

01529591

**CREDIT SUISSE ASSET
MANAGEMENT FUNDS (UK) LIMITED**
Annual Report 2011



COMPANY REGISTRATION NUMBER 1529591

Board of Directors

Craig M. Allen
Stephen Foster
Nigel R. Hill
Martin Keller
Gerhard O. Lohmann (Chairman)

Company Secretary

Paul E. Hare

Registered Office

One Cabot Square
London E14 4QJ

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the audited Financial Statements for the year ended 31 December 2011

International Financial Reporting Standards

Credit Suisse Asset Management Funds (UK) Limited's 2011 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')

The Financial Statements were authorised for issue by the directors on 18 April 2012

Business review

Profile

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

As a leading financial services provider, CS group 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 CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and 49,700 employees from approximately 100 different nations

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

Global banking divisions

- Through its Investment Banking division, the CS 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 CS 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 CS 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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Company has applied to the Financial Services Authority during January 2012 for deregulating this entity

Performance

The net operating income from continuing operations for 2011 was £0.1 million (2010: £0.2 million). The Company's operating expenses from continuing operations for the year were £0.2 million (2010: £1.8 million).

The income attributable to equity holders for the year was £0.2 million (2010: £1.0 million).

As at 31 December 2011, the Company had total assets of £40.9 million (2010: £41.3 million) and total shareholders' equity of £40.9 million (2010: £40.7 million).

Total assets under management as at 31 December 2011 were £nil (2010: £nil).

Capital resources

During the period no additional capital contribution was received. The Company continues to closely monitor its capital and funding requirements.

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 2011 (2010: £2.3 million). An intercompany receivable of £2.3 million due from the parent, Credit Suisse Asset Management (UK) Holding Limited, was written off in 2010, resulting in a distribution of a non-cash asset to the parent.

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 16 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 2010 and up to the date of this report are as follows:

Appointments

Stephen Foster	12 April 2011
Martin Keller	22 March 2012

Resignations

John Kremer	14 January 2011
Colin A. Taylor	14 January 2011
Remy Kawkabani	29 September 2011

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 CS group.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**Disclosure of information to auditors**

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

Employee involvement and employment of disabled persons

The CS 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 CS 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

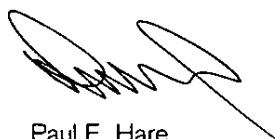
Donations

No charitable or political donations have been made for the year ended 31 December 2011 (2010: £nil)

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG Audit Plc will therefore continue in office

By Order of the Board



Paul E. Hare
Company Secretary

One Cabot Square
London E14 4QJ
18 April 2012

Company registration number 1529591

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

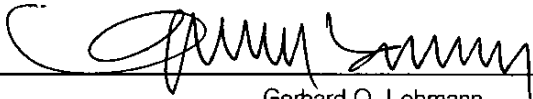
Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the income or loss of the Company for that period.

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,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors on 18 April 2012 by


Gerhard O. Lohmann

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 2011 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditor.

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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its income for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Nicholas J. Edmonds (**Senior Statutory Auditor**)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
18 April 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Interest income	4	123	187
Net interest income		123	187
Net management fees	5	-	9
Net trading expenses	6	(1)	(10)
Net non-interest expenses		(1)	(1)
Net operating income		122	186
Operating expenses	5	(228)	(1,787)
Total operating expenses		(228)	(1,787)
Net income on foreign currency and foreign currency related transactions		-	3
Loss before tax		(106)	(1,598)
Income tax benefit	7	345	2,605
Income after tax		239	1,007
Income attributable to equity holders of the Company		239	1,007

There were no items of other comprehensive income during the period

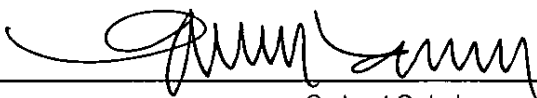
The notes on pages 12 to 26 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Assets			
Cash and cash equivalents	9	40,925	36,806
Current tax assets		-	4,466
Total assets		40,925	41,272
Liabilities			
Other liabilities	10	-	586
Total liabilities		-	586
Shareholders' equity			
Called-up share capital	11	15,500	15,500
Capital contribution reserve		4,373	4,373
Retained earnings		21,052	20,813
Total shareholders' equity		40,925	40,686
Total liability and shareholders' equity		40,925	41,272

The notes on pages 12 to 26 form an integral part of these Financial Statements

Approved by the Board of Directors on 18 April 2012 and signed on its behalf by



Gerhard O. Lohmann

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Called-up share capital £000	Capital contribution reserve £000	Retained earnings £000	Total shareholders' equity £000
Balance as at 1 January 2011	15,500	4,373	20,813	40,686
Net income for the year	-	-	239	239
Deemed dividend (refer Note 8)	-	-	-	-
Balance as at 31 December 2011	15,500	4,373	21,052	40,925

