SVG Investment Managers Limited
Registered Number - 4493500

Annual Report and Financial Statements
For the year ended 31 December 2009

Contents

SVG Investment Managers Limited
Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2009

Principal activity
The Directors are responsible for the risk management of the Company from a strategic, business and process risk perspective The Company is a subsidiary of SVG Capital and follows the risk framework of this entity The Directors have assessed the currency risk, price risk, credit risk and the liquidity risk exposure of the Company based on underlying activity performed The registered office of the Company is located at 61 Aldwych, London, WC2B 4AE

Principal risks and uncertainties
A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 16 to the accounts From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the consolidated financial statements of SVG Capital plc, which does not form part of this report

Currency risk
The Company is exposed to currency risk as some of its fee income is receivable in Euros

Market Price risk
The company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds

Credit risk
The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due The Company is exposed to credit risk in relation to management fee and priority profit share payments

Liquidity risk
The Directors consider any liquidity risk to be negligible

Key performance indicators
The Directors of SVG Capital plc manage the operations of the Group on a consolidated basis For this reason the Directors believe that using key performance indicators for the Company is neither necessary nor appropriate The development, performance and position of the Group, which includes the Company is discussed in the financial statements of SVG Capital plc

Results and dividends
During the year the Company made a profit after taxation of £15,565 (2008 profit £381,536) and paid a dividend of £385,000 (2008 £433,585)

Creditor Payment Policy
The Company's normal practice is to agree the terms of payment with suppliers at the time of contract and to make payment within the agreed credit term subject to satisfactory performance

Directors and directors' interests
The Directors of the Company and their beneficial, non-beneficial and family interests in the share capital of SVG Capital plc (SVG), the Company's immediate parent, during the year to 31 December 2009 are given below

Ordinary shares	31 December 2009	31 December 2008
Lynn Fordham	**32,662**	3,248
Jonathan Morgan	-	-
Anthony Dalwood	**2,176**	2,176
Adam Steiner	-	-

During the year Anthony Dalwood and Adam Steiner were appointed to the board while Andrew Williams, Christopher Morris and Gerard Lloyd resigned from the board

No Director has any material interest in any other contract that is significant to the Company's business

Directors' and officers' liability insurance
During the year SVG Capital plc maintained cover for the Company's Directors and Officers, under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006

Financial instruments and risk profile
The Company's financial instruments are discussed in note 1 and note 16 The main financial risks faced by the Company and the management of those risks are set out in note 16

Going concern
The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the Company has adequate financial resources to continue in operational existence for the foreseeable future For this reason, and in accordance with IAS10, they continue to adopt the going concern basis in preparing the financial statements

Auditors
Ernst & Young LLP have expressed their willingness to remain in office The remuneration and reappointment of Ernst & Young LLP will be approved by the Audit Committee of SVG Capital plc

Provision of information to auditors
As far as the Directors are aware there is no relevant information of which the auditors are unaware and the Directors have taken all steps they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

By order of the Board

Secretary
22 April 2010
London

SVG Investment Managers Limited
Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and the cash flows of the Company for that period In preparing those financial statements, the Directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting policies, changes in accounting estimate and errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company has complied with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements

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

The Directors believe that they have complied with these responsibilities

Independent auditors' report

to the members of SVG Investment Managers Limited

We have audited the financial statements of SVG Investment Managers Limited for the year ended 31 December 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter 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

S. Williams

Sarah Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 April 2010

SVG Investment Managers Limited
Income statement

	Notes	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Exchange gain on other items		(8,815)	30,980
		(8,815)	30,980
Operating income			
Fee income		1,858,708	2,791,266
Other operating income		17,692	209,751
Total revenue	2	1,876,400	3,001,017
Operating expenses			
Administrative expenses	3	(1,793,035)	(2,454,055)
Total expenses		(1,793,035)	(2,454,055)
Operating profit		83,365	546,962
Finance costs	4	(34,320)	(34,414)
Profit before tax		40,230	543,528
Tax	5	(24,665)	(161,992)
Profit for the year after tax		15,565	381,536

