Seymour Pierce Holdings Limited

Directors' report and consolidated financial statements

Registered number 4719360

30 September 2011

Directors' report and consolidated financial statements

Contents

Directors' report

The directors present their directors' report and the consolidated financial statements for the year ended 30 September 2011

Principal activities

The principal activity of the company is to act as a holding company for Seymour Pierce Limited The principal activities of Seymour Pierce Limited are the provision of corporate finance advice and institutional stock broking services Seymour Pierce Limited is authorised and regulated by the Financial Services Authority

Business review

The group's performance depends upon that of its operating subsidiary Seymour Pierce Limited For the year ended 30 September 2011 the consolidated results of the group amounted to a pre-tax loss of £587,119 (2010 pre-tax profit £617,275), which the Board considers to be a reasonable result in the light of the extremely difficult trading conditions encountered during the year Turnover remained fairly steady at £19 9m compared with £20 5m the previous year

In a year of economic turmoil we have concentrated on maintaining and improving the quality of service provided to our clients, we completed 48 corporate finance transactions during the year and raised £317m for corporate clients We remain focussed on those industry sectors where we have significant depth of experience, such as Mining, Oil & Gas, Retail and Support Services, leading to a strong corporate pipeline of issuance when market conditions allow, and we demonstrated our commitment to continuing to build our emerging market expertise by joining Global Alliance Partners, a fast-growing worldwide network of investment bankers, asset managers, private wealth managers and securities dealers

Results for the year are set out on page 7

Principal risks and uncertainties

As the company is a holding company, its principal risks and uncertainties are within its subsidiary, Seymour Pierce Limited and these risks and uncertainties are set out below

Business risk

Business risk is defined as the risk arising from changes in the business, including the risk that the group may not be able to carry out its business plan and its desired strategy This includes macro-economic, geopolitical, industry, regulatory and other external risks that might deflect the group from its desired strategy and business plan The group's main business risk is its dependence on its corporate finance business and in particular upon the strength of the AIM market, this is in turn influenced by a myriad of geopolitical, industry, regulatory and other external risks The group has an ongoing strategy to mitigate and reduce this risk by diversifying its revenue streams into related activities which are less correlated with the primary equity market business

Credit risk

Credit risk is defined as the risk of loss due to a debtor's non-payment of a loan or other credit The most significant of such risks for the group are non-payment of corporate finance fees and the risk that clients or counterparties fail to settle securities transactions Adequate controls are in place to mitigate this risk

Market risk

Market risk is defined as the risk that the value of an investment will decrease due to market movements The group's appetite for market risk and the controls and policies in place to manage this risk are documented and are adequate for the nature of the business being undertaken Where the group holds positions in small cap stocks with reduced liquidity, quoted bid prices may not represent a realistic price that could actually be achieved in closing the positions, so the group has documented policies to apply a discount factor to the market price in valuing these positions

Foreign Exchange risk

Foreign exchange risk is the risk that profitability will be impaired by currency fluctuations This arises in relation to market making in securities denominated in USD, and revenue from the US Equity Sales desk All foreign currency balances are translated to sterling at the earliest opportunity to mitigate the risk

Directors' report *(continued)*

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events This includes reputational risk, implicit support risk, legal and regulatory risk and the risk that the business is exposed to financial crime The group has policies and procedures setting out the internal systems and controls designed to mitigate the main risks faced by the business and the group is satisfied that the controls are adequate for the nature of the business being undertaken The group also mitigates its operational risk by means of appropriate Professional Indemnity and Comprehensive Crime insurance policies

Liquidity risk

Liquidity risk is defined as the risk that the group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost The group has appropriate cash flow management policies and procedures in place

Capital Management

At 30 September 2011 the capital of the group was £11,250 of ordinary share capital, £1,176,250 of share premium, £5,706,229 of capital redemption reserve and £2,152,565 of retained losses The group's capital resources are considered adequate to continue to finance the group over the next year Following a loan stock issue by Seymour Pierce Holdings Limited a further £1,000,000 was invested in a new equity issue by Seymour Pierce Limited The group expects to be profitable but to the extent that any additional capital injections are considered necessary its existing shareholders have confirmed their support

Post balance sheet event

On 5 January 2012 Seymour Pierce Holdings Limited resolved to purchase £1 million of additional equity from Seymour Pierce Limited