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

	Called-up share capital £000	Capital contribution reserve £000	Retained earnings £000	Total shareholders' equity £000
Balance as at 1 January 2010	15,500	4,373	22,092	41,965
Net income for the year	-	-	1,007	1,007
Deemed dividend (refer Note 8)	-	-	(2,286)	(2,286)
Balance as at 31 December 2010	15,500	4,373	20,813	40,686

The notes on pages 12 to 26 form an integral part of these Financial Statements

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £000	2010 £000
Cash flows from operating activities		
Loss before taxation from operations	(106)	(1,598)
Items not requiring cash included in income for the year.		
Net interest income	(123)	(187)
Foreign exchange movements	-	(3)
Deemed dividend (refer Note 8)	-	(2,286)
Adjustments for:		
Net decrease in other loans and receivables	-	3,815
Net increase/(decrease) in other liabilities	(586)	153
	(586)	3,968
Interest received	123	187
Income tax received	4,811	-
Net cash provided by operating activities	4,119	81
Net increase in cash and cash equivalents	4,119	81
Cash and cash equivalents at 1 January	36,806	36,722
Effect on exchange rate fluctuations on cash held	-	3
Cash and cash equivalents at 31 December	40,925	36,806

Cash and cash equivalents at 31 December comprises of:

	Note	2011 £000	2010 £000
Cash and cash equivalents	9	40,925	36,806
Cash and cash equivalents at 31 December		40,925	36,806

The notes on pages 12 to 26 are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**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 2005.

b) Basis of preparation

The Company Financial Statements are presented in Great British Pounds ('£' or 'GBP'), rounded to the nearest thousand. They are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these financial statements.

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.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis in preparing the financial statements continues to be adopted.

Standards and Interpretations effective in the current period

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

- **Revised IAS 24 Related Party Disclosures** In November 2009, the IASB issued revisions to IAS 24 "Related Party Disclosures" (IAS 24). The objective of the revised IAS 24 is to simplify and ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Company has adopted the revisions to IAS 24 which did not have a material impact on the existing related party disclosures. For further information, refer to Note 13 – Related Parties.
- **Improvements to IFRS's 2010** In May 2010, the IFRS issued "Improvements to IFRSs", which contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. The "Improvements to IFRSs" comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The adoption of "Improvements to IFRSs" did not have a material impact on the Company's financial position, results of operations or cash flows. The disclosures required as a result of adoption are included in the notes to the financial statements for the year ending 31 December 2011. For further information, refer to Note 16 – Financial Risk Management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

2 Accounting policies (continued)

- Prepayments of a minimum funding requirement (Amendments to IFRIC 14) In November 2009, the IASB issued "Prepayments of a Minimum Funding Requirement" (Amendments to IFRIC 14) The adoption of Amendments to IFRIC 14 did not have a material impact on the Company's financial position, results of operations or cash flows
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments In November 2009, the IASB issued IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" (IFRIC 9) The adoption of IFRIC 19 did not have a material impact on the Company's financial position, results of operations or cash flows

Standards and Interpretations endorsed by EU and not yet effective

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

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets The amendments improved the understanding of transfer transactions of financial assets (for example, securitisations) by users of financial statements, including understanding the possible effects of any risks that may remain with the entity that transferred the assets The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period The amendments are effective for annual periods beginning on or after 1 July 2011 As the amendments are for disclosures only, the adoption of the standard will not have a material impact on the Company's financial position, results of operation or cash flows

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

Standards and Interpretations not endorsed by EU and not yet effective

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

- IFRS 9 Financial Instruments - In November 2009 the IASB issued IFRS 9 "Financial Instruments" (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities The effective date of IFRS 9 was revised in December 2011, making it applicable for annual periods beginning 1 January 2015 The Company is currently evaluating the impact of adopting IFRS 9
- IFRS 13 Fair Value Measurement - In May 2011, the IASB issued IFRS 13 "Fair Value Measurement" (IFRS 13) IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosure requirements about fair value measurements IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances IFRS 13 is effective for annual periods beginning on or after 1 January 2013 The Company is currently evaluating the impact of adopting IFRS 13
- IFRS 7 Disclosures- Offsetting Financial Assets and Financial Liabilities - In December 2011, the IASB issued amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (IFRS 7) The amendments require disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position The amendments are effective for annual periods beginning on or after 1 January 2013 As the amendment requires disclosures only it will not have a material impact on the Company's financial position, results of operations or cash flows

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**2. Accounting policies (continued)**

- **IAS 32 Offsetting Financial Assets and Financial Liabilities** - In December 2011, the IASB issued amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments – Presentation'. The amendments are effective for annual periods beginning on or after 1 January 2014. The Company is currently evaluating the impact of adopting the IAS 32 amendments.

