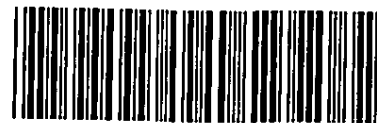


CICap Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 March 2009

Company Number : 2858938

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ClCap Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 March 2009

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Company information

Directors	J J Collier (Chairman) C J Mahon P M Hutton
Secretary	B J Markeson
Registered Office	33 Cavendish Square, London W1G 0TT
Company number	2858938
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	The Royal Bank of Scotland Plc 2 ½ Devonshire Square London EC2M 4XJ
Solicitors	S J Berwin LLP 10 Queen Street Place London EC4R 1BE

CICap Limited
Report of the directors for the year ended 31 March 2009

The Directors present their report together with the audited financial statements of the company and the group for the year ended 31 March 2009.

Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the profit for the year. The directors do not recommend payment of a final dividend (2008: £Nil). A dividend of £1,500,000 was paid in the year (2008: £Nil).

Principal activities, trading review and future developments

The principal activity of the group is that of an investment advisor.

The group intends to continue to act in this capacity for the foreseeable future. The principal trading subsidiary, Collier Capital Limited is authorised and regulated by the Financial Services Authority.

The group has operated satisfactorily throughout the period and its results show a pre-tax profit of £1,388,000 (2008: £1,269,000) on turnover of £32,168,000 (2008: £31,704,000). Shareholders' funds have decreased from £9,597,000 to £5,795,000. The net cash inflow from operating activities was £4,180,000 (2008: £4,667,000).

The directors do not expect any change in the business activity in the foreseeable future.

Charitable donations

During the year the group made charitable donations totalling £816,000 (2008: £306,000).

Directors

The following directors held office during the year:

J J Collier (Chairman)

C J Mahon

P M Hutton

Principal risks and uncertainties

The value of its advised funds is likely to increase, which limits the risks to the group, but there are nonetheless a number of risks and challenges germane to the group's future performance. The principal risks and uncertainties faced by the group are as follows:

Economic and political uncertainties

Although the global economy has recently shown some indications of recovering, the company believes that the recession will continue for some more time. As a result, circumstances might occur which would impact the investment and fund raising climates, directly affecting the funds being advised.

Competition

Although the secondaries market has expanded rapidly in the last few years, its efficiency and transparency have also increased. Accordingly, the company continues to innovate in order to push the boundaries of its marketplace so as to realise maximum value for its investors.

Financial Risks

The major financial risks to which the company is exposed and the controls in place to minimise those risks are disclosed in note 24.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



J J Coller

Director

10 December 2009

CICap Limited
Report of the independent auditors

To the shareholders of CICap Limited

We have audited the group and company financial statements of CICap Limited for the year ended 31 March 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with those financial statements, if 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- the group 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.

Brown.

BDO LLP

Chartered Accountants
and Registered Auditors

London

United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

10 December 2009

CiCap Limited**Consolidated profit and loss account for the year ended 31 March 2009**

	Note	2009 £000's	2008 £000's
Turnover	2	32,168	31,704
Cost of Sales		-	(4,259)
Administrative expenses		<u>(31,281)</u>	<u>(26,748)</u>
Operating profit	6	887	697
Other interest receivable and similar income	7	<u>501</u>	<u>572</u>
Profit on ordinary activities before taxation		1,388	1,269
Taxation on profit on ordinary activities	8	(259)	(222)
Profit on ordinary activities after taxation		<u>1,129</u>	<u>1,047</u>

All amounts relate to continuing activities.

The notes on pages 11 to 20 form part of these financial statements.

CICap Limited**Consolidated statement of total recognised gains and losses for the year ended 31 March 2009**

	<u>2009</u>	<u>2008</u>
	£000's	£000's
Profit for the financial year	1,129	1,047
Unrealised (loss)/gain on forward exchange contracts	(3,676)	3,676
Currency translation gain/(loss) on foreign net equity investments	245	(4)
Total recognised (loss)/gain relating to the financial year	<u>(2,302)</u>	<u>4,719</u>

The notes on pages 11 to 20 form part of these financial statements.