On 20 January 2012 a £1 million loan agreement was signed with a third party investor, under which £878,240 has been received with the balance payable on demand by the company On 31 May 2012 an additional £500,000 loan agreement was signed with the same third party investor, this was fully drawn down on 31 May 2012

Also on 31 May 2012 the Company signed a conditional agreement with this third party investor which will mean, when completed, that the Company will be wholly owned by a new company established for this purpose This new company will be owned jointly by the third party investor and a new Employee Benefit Trust The directors are confident that all the conditional terms will be met or waived and the agreement will be completed in the foreseeable future

On 31 January 2012 the 4 Wimbledon debentures held by Seymour Pierce Limited were sold for £244,000

Results and dividend

The consolidated profit and loss account for the year is set out on page 6 The results for the year show a loss after tax of £713,034 *(Profit 2010 £3,462)* The directors do not recommend the payment of an interim dividend *(2010 No dividend payment has been paid)*

Directors and directors' interests

The directors who held office up to the date of this report are as follows

K R Harris	
P A Wale	(Appointed 11 July 2011, resigned 31 May 2012)
N W Wray	(Resigned 31 May 2012)
D Zissman	
T W Forcier	(Appointed 10 November 2011)

Directors' report *(continued)*

Interest in shares

The beneficial interests of the directors in the shares of the company at 30 September 2011

	Ordinary shares of 1p each	"A" Ordinary shares of 1p each
K R Harris	179,000	-
N W Wray	74,000	-

The beneficial interests of the directors in the shares of the company at 30 September 2010

	Ordinary shares of 1p each	"A" Ordinary shares of 1p each
K R Harris	179,000	-
N W Wray	-	49,000

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of any other group company

Going concern

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, we continue to adopt the going concern basis in preparing the financial statements

Political contributions

The group made no political contributions during the year Donations to UK charities amounted to £4,050 (*2010 £2,750*)

FSA remuneration code

Seymour Pierce Ltd falls within Proportionality Tier 3 for the purposes of the FSA Remuneration Code Under this Code, the Company is required to make certain disclosures regarding its remuneration policies and practices for those categories of staff whose professional activities have a material impact on its risk profile These disclosures may be found on the company's website at www seymourpierce com

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 Group's auditors are unaware, and each director has taken all steps that ought to have been taken as director to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information

Auditors

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

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit and loss for that period

Directors' report *(continued)*

Statement of directors' responsibilities in respect of the Director's Report and the financial statements (continued)

In preparing each of the group and parent company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that it's 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 group and to prevent and detect fraud and other irregularities

By order of the board

T Fordier
Director

20 Old Bailey
London
EC4M 7EN
13 June 2012

Independent auditor's report to the members of Seymour Pierce Holdings Limited

We have audited the financial statements of Seymour Pierce Holdings Limited for the year ended 30 September 2011 set out on pages 7 to 28 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site 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 and the parent company's affairs as at 30 September 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with the UK Generally Accepted Accounting Practice, 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

Independent auditor's report to the members of Seymour Pierce Holdings Limited *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

J.M. Mills

J M Mills (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor 13 June 2012

Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Consolidated profit and loss account

for the year ended 30 September 2011

	Note	2011 £	2010 £
Total Group Turnover		**19,904,106**	20,518,256
Cost of sales		**(2,398,667)**	(2,799,328)
Group Gross Profit		**17,505,439**	17,718,928
Administrative expenses		**(17,956,807)**	(17,038,872)
Group Operating Profit/ (Loss)	*2*		
Continuing Operations		**(451,368)**	680,056
Total Group Operating Profit / (Loss)		**(451,368)**	680,056
Other interest receivable and similar income	*5*	**15,515**	46,646
Interest payable and similar charges	*6*	**(45,976)**	(4,137)
Amortisation of goodwill	*9*	**(105,290)**	(105,290)
Profit / (Loss) on ordinary activities before taxation		**(587,119)**	617,275
Tax on profit / (loss) on ordinary activities	*7*	**(125,915)**	(613,813)
Profit / (Loss) for the financial year		**(713,034)**	3,462

The above results all relate to continuing activities There were no other recognised gains and losses for the current or previous year In accordance with Financial Reporting Standard No 3, a statement of Total Recognised Gains and losses is therefore not required