The Companies (Disclosure of Auditor Remuneration and Limited Liability Agreements) (Amendment) Regulations 2011 is mandatory for periods starting on or after 1 October 2011.

c) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. These events are not wholly within the control of the entity, or are present obligations, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote. A contingent liability, acquired under a business combination, is recognised at fair value.

d) 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 company's range of unit trusts and OEICs net of discounts and includes any box income arising from short term holding of units.

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.

e) Dividends

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

f) 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.

g) Loans payable and other liabilities

Loans payable and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

h) Income tax

Income tax on the income or loss for the year comprises of current and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

2 Accounting policies (continued)

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the income statement, the related income tax initially recognised in equity is also subsequently recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the depreciation of property, plant and equipment. 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 income 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.

i) 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.

j) 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.

k) 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.

l) Financial assets

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

Other 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.

m) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

2. Accounting policies (continued)

n) Interest on other 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. 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 to the extent that it is probable that future taxable income will be available against which the unused carry forward tax losses can be utilised.

Periodically, the Company's management evaluates the probability that taxable income will be available against which the deductible temporary differences and unused carry forward tax losses 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 income.

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.

Transfer pricing

Tax transfer pricing charges are determined based on arm's length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assess these factors and make adjustments as required.

4. Net interest income

	2011 £000	2010 £000
Interest income on cash and cash equivalents	123	187
Net interest income	123	187

5 Non-interest revenues and total operating expenses

	2011 £000	2010 £000
Management fees	-	9
Net management fees	-	9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

	2011 £000	2010 £000
Commission and other expenses	228	535
Administrative expenses payable to other CS group companies	-	1,252
Total operating expenses	228	1,787

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 2011. 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 CS group companies'. In the current year no costs have been allocated to the Company.

6 Trading activities

	2011 £000	2010 £000
Investment expenses on trading assets	(1)	(10)
Net trading expenses	(1)	(10)

7. Taxation

a) Analysis of tax benefit for the year

	2011 £000	2010 £000
Current tax		
Current tax on income of the period	(28)	(701)
Losses surrendered for nil consideration	28	701
Adjustments in respect of previous periods	(345)	(2,605)
Total current tax	(345)	(2,605)
Income tax benefit	(345)	(2,605)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7. Taxation (continued)

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

	2011 £000	2010 £000
Loss before tax	(106)	(1,598)
Loss before tax multiplied by the UK statutory rate of corporation tax at the rate of 26.5% (2010: 28%)	(28)	(447)
Other permanent differences	-	(254)
Losses surrendered for nil consideration	28	701
Adjustments to current tax in respect of previous periods	(345)	(2,605)
Total current tax	(345)	(2,605)
Income tax benefit	(345)	(2,605)

The UK corporation tax rate will reduce from 26% to 24% with effect from 1 April 2012. This will reduce the company's future current tax charge accordingly.

b) Deferred taxes

The deferred tax assets for the Company for 2011 were £nil (2010: £nil).

8 Deemed dividend

No deemed dividends have been distributed for the year ended 31 December 2011 (2010: £2.3 million).

9 Cash and cash equivalents

	2011 £000	2010 £000
Cash at bank and in hand	40,925	36,806
Total cash and cash equivalents	40,925	36,806

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.

10 Other liabilities

	2011 £000	2010 £000
Fees payable	-	586
Total other liabilities	-	586

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11 Called-up share capital

	2011	2010
	£000	£000
Authorised		
15,500,000 Ordinary shares of £1 each	15,500	15,500
Total authorised share capital	15,500	15,500
Allotted, called up and fully paid		
15,500,000 Ordinary shares of £1 each	15,500	15,500
Total allotted, called up and fully paid share capital	15,500	15,500

The capital of the Company is represented by 15,500,000 Ordinary shares

12 Capital Adequacy

The Company's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union directives. These directives are implemented in the UK by the FSA, the UK regulator, and incorporated within its prudential sourcebooks for banks and investment firms.

Capital Resources

Regulatory capital resources comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity. This is supplemented by Tier 2 and Tier 3 capital, which consist mainly of subordinated debt instruments. Total capital equals the sum of these, less deductions for such items as investments in non-consolidated subsidiaries and illiquid non-trading assets.