CICap Limited

Consolidated balance sheet as at 31 March 2009

	Note	2009		2008	
		£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	10	495		318	
Investments	11	-		116	
			495		434
Current assets					
Deferred gains on forward contracts		-		3,676	
Deferred tax asset	12	31		205	
Debtors	13	2,601		5,305	
Cash at bank and in hand		15,468		11,703	
		18,100		20,889	
Creditors: amounts falling due within one year	14	(12,300)		(11,726)	
Net current assets			5,800		9,163
Provisions for liabilities	16		(500)		-
			5,795		9,597
Capital and reserves					
Called up share capital	17		3		3
Profit and loss account	18		5,654		9,701
Other Reserves	18		138		(107)
Shareholders' funds	21		5,795		9,597

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2009.



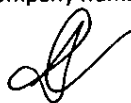
J J Collier
Director

The notes on pages 11 to 20 form part of these financial statements.

CI Cap Limited
Company balance sheet as at 31 March 2009

	Note	2009		2008	
		£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	10	7		43	
Investments	11	<u>5</u>		<u>121</u>	
			12		164
Current assets					
Deferred tax asset	12	23		2	
Debtors	13	1,484		1,262	
Cash at bank and in hand		<u>931</u>		<u>916</u>	
		2,438		2,180	
Creditors: amounts falling due within one year	14	<u>(1,214)</u>		<u>(595)</u>	
Net current assets			1,224		1,585
Provisions for liabilities	16		(500)		-
			<u>736</u>		<u>1,749</u>
Capital and reserves					
Called up share capital	17		3		3
Profit and loss account	18		733		1,746
Shareholders' funds	21		<u>736</u>		<u>1,749</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2009.
Company number: 2858938



J J Coller
Director

The notes on pages 11 to 20 form part of these financial statements.

CICap Limited

Consolidated cash flow statement for the year ended 31 March 2009

	Note	2009		2008	
		£000's	£000's	£000's	£000's
Net cash inflow from operating activities	19		4,180		4,667
Returns on investment and servicing of finance					
Interest Received		<u>501</u>		<u>572</u>	
Net cash inflow from returns on investments and servicing of finance			501		572
Dividends paid			(1,500)		-
Taxation			(159)		(1,038)
Capital expenditure and financial investments					
Decrease in Investments		<u>116</u>		<u>-</u>	
Increase in fixed assets		<u>(431)</u>		<u>(202)</u>	
Net cash outflow on capital expenditure and financial investments			(315)		(202)
Increase in cash	20		<u>2,707</u>		<u>3,999</u>

The notes on pages 11 to 20 form part of these financial statements.

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom law and accounting standards.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2009. Intra group transactions have been eliminated on consolidation and the group's income and expenses and assets and liabilities relate to third party transactions only.

Turnover

Turnover is accounted for on an accrual basis. The group is entitled to receive management fees under the terms of the Limited Partnership Agreements of the following Partnerships:

- Collier International General Partner III, L.P.
- Collier International General Partner NW, L.P.
- Collier International General Partner IV, L.P.
- Collier International General Partner V, L.P.

Forward exchange contracts

Gains or losses on forward exchange contracts are recognised in the profit and loss account upon expiry of the contract and are calculated using the difference between the contract rate and the spot rate on the day the contract expires. The gains or losses are amortised to match the income they are intended to hedge.

Cost of sales

The group incurred placement fees based on the capital commitments of investors introduced by the group's placement agent to the Collier International Partners V partnerships ("CIP V"), which were amortised over 18 months.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and impairment in value. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives and is calculated at the following rate:

- Artworks - not provided
- Computer hardware and software - 25% on cost
- Furniture, fixtures and fittings - 25% on cost
- Leasehold improvements - length of lease or 20% of cost if no lease agreed.

Fixed asset investments

Fixed asset investments comprise investments in subsidiary undertakings, associates and other investments. These are carried at cost, less any impairment in value.