All items in the above statement derive from continuing operations

There are no differences between the profit on ordinary activities after tax and the profit retained by the Company for the financial year stated above

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 14 form an integral part of these accounts

SVG Investment Managers Limited
Statement of changes in equity

	Share capital £	Profit and loss reserve £	Total £
For the year ended 31 December 2009			
Profit for the year	-	15,565	15,565
Dividends	-	(385,000)	(385,000)
Changes in equity for the year ended 31 December 2009	-	(369,435)	(369,435)
Balance at 31 December 2008	299,999	734,111	1,034,110
Balance at 31 December 2009	299,999	364,676	664,675
For the year ended 31 December 2008			
Issue of share capital	49,999	-	49,999
Profit for the year	-	(52,049)	(52,049)
Changes in equity for the year ended 31 December 2008	49,999	(52,049)	(2,050)
Balance at 31 December 2007	250,000	786,160	1,036,160
Balance at 31 December 2008	299,999	734,111	1,034,110

The notes on pages 8 to 14 form an integral part of these accounts

SVG Investment Managers Limited
Balance sheet

	Notes	As at 31 December 2009 £	As at 31 December 2008 £
Non-current assets			
Property, plant and equipment	6	10,092	23,908
Investments	7	100	100
Deferred tax asset	11	3,378	1,944
		13,570	25,952
Current assets			
Other receivables	8	634,637	669,719
Cash and cash equivalents	8	1,786,436	2,574,276
		2,421,073	3,243,995
Total assets		2,434,643	3,269,947
Current liabilities			
Other payables	9	(1,119,972)	(1,445,950)
Tax payables	9	(25,996)	(165,887)
		(1,145,968)	(1,611,837)
Total assets less current liabilities		1,288,675	1,658,110
Non-current liabilities			
Intercompany Loan	10	(624,000)	(624,000)
Deferred tax liability	11	-	-
		(624,000)	(624,000)
Net assets		664,675	1,034,110
Equity			
Called up share capital	12	299,999	299,999
Profit and loss reserve	13	364,675	734,111
Total equity		664,675	1,034,110

The notes on pages 8 to 14 form an integral part of these accounts

The Company's financial statements were authorised for issue by the Board of Directors on 22 April 2010 and the balance sheet was signed on behalf of the Board by

Adam Steiner
Director

SVG Investment Managers Limited
Cash flow statement

	Notes	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Operating activities			
Other operating income		22,981	208,408
Fee income		1,883,528	3,127,576
Administrative expenses		(1,801,999)	(5,776,135)
Tax paid		(446,914)	-
Net cash used in operating activities	14	(342,404)	(2,440,151)
Investing activities			
General Partner calls paid		-	-
General Partner return of capital		-	-
Purchase of property, plant and equipment		-	(11,102)
Net cash from investing activities		-	(11,102)
Financing			
Increase in share capital		-	49,999
Drawdowns on subordinated loan		-	-
Finance costs		(51,621)	(48,236)
Dividends paid		(385,000)	(433,585)
Net cash from financing activities		(436,621)	(431,822)
Net increase in cash and cash equivalents		(779,025)	(2,883,075)
Cash and cash equivalents at beginning of year		2,574,276	5,426,371
Effect of foreign exchange on cash and cash equivalents		(8 815)	30 980
Cash and cash equivalents at end of year		1,786,436	2,574,276

The notes on pages 8 to 14 form an integral part of these accounts

SVG Investment Managers Limited
Notes to the accounts

1 Accounting policies
Basis of accounting
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union

International Financial Reporting Standards as adopted by the EU differ in certain respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") References to International Financial Reporting Standards hereafter should be construed as references to International Financial Reporting Standards as adopted by the EU

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and are presented in sterling, the Company's functional currency The principal accounting policies adopted are set out below