The notes on pages 12 to 28 form part of these accounts

Consolidated balance sheet
At 30 September 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets – Goodwill	*9*	**1,240,110**		1,345,400	
Tangible fixed assets	*10*	**896,127**		1,188,560	
Investments	*12*	**105,800**		88,860	
			2,242,037		2,622,820
Current assets					
Debtors	*11*	**36,439,267**		86,828,082	
Investments	*12*	**1,349,346**		1,618,828	
Cash at bank and in hand		**232,894**		126,603	
		38,021,507		88,573,513	
Creditors amounts falling due within one year	*13*	**(33,378,876)**		(83,398,818)	
Other financial liabilities	*14*	**(170,137)**		(370,950)	
Net current assets			**4,472,494**		4,803,745
Total assets less current liabilities			**6,714,531**		7,426,565
Creditors amounts falling due after more than one year	*15*		**(1,000)**		-
Net assets			**6,713,531**		7,426,565
Capital and reserves					
Called up share capital	*17*		**11,250**		11,250
Share premium account	*19*		**1,176,250**		1,176,250
Capital redemption reserve	*19*		**5,706,229**		5,706,229
Profit and loss account	*19*		**(180,198)**		532,836
Shareholders' funds			**6,713,531**		7,426,565

These financial statements on pages 7 to 28 were approved and authorised for issue by the board of directors on 13 June 2012 and were signed on its behalf by

T. Forcier
Director

Company balance sheet
at 30 September 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Investments	*12*		4,857,900		4,857,900
Current assets					
Debtors	*11*	1,752,704		1,752,301	
Cash at bank and in hand		130		1,401	
		1,752,834		1,753,702	
Creditors amounts falling due within one year	*13*	(1,868,570)		(1,335,826)	
Net current assets			(115,736)		417,876
Total assets less current liabilities			4,742,164		5,275,776
Creditors amounts falling due after more than one year	*15*		(1,000)		-
Net assets			4,741,164		5,275,776
Capital and reserves					
Called up share capital	*17*		11,250		11,250
Share premium account	*19*		1,176,250		1,176,250
Capital redemption reserve	*19*		5,706,229		5,706,229
Profit and loss account	*19*		(2,152,565)		(1,617,953)
Shareholders' funds			4,741,164		5,275,776

These financial statements on pages 7 to 28 were approved and authorised for issue by the board of directors on 13 June 2012 and were signed on its behalf by

T Forcier
Director

Consolidated cash flow statement
for the year ended 30 September 2011

	Note	2011 £	2010 £
Cash flow statement			
Cash flow from operating activities	22	**(663,768)**	(537,392)
Returns on investments and servicing of finance	23	**(30,461)**	42,509
Corporation tax refund / (paid)		**(434)**	(6,000)
Capital expenditure and financial investment	23	**(81,379)**	(116,364)
Acquisitions and Disposals	23	-	79,102
Cash outflows before financing		**(776,042)**	(538,145)
Financing		-	-
Decrease in cash in the period		**(776,042)**	(538,145)
Reconciliation of net cash flow to movement in net funds	24		
Decrease in cash in the period		**(776,042)**	(538,145)
Cash outflow from acquisition of current asset investments		**(68,669)**	(299,292)
Change in net funds resulting from cash flows		**(844,711)**	(837,437)
Movement in net funds in the period		**(844,711)**	(837,437)
Net funds at the start of the period		**1,070,143**	1,907,580
Net funds at the end of the period	24	**225,432**	1,070,143

Reconciliations of movements in shareholders' funds
for the year ended 30 September 2011

	Group 2011 £	**Company 2011 £**	Group 2010 £	Company 2010 £
(Loss) / Profit for the financial year	**(713,034)**	**(534,612)**	3,462	(745,620)
Dividends on non-equity shares	-	-	-	-
Dividends on equity shares	-	-	-	-
	(713,034)	**(534,612)**	3,462	(745,620)
New share capital subscribed	-	-	-	-
Net increase/(decrease) in shareholders' funds	**(713,034)**	**(534,612)**	3,462	(745,620)
Opening shareholders' funds	**7,426,565**	**5,275,776**	7,423,103	6,021,396
Closing shareholders' funds	**6,713,531**	**4,741,164**	7,426,565	5,275,776

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice) The financial statements have been prepared on a going concern basis A summary of the more important accounting policies of the company, which have been applied consistently, is set out below

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of current asset investments at market value