Taxation

The charge for taxation is based on the profit for the year and includes deferred taxation. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. All exchange differences are recognised in the profit and loss account.

For consolidation purposes, the assets and liabilities of subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are translated at the average rates of exchange during the year. Foreign exchange differences arising on consolidation are dealt with in reserves in the period in which they arise.

Operating Leases

All leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

Turnover is wholly attributable to the principal activities of the company and arises solely within the United Kingdom and the Channel Islands.

3 Employees

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Staff costs (including directors) comprise:				
Wages and salaries	326	392	14,337	12,796
Social Security costs	39	50	1,589	1,416
Other pension costs (per note 5)	-	11	630	272
	<u>365</u>	<u>453</u>	<u>16,556</u>	<u>14,484</u>

The average number of group employees (including directors) during the year was 106 (2008: 91). The average number of company employees (including directors) during the year was 3 (2008: 3).

4 Directors' emoluments

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Directors' remuneration comprises:				
Emoluments	<u>326</u>	<u>336</u>	<u>979</u>	<u>574</u>

Emoluments of the highest paid director amounted to £325,750 (2008: £336,000).

5 Employee pension

The group pays defined contributions into a stakeholder pension scheme, matching employee contributions on a progressive scale related to length of service as outlined below:

- Up to 2 years service: 5 times employee contribution
- Up to 7 years service: 6 times employee contribution
- After 7 years service: 7 times employee contribution

The charge within employment costs (per note 3) represents the actual amount of contributions payable to the pension scheme in respect of the accounting period.

6 Operating profit

	Group	
	2009	2008
	£000's	£000's
This is arrived at after charging/(crediting):		
Other operating leases	1,295	1,707
Charitable donations	816	306
Depreciation of tangible fixed assets	254	155
Auditors remuneration		
- company's annual accounts	15	13
- subsidiaries annual accounts	28	23
Foreign exchange loss/(gain)	918	(327)

7 Interest receivable and similar income

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Bank interest receivable	69	80	501	572

8 Taxation on the profit for the year

	Group	
	2009	2008
	£000's	£000's
Current tax:		
UK corporation tax on profits for the year	51	109
Overseas taxes	6	78
Adjustment in respect of previous year	4	7
Total current tax	61	194
Deferred tax:		
Deferred tax charge (Note 12)	198	28
Tax on profits on ordinary activities	259	222

The tax assessed for the period is lower than the standard rate of corporation tax in the UK.

The differences are explained below:

	Group	
	2009	2008
	£000's	£000's
Profit on ordinary activities before tax	1,388	1,269
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK - 28% (2008: 30%)	389	381
Effects of:		
Differences in tax and exchange rates in overseas subsidiaries	(183)	(221)
Non deductible expenses	57	18
Deductible expenses	(4)	-
Local taxes	3	-
Accelerated capital allowances and other timing differences	(205)	9
	57	187
Adjustment in respect of previous year	4	7
Current tax charge for the year	61	194

9 Forward foreign exchange contracts

As at 31 March 2009, the group had committed forward foreign exchange contracts to sell US dollars and purchase sterling to the value of £3.7 million.

10 Tangible fixed assets

Group	Leasehold Improvements £000s	Computer Hardware and Software £000s	Furniture, Fixtures and Fittings £000s	Artworks £000s	Total £000s
Cost					
At 1 April 2008	169	958	152	31	1,310
Additions	125	326	11	-	462
Disposals	-	(1)	(6)	(31)	(38)
At 31 March 2009	294	1,283	157	-	1,734
Accumulated Depreciation					
At 1 April 2008	(123)	(725)	(144)	-	(992)
Provided for the year	(61)	(185)	(8)	-	(254)
Disposals	-	1	6	-	7
At 31 March 2009	(184)	(909)	(146)	-	(1,239)
Net Book Value					
At 31 March 2009	110	374	11	-	495
At 31 March 2008	46	233	8	31	318