Financial instruments
Financial assets and financial liabilities are made up of accounts receivable, accounts payable and cash and cash equivalents The Directors consider the fair values of accounts receivables and accounts payable approximate their carrying value The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest risk and have not taken any specific actions to mitigate these financial risks There are no other financial instruments

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount Interest income is classified within operating activities in the cash flow statement

Foreign currencies
The functional currency of the Company is pounds sterling Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Gains and losses arising on retranslation are included in net profit or loss for the period

Property, plant and equipment
Fixed assets are stated at cost, including direct acquisition costs, less accumulated depreciation and any recognised impairment loss
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life The rates used for calculation of depreciation are as follows

Leasehold improvements	10%
Computer equipment	33%
Office Equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value

Summary of new standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements

	Effective date*
International Accounting Standards (IAS/IFRS)	
IFRS 3R – Business Combinations	1 July 2009
IAS 27 Amendment – Consolidated and Separate Financial Statements	1 July 2009
Amendment to IAS 39 – Eligible Hedge Items	1 July 2009
IFRS 1R – Structural Amendment	1 July 2009
International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC 17 – Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18 – Transfers of Assets from Customers	1 July 2009

* The effective dates stated are those given in the original IASB/IFRIC standards and interpretations

The Directors do not anticipate that the adoption of these standards will have a material impact on the Group's financial statements in the period of initial application

2 Revenue

	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Income from investment management services	623,975	1,549,748
Priority profit share income	1,234,733	1,241,518
Interest receivable and other income	17,692	209,751
	1 876,400	3,001,017

3 Administrative expenses

	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Fees payable to SVG Advisers Limited	350,000	516,283
Auditors' remuneration for statutory audit	12,825	12,000
Depreciation	13,816	30,764
Staff costs	978,730	1,529,671
Redundancy costs	52,332	-
General expenses	385,332	365,337
	1,793,035	2,454,055

The Company has 8 employees (2008 10)

Directors' emoluments

The emoluments owing to the Directors of the Company are as follows

	For the Year ended 31 December 2009 £	For the Year ended 31 December 2008 £
Aggregate remuneration in respect of qualifying services	**2,163,472**	992,000
Aggregate amounts receivable under long term incentive plans	**108,382**	75 720
Number of directors who received LTIPS in respect of qualifying services	**1**	4
Number of directors who exercised share options/ LTIPs	**-**	-
Number of directors accruing benefits under defined benefit schemes	**2**	2
In respect of the highest paid director		
Aggregate remuneration	**701,410**	336,250
Company contributions to defined contribution pension schemes	**72,360**	-

The highest paid director received LTIPs under SVG Capital's long term incentive scheme

In 2009, £2,029,495 (2008 £950,000) of the aggregate remuneration in respect of qualifying services and £102,588 (2008 £75,720) of the aggregate amounts receivable under long term incentive plans was paid by SVG Advisers

4 Finance costs

	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Interest on intercompany loan	34,320	34,414
	34,320	34,414

Refer to Note 10 for explanation of the intercompany loan and the interest accruing on this loan

5 Tax

Analysis of charge in year

Major components of the income tax expense for the years ended 31 December 2009 and 31 December 2008	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Current tax charge		
Corporation tax charge – UK corporation tax	-	-
Corporation tax charge – UK corporation tax – group relief	25,996	165,887
Adjustments in respect of current income tax of previous years – corporation tax	103	872
Deferred tax credit relating to the origination and reversal of temporary differences		
Origination and reversal of temporary differences	(1,317)	(4,085)
Adjustments in respect of prior years	(117)	(754)
Effect of changes in UK corporation tax rate	-	72
Total tax charge	24,665	161,992

The tax assessed for the period is higher (2008 higher) than the standard rate of corporation tax in the UK for a large company The differences are explained below