Turnover

Turnover represents the profits/losses on principal dealing and market making and gross commissions and fees earned before deduction of clearing house charges and shared commissions Fees are acknowledged only once contractual commitments have been entered into

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets The annual rates of depreciation are as follows

Fixtures and fittings	10% - 12 5%
Office equipment	10% - 33%

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 September 2011 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account Of the group loss for the year, a loss of £534,612 (2010 £745,620) was incurred by the company

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration (including direct costs of investment) given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years

Debt and preference share issue costs

Direct costs associated with the issue of debt and non-equity preference shares are netted off the value of proceeds raised The difference between the net value of debt or non-equity preference shares and their redemption values are amortised over the earliest likely redemption period

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract) Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Operating Leases

All operating lease charges are recognised in the profit and loss account on an accrual basis In respect of the rent free period, the lease payments have been spread over the lease term

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market There were no liquid resources at the period end

Financial assets and liabilities

In the Company's financial statements, it classifies its financial assets and liabilities into the following categories

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for impairment (if any)

Current asset investments

Current asset investments are valued as at close of business on the last trading day of the company's financial period as follows

- for listed and other marketable securities, at a market bid price for long, and at market offer price for short, positions, and
- for securities where listings have been withdrawn or suspended or where liquidity is restricted, at directors' valuation

Segmental information

In the opinion of the directors the company operates in one geographical and business segment

Pension scheme arrangements

The company operates a non-contributory defined contribution pension scheme, externally funded and not contracted out of the state scheme Payments made are charged in the financial statements as part of employment costs and relate to current service liabilities Contributions are based on the salary levels of relevant members The company provides no other post-retirement benefits to its employees

Share Based Payments - Group

The company has issued share options to certain directors and employees These must be measured at fair value and if appropriate, recognised as an expense in the profit and loss account The fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model

Prior Year Comparatives

Some of the prior year comparatives have been amended to conform to current year presentation

Notes *(continued)*

2 Profit/(Loss) on ordinary activities before taxation

		2011 £	2010 £
Profit/(Loss) on ordinary activities before taxation is stated after charging			
Auditors' remuneration – fees paid to the auditor and its associates			
Group	- Audit	**19,570**	19,000
	- Audit of subsidiaries pursuant to Legislation	**40,688**	46,438
	- Tax compliance	**9,133**	27,189
	- All other services	**1,800**	68,880
		71,191	161,507
Company	- Audit	**19,570**	19,000
	- Tax compliance	**3,333**	3,478
	- Other services	**-**	14,750
		22,903	37,228
Depreciation and other amounts written off tangible fixed assets			
Owned		**330,953**	385,852
Amortisation of goodwill		**105,290**	105,290
Impairments/Refunds and other amounts written off fixed asset investments		**-**	-
Hire of other assets - operating leases		**1,057,622**	1,062,503

3 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	**390,521**	765,284
Pension contributions to money purchase pension schemes	**39,253**	28,343
	429,774	793,627

Included during the year in directors' emoluments above are fees of £20,000 (*2010 £20,000*) payable to Brendon Street Investments Limited for the services of N W Wray N W Wray is both a shareholder and director of Brendon Street Investments Limited who is responsible for its own social security, life insurance and pension contributions N W Wray resigned as a director of the Company on 31 May 2012

The aggregate of emoluments of the highest paid director was £256,054 (*2010 £613,793*) Pension contributions of £31,312 were made on his behalf (*2010 £25,050*)

Retirement benefits of £7,941 (2010 nil) are accruing for one other director as at 30 September 2011 No share options were exercised by any directors during the year No amounts were received or receivable under long-term incentive schemes by directors

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2011	2010
Directors	**9**	12
Other Approved persons	**57**	59
Administration	**30**	26
	96	97

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Wages and salaries	**7,263,039**	8,210,954
Staff Benefits	**126,806**	113,808
Social security costs	**880,701**	1,033,838
Other pension costs	**739,008**	620,271
	9,009,554	9,978,871

5 Other interest receivable and similar income - Group

	2011	2010
	£	£
Bank interest receivable	**719**	5,148
Other interest receivable	**14,796**	41,498
	15,515	46,646