Company	Leasehold Improvements £000s	Computer Hardware and Software £000s	Furniture, Fixtures and Fittings £000s	Artworks £000s	Total £000s
Cost					
At 1 April 2008	33	308	113	31	485
Disposals	-	-	(6)	(31)	(37)
At 31 March 2009	33	308	107	-	448
Accumulated Depreciation					
At 1 April 2008	(33)	(296)	(113)	-	(442)
Provided for the year	-	(5)	-	-	(5)
Disposals	-	-	6	-	6
At 31 March 2009	(33)	(301)	(107)	-	(441)
Net Book Value					
At 31 March 2009	-	7	-	-	7
At 31 March 2008	-	12	-	31	43

11 Fixed asset investments

	Company		Group	
	2009 £000's	2008 £000's	2009 £000's	2008 £000's
Subsidiaries				
Coller Capital Limited	5	5	-	-
Coller Investment Management Limited	-	-	-	-
Associates				
TCFB Limited	-	15	-	15
Other				
Debentures	-	101	-	101
	<u>5</u>	<u>121</u>	<u>-</u>	<u>116</u>

Subsidiary / Country of incorporation	Nature of business	Shares	% holding
Coller Capital Limited, United Kingdom	Investment advisor	Ordinary	100
Coller Investment Management Limited, Guernsey	Investment funds administrator	Ordinary	100
Coller Capital Inc, USA **	Investment advisor	Ordinary	100
Coller Capital PTE Limited, Singapore **	Investment advisor	Ordinary	100
Coller Verwaltungs GmbH, Guernsey **	Dormant	Ordinary	100

** Held by subsidiary undertakings

12 Deferred taxation

	Company		Group	
	2009 £000's	2008 £000's	2009 £000's	2008 £000's
Opening balance	2	-	205	233
Foreign exchange differences on consolidation	-	-	24	-
Credit/(charge) to profit and loss account	21	2	(198)	(16)
Effect of tax rate change	-	-	-	(12)
Closing balance	<u>23</u>	<u>2</u>	<u>31</u>	<u>205</u>

Deferred tax represents accelerated capital allowances on the company's fixed assets and other timing differences on expenses. Deferred tax is provided at 28% (2008: 28%).

13 Debtors

	Company		Group	
	2009 £000's	2008 £000's	2009 £000's	2008 £000's
Amounts owed by group undertakings	500	-	-	-
Trade debtors	279	659	1,306	4,121
Other debtors	182	129	389	384
Prepayments and accrued income	523	474	906	800
	<u>1,484</u>	<u>1,262</u>	<u>2,601</u>	<u>5,305</u>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: amount falling due within one year

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Overdraft	470	-	1,058	-
Trade creditors	333	12	787	502
Amounts owed to group undertakings	320	153	-	-
Deferred Management Fees	-	-	9,804	7,275
Corporation tax	38	(13)	6	82
Taxation and social security	8	8	321	277
Other creditors	-	-	124	68
Accruals	45	435	200	3,522
	1,214	595	12,300	11,726

15 Operating lease commitments

As at 31 March 2009, the group had annual commitments under non-cancellable operating leases as set out below.

	Company		Group	
	Land and Buildings		Land and Buildings	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Operating leases which expire:				
Within 1 year	-	-	70	83
Between 2 and 5 years	735	1,280	735	1,280
	735	1,280	805	1,363

16 Provisions for liabilities

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Dilapidations to leasehold premises	500	-	500	-

The provision for dilapidation accrues the estimated cost of reinstating the original condition of the leasehold property over the term of the lease.