	For the year ended 31 December 2009 £	For the year ended 31 December 2008 £
Profit before tax	40,230	543,528
Tax calculated at the UK rate of 28% (2008 28 5%)	11,264	154,905
Effect of		
Non taxable income net of disallowable expenses	13,027	4,952
Adjustments in respect of current income tax of previous years – corporation tax	(14)	118
Deferred tax adjustments in respect of changes in UK tax rates	-	72
Depreciation on ineligible fixed assets	388	1,945
Marginal relief – UK smaller companies rate of tax	-	-
Current tax charge	24,665	161,992

6 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Other office equipment £	Total £
Cost				
At 1 January 2009	33,950	11,910	9,892	55,752
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	**33,950**	**11,910**	**9,892**	**55,752**
Depreciation				
At 1 January 2009	26,083	4,099	1,662	31,844
Charge for the year*	7,867	3,970	1,978	13,816
Disposals	-	-	-	-
At 31 December 2009	**33,950**	**8,069**	**3,640**	**45,660**
Net book value				
At 31 December 2009	-	**3,841**	**6,252**	**10,092**
At 1 January 2009	7,867	7,811	8,230	23 908

* Leasehold improvements were fully depreciated in 2009 due to the change of office premises

7 Investments

	31 December 2009 £	31 December 2008 £
General Partner funds committed and called	100	100
	100	100

On 1 September 2006, the Company was appointed General Partner to the Strategic Recovery Fund II and paid a capital commitment of £100

8 Current assets

Other receivables	31 December 2009 £	31 December 2008 £
Amounts falling due within one year		
Prepayments and other debtors	127,559	122,696
Accrued investment management fee income	195,003	234,948
Accrued priority profit share income	312 075	312,075
	634,637	669,719

Cash and cash equivalents	31 December 2009	31 December 2008
	£	£
Cash at bank	286,436	474,276
Fixed deposit	-	-
Money market instruments	1,500,000	2,100,000
	1 786 436	2,574,276

Cash at bank earns interest at floating rates

9 Current liabilities

Other payables	31 December 2009	31 December 2008
	£	£
Amounts owed to group companies	279,612	819,833
Other creditors and accruals	840,360	626,117
	1,119,972	1,445,950

Tax Payable	For the year ended 31 December 2009	For the year ended 31 December 2008
	£	£
Balance brought forward	165,887	280,052
Corporation tax paid	(165,887)	(280,052)
Corporation tax charged to income statement	25,996	165,887
Balance carried forward	25,996	165,887

10 Intercompany loan

	31 December 2009	31 December 2008
	£	£
Subordinated loan owed to SVG Capital plc	624,000	624,000
Balance carried forward	624 000	624,000

In 2007, SVG Capital plc agreed to provide SVG Investment Managers Limited an unsecured perpetual subordinated term loan facility to the maximum amount of £624,000 On 12 July 2007, £624,000 was drawn down The loan accrues interest at the rate of 5 5% Interest for the period to 31 December 2009 had been settled before the period end

11 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28%, reflecting the rate expected to be applicable at the time the net deferred tax asset is realised (2008 28 5%)

The movement on deferred tax account is as shown below	For the year ended 31 December 2009	For the year ended 31 December 2008
	£	£
Balance brought forward	1,944	(2,823)
Income statement credit	1,317	4,839
Effect of changes in UK tax rates – income statement credit	117	(72)
Balance carried forward	3,378	1 944

Deferred tax assets	Accelerated capital allowances	Total
	£	£
Balance at 1 January 2009	1,944	1,944
Credited to income statement	1,434	1,434
Balance at 31 December 2009	3,378	3,378

12 Share capital

	31 December 2009	31 December 2008
	£	£
Authorised		
2,500,000 shares of £1 00 each	2,500,000	2,500,000
Allotted, called up and fully paid share capital of £1		
Opening balance	299,999	250,000
Issue of ordinary shares	-	49,999
Closing balance	299,999	299,999

Share capital included the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares

The closing share capital of £299,999 is divided into £250,000 'A' shares and £49,999 'B' shares The 'A' Shares are voting shares and carry preferred rights to dividends The 'B' shares are non-voting

13 Profit and loss reserve

	31 December 2009 £	31 December 2008 £
Balance brought forward	734,111	786,160
Profit for the year after tax before dividends	15,564	381,536
Dividends paid	(385,000)	(433,585)
Balance carried forward	364,675	734,111

The profit and loss reserve represents the Company's cumulative profits available for distribution

14 Reconciliation of profit before tax to net cash inflow from operating activities

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Profit before tax	40,230	543,528
Adjustments for	-	-
Exchange gain on other items	8,815	(30,980)
Depreciation of property, plant and equipment	13,816	30,764
Operating cash flows before movements in working capital	62,861	543,312
(Increase) in receivables	47,978	327,363
Increase in payables	(40,649)	(3,345,240)
Cash generated by operations	70,190	(2,474,565)
Finance costs	34,320	34,414
Taxes paid	(446,914)	-
Net cash used in operating activities	(342,404)	(2,440,151)

15 Related party transactions

The key management personnel of the Company are the Directors

The Company paid fees of £350,000 to SVG Advisers Limited during 2009 (2008 £516,283) for administrative services The balance outstanding at year end was £350,000 (2008 £516,283)

In 2007, SVG Capital plc agreed to provide SVG Investment Managers Limited an unsecured perpetual subordinated term loan facility to the maximum amount of £624,000 On the 12 July 2007 £624,000 was drawn down The loan accrues interest at the rate of 5 5% Interest for the period to 31 December 2009 had been settled before the period end

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions

16 Risk

Client risk

The main risk faced by the Company is the potential loss of investment management fee contracts In certain circumstances, investors may be able to terminate these contracts This could arise because of poor investment advice, significant errors, negligence, fraud or other matters These risks are mitigated by implementing a rigorous investment process for approving investment decisions The potential for significant errors is also reduced by using well established third party administrators to deal with the day-to-day operations of the funds

Financial assets of the Company

The financial assets of the Company are as follows

	Floating Rate 2009 £	Fixed Rate 2009 £	Non interest Bearing 2009 £	Total 2009 £
Currency denomination of assets as at 31 December 2009				
Sterling	1,646,752	-	614,992	2,261,744
Euro	139,684	-	23,123	162,807
Dollar	-	-	-	-
Balance carried forward	1,786,436	-	638,115	2,424,551

	Floating Rate 2008 £	Fixed Rate 2008 £	Non interest Bearing 2008 £	Total 2008 £
Currency denomination of assets as at 31 December 2008				
Sterling	2,493,867	-	653,044	3,146,911
Euro	80,409	-	18,719	99,128
Dollar	-	-	-	-
Balance carried forward	2,574,276	-	671,763	3,246,039

The financial liabilities of the Company are as follows

	Floating Rate 2009 £	Fixed Rate 2009 £	Non Interest Bearing 2009 £	Total 2009 £
Currency denomination of liabilities as at 31 December 2009				
Sterling	-	**624,000**	**1,119,972**	**1,743,972**
Euro	-	-	-	-
Dollar	-	-	-	-
Balance carried forward	-	**624,000**	**1,119,972**	**1,743,972**

	Floating Rate 2008 £	Fixed Rate 2008 £	Non Interest Bearing 2008 £	Total 2008 £
Currency denomination of liabilities as at 31 December 2008				
Sterling	-	624,000	1,445,950	2,069,950
Euro	-	-	-	-
Dollar	-	-	-	-
Balance carried forward	-	624 000	1,445,950	2,069,950