6 Interest payable and similar charges - Group

	2011	2010
	£	£
Other interest	**45,976**	4,137
	45,976	4,137

Notes *(continued)*

7 Taxation

	2011		2010	
	£	**£**	£	£
UK corporation tax				
Current tax on income for the period	**166,929**		-	
Adjustments in respect of prior periods	**(1,024)**		-	
Total current tax		**165,905**		-
Deferred tax (see note 16)				
Origination/reversal of timing differences	**(34,182)**		(43,402)	
Unutilised trading losses	**-**		560,842	
Prior Year Adjustment	**(5,808)**		96,373	
Total deferred tax		**(39,990)**		613,813
Tax on profit on ordinary activities		**125,915**		613,813

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (27%) The differences are explained below

	2011	2010
	£	£
Current tax reconciliation		
(Loss) / Profit on ordinary activities before tax	**(587,119)**	617,275
Current tax at 27 % (*2010 28%*)	**(158,522)**	172,837
Effects of		
Expenses not deductible for tax purposes	**262,332**	201,991
Depreciation for period in excess of capital allowances	**18,179**	25,301
Pension costs allowable	**16,512**	18,101
Utilised trading loss	**-**	(447,711)
Tax on consolidation adjustments	**28,428**	29,481
Prior year adjustment	**(1,024)**	-
Total current tax charge (see above)	**165,905**	-

8 Dividends and other appropriations

	2011	2010
	£	£
Dividends paid on ordinary equity shares	**-**	-

Notes *(continued)*

9 Intangible fixed assets

Group	Goodwill £
Cost	
At beginning of year	2,105,804
At end of year	2,105,804
Amortisation	
At beginning of year	760,404
Charged in year	105,290
At end of year	865,694
Net book value	
At 30 September 2011	**1,240,110**
At 30 September 2010	1,345,400

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises Goodwill on purchase of the company's trading subsidiary, Seymour Pierce Limited is being amortised over 20 years as the directors have assessed this period as its useful economic life

10 Tangible fixed assets

Group	Fixtures and fittings £	Office equipment £	Total £
Cost			
At beginning of year	1,768,384	1,156,174	2,924,558
Additions	-	39,079	39,079
Disposals	-	(293,186)	(293,186)
At end of year	1,768,384	902,067	2,670,451
Depreciation			
At beginning of year	782,915	953,083	1,735,998
Charge for year	212,461	118,492	330,953
Disposals	-	(292,627)	(292,627)
At end of year	995,376	778,948	1,774,324
Net book value			
At 30 September 2011	**773,008**	**123,119**	**896,127**
At 30 September 2010	985,469	203,091	1,188,560

Notes *(continued)*

11 Debtors

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade debtors	32,897,330	-	83,350,022	-
Other taxation and social security	-	667	-	-
Deferred tax assets (see note 16)	64,823	-	24,833	-
Other debtors	2,674,961	1,751,600	2,552,022	1,750,600
Corporation tax	6,891	-	6,458	-
	35,644,005	1,752,267	85,933,335	1,750,600
Prepayments and accrued income	795,262	437	894,747	1,701
	36,439,267	1,752,704	86,828,082	1,752,301

Group

Directors' loans and transactions

Listed below are loans to a director included in other debtors These loans were made or subsisted during the period One loan is for the purpose of travel costs, is unsecured, does not carry interest and is repayable on demand One loan is for the purchase of loan stock from the Company, is unsecured, does not carry interest and is repayable on demand This loan was repaid on 11th November 2011 The other loans are repayable on demand and subject to an annual interest charge of 4%

P Wale resigned as a director of the Company on 31 May 2012

	Outstanding as at 30 September 2011 £	Outstanding as at 30 September 2010 £	Maximum outstanding during the year £
P Wale – Season ticket	1,446	-	5,784
P Wale – Other – Stock Loan	1,000	-	1,000
P Wale – Loans	60,953	-	60,953

Employee Benefit Trust

Included within other debtors is a loan of £79,765 (*2010 £51,765*) from an employee benefit trust ("EBT") The EBT was established to enable employees to purchase shares in the company at an agreed price The company lends cash to the EBT to purchase shares and hold them for the benefit of employees until they vest Vesting is determined by contractual agreements for new employees and on approval by management for existing employees The EBT has 247,000 *(2010 245,000)* shares all of which are unallocated

