recorded as financial liabilities at amortised cost

Income statement

UK GAAP Schedule 9A	IFRS
Realised and unrealised gains The increase or decrease in the value of investments reflects net realised and unrealised gains or losses over market values at the start of the year or subsequent cost Realised gains and losses reflect the difference between net sales proceeds and cost and an adjustment is made to unrealised gains and losses for the difference between cost and market value at the start of the year for those investments sold in the year	**Fair value gains and losses** Changes in the fair value of investment contracts are included in profit or loss in the period in which they arise The change in fair value represents reflect the excess of amounts paid over the investment contract liability released and the investment return credited to policyholders
Revenue recognition Turnover primarily consists of management fees, performance fees, net commission on dealing and the net margin derived from placing client funds on deposit All amounts are calculated on an accrued basis where such income is reasonably foreseeable or recognised as the Company gains the right to be paid **Other income and expenses** **Interest** Dividends and interest received from investments other than equity investments are credited to revenue on an accruals basis On purchase or disposal of investments, adjustments are made in order that interest is taken to revenue for the period that the investment is held	**Revenue recognition** Revenue primarily consists of management fees, performance fees, net commission on dealing and the net margin derived from placing client funds on deposit All amounts are calculated on an accrued basis where such income is reasonably foreseeable or recognised as the Company gains the right to be paid Revenue in an agency agreement is only that amount of commission received, and excludes amounts collected on behalf of the principal **Other income and expenses** **Interest** Interest income and expenses is recorded using the effective interest rates of the financial assets or financial liabilities to which they relate