Maturity analysis

	<1 month £	1-3 months £	3-12 months £	1-5 years £	>5 years £	Total £
Financial assets						
Cash and cash equivalents	1,786,436	-	-	-	-	1,786,436
Prepayments and other debtors	38,244	92,793	-	-	-	131,037
Accrued investment management fee income	195,003	-	-	-	-	195,003
Accrued priority profit share income	312,075					312,075
	2,331,758	**92,793**	-	-	-	**2,424,551**
Financial assets						
Other creditors and accruals	(1 119,972)	-	-	-	-	(1,119,972)
Intercompany loan					(624,000)	(624,000)
	(1,119,972)	-	-	-	**(624,000)**	**(1,743,972)**
Available liquidity	**1,211,786**	**92,793**	-	-	**(624,000)**	**680,579**

Interest rate risk
Bank deposits are subject to interest rate risk At 31 December 2009, the Company held cash and fixed deposits of £1 8 million (2008 £2 6 million) earning interest at market rates

If the interest rates on cash deposits had been 200 basis points higher during the year, the profit for the year would have increased by £50,093 (2008 £79,215) If the interest rates on cash deposits had been 200 basis points lower, the profit for the year would have decreased by £18,010 (2008 £77,182)

Credit risk
Accrued investment management fees amounting to £507,078 (2008 £547,023) and other receivables amounting to £127,559 (2008 £122,696) were exposed to credit risk as at 31 December 2009, although the Directors consider such risk to be negligible

Currency risk
The Company is exposed to currency risk as some of its fee income is receivable in Euros The Company's costs are mainly in sterling The Company does not typically hedge against changes in exchange rates

If sterling had strengthened by 10% against the Euro, the profit for the year would have decreased by £6,931 (2008 £8,336) If sterling had weakened by 10% against the Euro, the profit for the year would have increased by £8,472 (2008 £10,225)

Market price risk
The company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds

If market prices had been 10% higher, the profit for the year would have increased by £61,961 (2008 £148,904) If market prices had been 10% lower, the profit for the year would have decreased by £61,961 (2008 £148,904)

Regulatory risk
As an entity regulated by the Financial Services Authority ("FSA"), the Company is subject to various regulatory requirements A risk exists that the Company could fail to satisfy the obligations under the FSA regime A breach of our regulatory requirements could have adverse financial consequences and could be damaging in terms of the Company's reputation The Company utilises the services of SVG Advisers Limited's Compliance Officer in order to mitigate this risk

17 Ultimate parent undertaking
The Company's ultimate parent undertaking and controlling party is SVG Capital plc, which is registered in England Copies of SVG Capital plc's consolidated statements will be available on publication from its company secretary at SVG Capital plc, 61 Aldwych, London, WC2B 4AE or can be viewed on the website www svgcapital com

SVG INVESTMENT MANAGERS LIMITED PILLAR 3 DISCLOSURE

Background to SVG Investment Managers Limited

SVG Investment Managers Limited ("SVGIM") is incorporated in the United Kingdom and is authorised and regulated by the Financial Services Authority ("FSA") As such, SVGIM has to comply with (i) the General Prudential Sourcebook ("GENPRU") and (ii) the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord BIPRU 11 3 3 R requires Authorised Firms to publish certain details of their risks, capital and risk management in order to improve transparency and market discipline

Basis and Frequency of Disclosure

This document has been prepared by SVGIM in accordance with BIPRU 11 – Disclosure ("Pillar 3") Future disclosures will be on an annual basis and included as an addendum to the annual financial statement

Verification

The information contained in this document has not been audited by SVGIM's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on SVGIM or any of its affiliates

Risk Governance within SVGIM

SVGIM is committed to implementing a good practice SVGIM-wide governance and risk management framework appropriate to the size, nature and complexity of the business The Governing Body for the risk framework within SVGIM is the Board of Directors ("Board") which has the ultimate responsibility for managing and controlling risk within the risk appetite of SVGIM

Risk appetite and management

SVGIM is exposed to a variety of risks, as analysed and quantified below However, the Board have adopted a conservative approach to risk, resulting in a low risk profile for SVGIM, for the following reasons -