Notes *(continued)*

11 Debtors *(continued)*

Company

Directors' loans and transactions

Listed below is a loan to a director included in other debtors This loan was made or subsisted during the period The loan is for the purchase of loan stock from the Company, is unsecured, does not carry interest and is repayable on demand The loan was repaid on 11th November 2011 P Wale resigned as a director of the Company on 31 May 2012

	Outstanding as at 30 September 2011	Outstanding as at 30 September 2010	Maximum outstanding during the year
	£	£	£
P Wale – Other – Stock Loan	**1,000**	-	1,000

Other debtors include £790,000 (*2010 £750,000*) deposited with Seymour Pierce Limited's Clearing Agents to secure amounts due from counterparties introduced by the group (see note 20)

Employee Benefit Trust

Included within other debtors is a loan of £60,250 (*2010 £72,250*) from an employee benefit trust ("EBT") The EBT was established to enable employees to purchase shares in the company at an agreed price The company lends cash to the EBT to purchase shares and hold them for the benefit of employees until they vest Vesting is determined by contractual agreements for new employees and on approval by management for existing employees The EBT has 247,000 *(2010 245,000)* shares all of which are unallocated

12 Investments

	Group 2011	**Company 2011**	Group 2010	Company 2010
Level 1 Investments – Mark to market	**£**	**£**	£	£
Market Making Trading Book Investments	745,507	-	678,471	-
Level 2 Investments – Fair Value				
Investments in Shares	399,359	-	578,775	-
Market Making Shares - Directors' Valuations	204,480	-	361,582	-
Debentures	105,800	-	88,860	-
	709,639	-	1,029,217	-

Level 3 roll-forward

	Group 2011	**Company 2011**	Group 2010	Company 2010
Investments In Shares	**£**	**£**	£	£
At beginning of year	6	4,857,900	269,208	5,127,102
Disposal of investment in Seymour Pierce US LLC	-	-	(269,202)	(269,202)
At end of year	6	4,857,900	6	4,857,900

Notes *(continued)*

12 Investments (continued)

The Group's Market Making trading book investments are held at market price Any other stocks are valued at the lower of costs and directors' valuations All the Market Making shares are classified as level 1 investments under FRS29, as they have actively quoted prices in active markets apart from one book which is held at Directors' valuations

The group held an investment of £105,800 (*2010 £88,860*) in respect of a holding of four All England Lawn Tennis Ground Plc Centre Court Debentures 2011-2015 plus a deposit on a Wembley Football Stadium executive box

Seymour Pierce Holdings Limited's investment in Seymour Pierce Limited is level 3 as the equity is not actively traded and is held in the balance sheet at cost, which approximates fair value

There were no transfers in or out of level 3 during the year

Group

The group has a 100% interest in the issued ordinary £1 shares of SP Nominees Limited, SP (PEP) Nominees Limited and Seymour Pierce Nominees Limited These companies do not trade, their function being solely to hold, as nominee, securities which are the property of clients of the group

The cost and net book value of the above companies as at 30 September 2011 totalled £6 (*2010 £6*) No amounts were written off in the year These companies are incorporated in Great Britain

The principal undertakings in which the company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held Company
Subsidiary undertakings			
Seymour Pierce Limited	Great Britain	Corporate finance and institutional stock broking	100% ordinary

Notes *(continued)*

13 Creditors: amounts falling due within one year

	Group 2011 £	**Company 2011 £**	Group 2010 £	Company 2010 £
Trade creditors	**29,091,541**	-	79,450,439	-
Amounts owed to group undertakings	-	**1,841,150**	-	1,148,375
Corporation tax	**165,905**	-	-	-
Other taxation and social security	**373,103**	-	315,700	-
Other creditors	**945,719**	**6,000**	843,113	-
Overdraft	**1,186,671**	-	304,339	-
Accruals and deferred income	**1,615,937**	**21,420**	2,485,227	187,451
	33,378,876	**1,868,570**	83,398,818	1,335,826

Included within accruals is an amount of £148,814 (*2010 £87,658*) representing pension costs payable to pension funds at the year end

Group

Directors' loans and transactions

Listed below is a loan from a director of Seymour Pierce Holdings Limited included within other creditors This loan was made during the year It is a short term loan, repayable on demand and earning interest of 4%

Director	**Outstanding as at 30 September 2011 £**	Outstanding as at 30 September 2010 £	**Maximum outstanding during year £**
K Harris	100,000	-	**100,000**