The Company's overall capital needs are continually reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses. The capital management framework at CSG is designed to monitor the sufficiency of capital resource to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

Under the Basel Committee guidelines, an institution must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, although the FSA requires this ratio to exceed the Individual Capital Guidance ('ICG') determined for each institution. This ratio can also be expressed as a capital coverage ratio, being the ratio of total eligible capital to total capital resources requirements, which must be at least 100%. The capital resources requirements reflect the credit, market and other risks of the institution calculated using methodologies set out by the FSA.

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

13. 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 Credit Suisse Group AG, 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 respectively, are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff and Credit Suisse Group AG, Paradeplatz, P O Box 1, 8070 Zurich, respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

13 Related party transactions (continued)

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

a) Related party assets and liabilities

	2011	2010
	£000	£000
	Fellow CS group Companies	Fellow CS group Companies
Assets		
Cash at bank with CS group	40,925	31,675
Total assets	40,925	31,675

Related party liabilities as at 31 December 2011 were £nil (2010 £nil)

b) Related party revenues and expenses

	2011	2010
	£000	£000
	Fellow CS group Companies	Fellow CS group Companies
Interest income	94	133
Management fees	-	10
Total non-interest revenues	94	143
Operating expenses	-	1,252
Total operating expenses	-	1,252

14 Employees

The Company did not have any employees during the year (2010 nil) The directors received no emoluments in respect of their services to the Company (2010 £nil)

15 Auditors' remuneration

The audit fee for 2011 is £nil (2010 £35,300) The prior year audit fee associated with the audit of the Financial Statements was met by the immediate parent undertaking, Credit Suisse Asset Management (UK) Holding Limited

16. Financial risk management

a) Overview

The CS group, of which the Company is a part, manages its risks under global policies The CS group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CS group's control framework and in consideration of industry best practices The primary responsibility for risk management lies with CS 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16 Financial risk management (continued)

Risk management principles

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

- Protection of financial strength CS group manages risk in order to limit the impact of potentially adverse events on CS group's capital and income. CS group's risk appetite is to be consistent with its financial resources
- Protection of reputation The value of the CS 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 CS 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 CS 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 CS 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

Risk management oversight at the CS group management level

- 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 CS 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 CS group-wide, portfolio level and for individual businesses, and recommending corrective action where necessary
- Risk Analytics and Reporting ('RAR') RAR 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 CS 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16 Financial risk management (continued)

Credit Suisse risk management committees

- Capital Allocation and Risk Management Committee ('CARMC') is responsible for supervising and directing the CS 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 CS 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 CS group.
- Divisional Risk Management Committees ('RMC') Within the investment banking, private banking and asset management segments of the CS 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.

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

	2011	2010
	£000	£000
Cash and cash equivalents	40,925	36,806
Total financial assets	40,925	36,806

The amounts in the above table are based on carrying value. No collateral or credit enhancements are held against cash and cash equivalents as all are held with the CS group.

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 CS group. The Company is managed within the framework below.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16 Financial risk management (continued)

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

2011

	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
Other liabilities						
Interest and fee payable	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-

2010

	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
Other liabilities						
Interest and fee payable	-	586	-	-	-	586
Total financial liabilities	-	586	-	-	-	586

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, currency 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 exchange rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

A process for managing foreign exchange risk related to net income accrued 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 materializes will be managed centrally by the CS group through the Foreign Currency Exposure Management ('FCEM') process, utilizing currency hedges at the CS group level. As at 31 December 2011, the Company had £nil (2010: £nil) foreign currency exposure on net assets.

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 £40.9 million (2010: £36.8 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 income or loss by £151,426/(\$151,426) (2010: £132,502/(\$132,502)). 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 26% (2010: 28%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16 Financial risk management (continued)

Price risk

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

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.

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.

2011	Fair value £000	Book value £000
Other liabilities at amortised cost	-	-
Financial liabilities	-	-
2010	Fair value £000	Book value £000
Other liabilities at amortised cost	586	586
Financial liabilities	586	586

Financial assets as at December 31 2011 were £nil (2010: £nil)

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. CS 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 CS group's economists.

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 RAR 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 CS 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. RAR 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**16 Financial risk management (continued)****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. CS 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, CS group transfers operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of the CS 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. CS group therefore manages operational risk differently from market and credit risk. CS 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 CS 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, CS group has established a central team within the Chief Risk Officer function that focuses on the coordination of consistent policy, tools and practices throughout CS 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 CS group to maintain a coordinated approach.

In addition to the quarterly CS 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. CS 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**16 Financial risk management (continued)**

CS group has employed the same methodology to calculate the economic risk capital for operational risk since 2000, and uses 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 CS 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, CS 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

CS 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 CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.