- The business model is straightforward agency investment management As principal positions are not taken, SVGIM's major risk exposures are limited to counterparty risk and the impact on income,
- The recruitment of experienced personnel throughout the SVG Group,
- Documented roles and responsibilities with appropriate segregation of duties,
- Limited exposure to credit risk,
- The corporate governance structure ensures that responsibilities within SVGIM and the SVG Group are apportioned correctly within 'apportionment & oversight' functions staffed by experienced personnel who are either Directors of SVGIM or who have access to Senior Management,
- Comprehensive insurance arrangements which provide substantially higher levels of cover than historic loss data would indicate was required,

- Documented policies addressing key areas of risk to the business

Risk management is a fundamental part of the day to day management of SVGIM, both within operational procedures to ensure that the risks associated with the provision of investment management services are mitigated by appropriate controls and processes and also within the fundamental approach adopted to stock selection through the mechanism of the SVGIM Investment Committee and daily management of the client investment portfolios

The Board meets quarterly, or as and when necessary, and has primary responsibility for governance and oversight of SVGIM The Risk/Compliance Officer provides independent oversight over SVGIM's risk management process and controls, and has overseen the development of the Risk Management Policy This sets out the Firm's processes for the management of internal and external risks arising from Market, Credit, Operational, Liquidity and other relevant risk categories, which form the basis for the risk management procedures The Risk Management Policy is reviewed and updated on a regular basis

Operational, market, credit and regulatory risks are reviewed by the Board on a quarterly basis A periodic Compliance Report is produced by the Risk/Compliance Officer and reviewed by the Board

Capital Resources

The regulatory capital requirement for SVGIM as at 31 December 2009 is £504k
The actual capital held by SVGIM as at 31 December 2009 is £1,289k, which gives a surplus of £785k
SVGIM's capital resources as at 31 December 2009 are shown in the table below

Tier	Element	£000's
Tier 1:	Permanent Share Capital	300
	Profit and loss account	734
	Less material interim losses after dividends	(369)
	Total Tier 1 Capital:	**665**
Tier 2:	Lower tier two capital	333
	Total Tier 2 Capital:	**998**
Tier 3:	Excess over allowable lower tier two capital	**291**
	Deductions from total capital	**0**
	Total capital after deductions	**1,289**
	Regulatory capital requirement	**504**
	Surplus:	**785**

SVGIM's approach to assessment of capital adequacy

SVGIM maintains sufficient capital to meet UK regulatory requirements In line with these requirements, SVGIM maintains the higher of Pillar 1 and Pillar 2 ("ICAAP") capital requirements The adequacy of the capital held by SVGIM is assessed, at least annually, as part of the Individual Capital Adequacy Assessment Process (ICAAP) and is subject to formal sign off by the Board

Pillar 1 capital calculation

Based upon its regulatory permissions and scope of activities, SVGIM is subject to the capital requirements for a BIPRU Limited Licence 50k Firm SVGIM's Pillar 1 capital is based on the Fixed Overhead Requirement ("FOR"), being higher than SVGIM's Credit Risk plus Market Risk exposure

	Calculation Method	Capital £ 000's
Credit risk	SVGIM uses the standardised approach, under which the capital requirement is calculated as 8% of the risk weighted exposure amounts, as set out by the FSA (detailed breakdown is tabulated below)	**80**
Market risk	SVGIM calculates its market risk capital requirement using the foreign currency PRR method set out in the FSA's rules	**2**
Fixed Overhead Requirement (FOR)	The FOR is calculated as 13 weeks' fixed expenditure based on financial statements as at 31 December 2008	**504**
Pillar 1 Capital	Higher of the sum of the credit and market risk charges, and the FOR	**504**

Pillar 2 (ICAAP)