14 Other financial liabilities

Investments –Mark to market	**Group 2011 £**	**Company 2011 £**	Group 2010 £	Company 2010 £
Market Making Trading Book Investments Short Positions	170,137	-	370,950	-

Notes *(continued)*

15 Creditors. amounts falling after more than one year

	Group 2011 £	**Company 2011 £**	Group 2010 £	Company 2010 £
Stock Loans	1,000	1,000	-	-

16 Deferred taxation

The elements of deferred taxation provided in the financial statements are as follows

	Group 2011 £	**Company 2011 £**	Group 2010 £	Company 2010 £
Difference between accumulated depreciation and amortisation and capital allowances	**64,823**	-	24,833	-
Deferred tax (liability) / asset	**64,823**	-	24,833	-

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 30 September 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date)

Notes *(continued)*

17 Called up share capital

		2011	2010
		£	£
Authorised			
Equity	1,725,000 (*2010 1,725,000*) Ordinary shares of 1p each	**17,250**	17,250
		17,250	17,250
Allotted, called up and fully paid			
Equity	1,125,000 (*2010 1,125,000*) Ordinary shares of 1p each	**11,250**	11,250
		11,250	11,250

Principal terms of the ordinary shares

(a) ***Dividends***

The ordinary shares carry the right to a dividend providing that a post tax profit has been made and at the discretion of the Board

(b) ***Voting rights***

Every ordinary shareholder present at a general meeting shall have one vote and on a poll every ordinary shareholder shall have one vote for every ordinary share of which he is the holder

(c) ***Return of capital***

The ordinary shareholders shall be entitled to a proportion of the assets of the company available for distribution among the shareholders on a return of capital on liquidation, sale or otherwise in proportion to the number of ordinary shares held by them respectively

Notes *(continued)*

18 Share based payments

The company set up a share-option scheme on 30 September 2009 and 58 directors and employees were granted share options The shares have already been issued and are owned by the employee benefit trust The total number of options granted amounted to 175,300 The options can be exercised at any time over the 7 years since the grant date There are no performance conditions attached to the options and the exercise price is £4 per share which was the estimated value of the company's shares on 30 September 2009

The share options have been valued at grant date at £1 34 This has been done using the Black-Scholes pricing model with the following assumptions

	2010	2009
Share price	**£4 97**	£4 00
Exercise price	**£4.00**	£4 00
Expected volatility	**33%**	33%
Expected life	**4 years**	5 years
Expected dividends	**£0.00**	£0 00
Risk-free interest rate	**1.224%**	2 62%

The expected volatility was based on the average volatility of 4 comparable companies

The share price had been valued last at 30 September 2010 The directors have decided not to have the share price re-valued as the valuation price as agreed with HMRC in September 2011 was well below the exercise price

19 Share premium and reserves

	Group			**Company**		
	Share premium account £	**Capital Redemption Reserve £**	**Profit and loss account £**	**Share premium account £**	**Capital Redemption Reserve £**	**Profit and loss account £**
At beginning of year	1,176,250	5,706,229	532,836	1,176,250	5,706,229	(1,617,953)
(Loss) / Profit after tax for the year	-	-	(713,034)	-	-	(534,612)
Dividends Paid	-	-	-	-	-	-
At end of year	**1,176,250**	**5,706,229**	**(180,198)**	**1,176,250**	**5,706,229**	**(2,152,565)**

Notes *(continued)*

20 Contingent liabilities

The company has guaranteed the overdraft of its subsidiary, Seymour Pierce Limited, £1,187,663 was outstanding at the year end

Under the agreement with the Clearing Agent for the company's subsidiary, Seymour Pierce Limited, the agent has recourse to the subsidiary company for any transactions of the clients introduced to the agent which are not subsequently settled The directors are of the opinion that adequate provision has been made against any such items outstanding at the year end which could give rise to a claim against the company

On 21 December 2011 the London Stock Exchange imposed a fine of £400,000 on Seymour Pierce Limited, of which £200,000 was payable immediately and was accrued in its current financial statements The remaining £200,000 will become payable if in the future the Exchange imposes a sanction on Seymour Pierce Limited which relates to acts or omissions of the Company which commence before 21 December 2013

21 Commitments

Group

Annual commitments under non-cancellable operating leases are as follows:

	Group 2011		Group 2010	
	Land and buildings	**Other**	Land and Buildings	Other
	£	**£**	£	£
Operating leases which expire				
Within one year	-	-	21,404	-
In the second to fifth years inclusive	**1,057,622**	-	1,041,099	-
Over five years	-	-	-	-
	1,057,622	-	1,062,503	-

Company

The company does not have any commitments under non-cancellable operating leases or capital commitments

Pension scheme

Group
The group operates a defined contribution pension scheme The pension cost charged for the year represents contributions payable by the group to the scheme and amounted to £739,008 (*2010 £620,271*) Contributions amounting to £148,814 (*2010 £87,658*) were payable to the scheme and are included in creditors

Company
The company does not operate any pension scheme All schemes are operated by Seymour Pierce Limited

Notes *(continued)*

22 Reconciliation of operating profit to operating cash flows

	2011 £	2010 £
Operating profit / (loss)	**(451,368)**	680,056
Exchange gain on fixed asset investments	**-**	-
Depreciation and impairment charges	**356,313**	615,311
Loss on the disposal of fixed assets	**559**	-
Decrease in current asset investments	**68,669**	299,292
Decrease / (increase) in debtors	**50,429,572**	(51,878,894)
(Decrease) / increase in creditors	**(51,067,513)**	49,746,843
Net cash outflows from operating activities	**(663,768)**	(537,392)

23 Analysis of cash flows

	2011 £	2010 £
Returns on investment and servicing of finance		
Interest received	**15,515**	46,646
Interest paid	**(45,976)**	(4,137)
	(30,461)	42,509
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(39,079)**	(74,064)
Purchase of fixed asset investments	**(42,300)**	(42,300)
	(81,379)	(116,364)
Acquisitions and disposals		
Proceeds on Wimbledon Debentures	-	8,000
Proceeds on disposal of investment in Seymour Pierce US LLP	-	71,102
	-	79,102

24 Analysis of net funds

	At beginning of year £	Cash flow £	At end of Year £
Cash at bank and in hand	126,603	106,291	232,894
Overdraft	(304,338)	(882,333)	(1,186,671)
Current asset investments	1,247,878	(68,669)	1,179,209
Total	**1,070,143**	**(844,711)**	**225,432**

Notes *(continued)*

25 Financial Instruments

Credit risk
Credit risk is defined as the risk of loss due to a debtor's non-payment of a loan or other credit The most significant such risks for the company are non-payment of corporate finance fees and the risk that clients or counterparties fail to settle securities transactions Adequate controls are in place to mitigate this risk

Market risk
Market risk is defined as the risk that the value of an investment will decrease due to market movements The company's appetite for market risk and the controls and policies in place to manage this risk are documented and are adequate for the nature of the business being undertaken Where the company holds positions in small cap stocks with reduced liquidity, quoted bid prices may not represent a realistic price that could actually be achieved in closing the positions, so the company has documented policies to apply a discount factor to the market price in valuing these positions

Liquidity and cashflow risk
Liquidity risk is the risk that the firm, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at an excessive cost To the extent that the firm's assets are held other than in cash, the firm must also consider the risk that it might be unable easily to unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events

Foreign Exchange risk
Foreign exchange risk is the risk that profitability will be impaired by currency fluctuations This arises in relation to market making in securities denominated in USD, and revenue from the US Equity Sales desk

The company has adequate policies and procedures in place to deal with these risks

26 Related party disclosures (other than disclosures elsewhere in relation to directors)

29 87% of the issued share capital of the company was held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan until 25th June 2010 On that date it was purchased by an offshore EBT administered by Capita on the Group's behalf by means of a loan from the Group

Notes *(continued)*

27 Post balance sheet event

On 5 January 2012 Seymour Pierce Holdings Limited resolved to purchase £1 million of additional equity from Seymour Pierce Limited

On 20 January 2012 a £1 million loan agreement was signed with a third party investor, under which £878,240 has been received with the balance payable on demand by the company On 31 May 2012 an additional £500,000 loan agreement was signed with the same third party investor, this was fully drawn down on 31 May 2012

Also on 31 May 2012 the Company signed a conditional agreement with this third party investor which will mean, when completed, that the Company will be wholly owned by a new company established for this purpose This new company will be owned jointly by the third party investor and a new Employee Benefit Trust

On 31 January 2012 the 4 Wimbledon debentures held by Seymour Pierce Limited were sold for £244,000