17 Share capital

	Company	
	2009	2008
	£	£
Authorised		
10,000 Ordinary shares of £1	10,000	10,000
Allotted, called up and fully paid		
3,100 Ordinary shares of £1	3,100	3,100

18 Reserves

Profit and loss account	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
At 1 April 2008	1,746	1,673	9,701	4,981
Profit for the year	487	73	1,129	1,047
(Loss)/gain on forward exchange contracts	-	-	(3,676)	3,676
Dividends paid	(1,500)	-	(1,500)	-
Transfer to share capital	-	-	-	(3)
At 31 March 2009	<u>733</u>	<u>1,746</u>	<u>5,654</u>	<u>9,701</u>

Other Reserves

	Group	
	2009	2008
	£000's	£000's
At 1 April 2008	(107)	(103)
Foreign exchange differences on consolidation	245	(4)
At 31 March 2009	<u>138</u>	<u>(107)</u>

The above analysis shows the amount of profit dealt with in the accounts of the group. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone. CiCap Limited, the company, made a profit of £487,000 for the year ended 31 March 2009 (2008: £73,000).

19 Reconciliation of operating profit to net cash inflow from operating activities

	Group	
	2009	2008
	£000's	£000's
Operating profit	887	697
Depreciation	254	155
Decrease/(increase) in debtors	2,704	(1,585)
Foreign exchange differences on consolidation	245	-
Decrease in deferred placement fees	-	4,189
(Decrease)/increase in creditors	(410)	1,211
Increase in provisions	500	-
Net cash inflow from operating activities	<u>4,180</u>	<u>4,667</u>

20 Analysis of net debt

	Group	
	2009	2008
	£000's	£000's
Cash in hand and at bank		
At 1 April 2008	11,703	7,704
Cash inflow	2,707	3,999
At 31 March 2009	<u>14,410</u>	<u>11,703</u>

21 Reconciliation of movements in shareholders' funds

	Company		Group	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Profit for the year	487	73	1,129	1,047
Dividends paid	(1,500)	-	(1,500)	-
(Loss)/gain on foreign exchange contracts	-	-	(3,676)	3,676
Additional shares issued	-	3	-	-
Foreign exchange differences on consolidation	-	-	245	(4)
(Decrease)/increase in shareholders funds	(1,013)	76	(3,802)	4,719
Opening shareholders funds	1,749	1,673	9,597	4,878
Closing shareholders funds	736	1,749	5,795	9,597

22 Related party transactions

Coller Investment Management Limited, a company within the group, acts as Manager and General Partner of Coller International General Partner III, L.P., Coller International General Partner NW, L.P., Coller International General Partner IV, L.P. and Coller International General Partner V, L.P.

	2009	2008
	£000's	£000's
Coller Holdings Limited	1,470	400
Coller Services Limited	14	330
Coller IP Management Limited	45	9
Coller IP Capital Limited	2	781

Debtors include amounts receivable from related parties; £284,865 from Coller Holdings Limited (2008: £490,599) and £30,445 from Coller IP Management Limited (2008: £138,750).

Accounts payable includes amounts payable to related parties; £ Nil due to Coller IP Capital Limited (2008: £66,667) and £345,000 to Coller Holdings Limited (2008: £ Nil)

J J Coller is a director of Coller Investment Management Limited, Coller Services Limited, Coller IP Capital Limited, Coller Holdings Limited and Coller Capital PTE Limited.

23 Ultimate parent company

The directors consider J J Coller, a director of the company, to be the ultimate controlling party of the company.

24 Financial risk management

The group uses financial instruments, other than derivatives, comprising cash, debtors, and creditors that arise directly from its operations.

The main risks arising from the group's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risk and these are summarised below.

Interest rate risk

The group does not have any significant exposure to interest rate risk as it finances its operations primarily through equity financing.

Liquidity risk

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs by realising investments as appropriate and to invest cash assets safely and profitably, by regular review of management accounts.

Financial risk management *(continued)*

Currency risk

The group does not hedge its foreign currency bank balances. The company therefore has exposure to translation and transaction foreign exchange risk and takes profits and losses on these as they arise.

The group has used forward foreign exchange contracts to hedge its management fee income.

Borrowing Facilities

The group has an agreed overdraft facility of £100,000 (2008: £100,000) with Royal Bank of Scotland for cash flow management purposes. At the year end, the company had an agreed temporary extension of this overdraft facility to meet a short term cash flow requirement, which was subsequently paid off.