SVGIM's ICAAP assesses the amount of capital required to mitigate the risks to which SVGIM is exposed over a 12 month time horizon The ICAAP considers the impacts of future business plans as well as potential adverse scenarios (such as investor withdrawals, market downturns or significant operational errors) on the capital resources of SVGIM, to ensure regulatory capital requirements are met at all times
SVGIM's exposure to risk categories as defined by the FSA and SVGIM's strategies with respect to material risk categories is shown below

Risk type	**Treatment**
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events Examples of significant operational incidents that could arise are fraud, theft of our intellectual property, technology failures, fund valuation errors, mis-selling of products or errors in fund prospectuses SVGIM's exposure to Operational risk has been assessed using a number of approaches, including the consideration of 1 in 25 year type loss events and the consideration of both internal incident history and publicly available data on Operational risk incidents at other SVG group companies Central to the management of Operational risk is the monitoring of key controls SVGIM also has a programme of insurances designed to reduce its exposure to liability and to protect its assets
Market Risk	Market risk is defined as the risk of loss arising from fluctuations in values of, or income from, assets or arising from fluctuations in foreign exchange rates

	SVGIM does not make external investments or hold proprietary positions Foreign exchange risk arises to SVGIM mainly through the mismatch between performance fees received in Euro and SVGIM's Sterling base The majority of fee income is denominated in Sterling and accordingly no mitigating foreign exchange transactions are deemed necessary
Credit Risk	Credit risk is defined as the risk of loss caused by the failure of counterparty to perform its contractual obligations A factor which may contribute to increased credit risk is concentration of assets held with a single counterparty SVGIM is primarily exposed to credit risk in respect of outstanding fees due from funds and from cash deposits with banks SVGIM only places deposits with institutions having a minimum credit rating and considers the credit risk from its funds to be minimal
Business and Strategic risk	Business risk is any risk to SVGIM arising from changes in its business, including the risk that SVGIM may not be able to carry out its business plan and its desired strategy In a narrow sense, business risk is the risk to SVGIM that it suffers losses because its income falls or is volatile relative to its fixed cost base However, in a broader sense, it is exposure to a wide range of macroeconomic, geopolitical, industry, regulatory and other external risks that might deflect SVGIM from its desired strategy and business plan SVGIM regularly considers risks which may threaten its business strategy and expected growth, according to a range of assumptions as to the state of the economic or business environment which it faces and puts in place additional controls or other actions where it is deemed cost-effective to do so
Liquidity risk	Liquidity risk is defined as the risk that SVGIM, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost SVGIM maintains a surplus of liquid resources sufficient at all times to meet any immediate requirements it could prudently foresee Liquidity is available and excess cash is invested in short-term bank deposits to ensure that it is available as required
Reputational risk	Reputational risk is defined as the risk of damage to SVGIM's reputation that could lead to negative publicity, costly litigation, a decline in the customer base or the exit of key employees and therefore directly or indirectly to a loss of revenue The maintenance of SVGIM's reputation is a key component of its ability to achieve its strategic objectives Some of the key events which could significantly impact the reputation of SVGIM include poor performance relative to its peers or due to general adverse market conditions or high profile operational risk events such as market abuse or the loss of high profile key people SVGIM monitors the potential reputational impact of all risk categories and takes appropriate action to prevent and manage the kinds of events which may give rise to reputational damage This is achieved through putting in place frameworks and controls around both performance of the funds and operational risks and monitoring of the effectiveness thereof It is the responsibility of the Board to identify areas of the business or external factors which may significantly affect the reputation of SVGIM

	and to ensure that these are adequately managed
Non-applicable risk categories	The following risk categories are deemed insignificant to the SVGIM's activities • Interest rate risk • Pension obligation risk • Securitisation risk • Residual risk

In addition, SVGIM has considered the effect of significant drop in management and performance fee income caused by withdrawal of investors, poor investment performance or other reputational damage / loss and has assessed whether additional capital is required to withstand a 1 in 25 year type adverse scenario SVGIM also calculates realistic wind-up costs and is comfortable that regulatory capital held would allow SVGIM to wind up in an orderly fashion