

# **Seymour Pierce Holdings Limited**

Directors' report and consolidated  
financial statements

Registered number 4719360

30 September 2009

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## **Directors' report and consolidated financial statements**

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## Directors' report

The directors present their directors' report and the consolidated financial statements for the year ended 30 September 2009

### 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.

### Business review

The group's performance depends upon that of its operating subsidiary Seymour Pierce Limited. For the year ended 30 September 2009 the consolidated results of the group amounted to a pre-tax loss of £3,194,220 (2008 pre-tax loss £455,193). £650k of this loss resulted from the need to write-down the value of one holding of securities and £1,650k resulted from a provision against a corporate finance fee which is the subject of a legal dispute. Overall, given the unprecedented market conditions prevailing throughout the year the Board considers this to be a satisfactory performance.

Seymour Pierce Limited's diversification into currency management had early success but had to be curtailed early in the year due to staff resignations. The group has an objective of operating in the USA and an agreement in principle has been established with co-investors. An initial, modest investment has been made to establish the US operation but no further investment is expected until market conditions improve.

Following the onset of the credit crisis in August 2007 equity markets around the world became very volatile and all market participants faced a need to conserve cash, making any form of equity fundraising extremely difficult and this inevitably had a severe impact on the group's revenues.

In the last few months some confidence has returned to the markets and equity investment has started to recover. The directors believe that the group is well placed, having ridden out the financial crisis, to take advantage of the recovery and return to steady growth.

Results for the year are set out on page 6.

### 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 equity primary 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.

## 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 2009 the capital of the group was £11,250 of ordinary share capital, £1,176,250 of share premium and £6,235,603 of retained earnings. The group's capital resources are considered adequate to continue to finance the group over the next year. 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.

### 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 £2,608,849 (*Loss 2008 £466,709*). The directors do not recommend the payment of an interim dividend (*2008 £1,700,000*).

### Directors and directors' interests

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

R Feigen	(Resigned 5 January 2010)
K R Harris	
J P Moulton	(Resigned 7 September 2009)
N W Wray	
D Zissman	

### Interest in shares

The beneficial interests of the directors in the shares of the company at 30 September 2009

	Ordinary shares of 1p each	"A" Ordinary shares of 1p each	"A" preference shares of £1 each	"B" Preference shares of £1 each
R Feigen	90,000			
K R Harris	179,000			
N W Wray		49,000		

The beneficial interests of the directors in the shares of the company at 30 September 2008

	Ordinary shares of 1p each	"A" Ordinary shares of 1p each	"A" preference shares of £1 each	"B" Preference shares of £1 each
R Feigen	90,000			
K R Harris	179,000			
N W Wray		49,000		

## **Directors' report** *(continued)*

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 £3,775 (2008 £3,810).

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this director's 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 shareholders' resolution, the company is not obliged to reappoint its auditors annually 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.

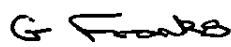
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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



**G.J. Franks**  
*Secretary*

20 Old Bailey  
London  
EC4M 7EN  
22 January 2010

## **Independent auditors' report to the members of Seymour Pierce Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") of Seymour Pierce Holdings Limited for the year ended 30 September 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliations of Movements in Shareholders' Funds and the related notes. 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 4, 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- Give a true and fair view of the state of the company's and group's affairs as at 30 September 2009 and of its loss for the year then ended,
- Have been properly prepared in accordance with the UK Generally Accepted Accounting Practice,
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

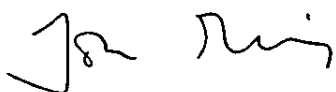
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' 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, 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



**Jon Mills (Senior Statutory Auditor)**

**For and on behalf of KPMG Audit Plc, Statutory Auditor**

22 January 2010

*Chartered Accountants*

*7<sup>th</sup> Floor*

*One Canada Square*

*London E14 5AG*

*United Kingdom*

**Consolidated profit and loss account**  
*for the year ended 30 September 2009*

	<i>Note</i>	2009 £	2008 £
<b>Group Turnover</b>			
Continuing Operations		13,628,002	14,342,199
Discontinued Operations		-	-
		<hr/>	<hr/>
<b>Total Group Turnover</b>		13,628,002	14,342,199
Administrative expenses	2	(16,806,957)	(15,045,359)
		<hr/>	<hr/>
<b>Group Operating Loss</b>			
Continuing Operations		(3,178,955)	(703,160)
		<hr/>	<hr/>
<b>Total Group Operating Loss</b>		(3,178,955)	(703,160)
Other interest receivable and similar income	5	104,630	353,257
Interest payable and similar charges	6	(14,605)	-
Amortisation of goodwill	9	(105,290)	(105,290)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(3,194,220)	(455,193)
Tax on (loss) / profit on ordinary activities	7	585,371	(11 516)
		<hr/>	<hr/>
<b>Loss for the financial year</b>		(2,608,849)	(466,709)
		<hr/>	<hr/>

The above results all relate to continuing activities. There were no other recognised gains and losses for the current or previous year.

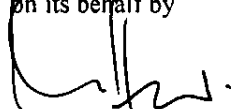
The notes on pages 11 to 24 form part of these accounts.



**Consolidated balance sheet**  
*At 30 September 2009*

	Note	2009	2008
		£	£
<b>Fixed assets</b>			
Intangible assets – Goodwill	9	1,450,690	1,555,980
Tangible fixed assets	10	1,500,347	1,590,979
Investments	11	355,122	345,750
		<u>3,306,159</u>	<u>3,492,709</u>
<b>Current assets</b>			
Debtors	12	35,557,000	5,940,527
Investments	13	1,547,170	2,766,086
Cash at bank and in hand		360,410	1,798,087
		<u>37,464,580</u>	<u>10,504,700</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(33,347,636)</u>	<u>(3,965,457)</u>
<b>Net current assets</b>		<u>4,116,944</u>	<u>6,539,243</u>
<b>Total assets less current liabilities</b>		<u>7,423,103</u>	<u>10,031,952</u>
<b>Net assets</b>		<u>7,423,103</u>	<u>10,031,952</u>
<b>Capital and reserves</b>			
Called up share capital	16	11,250	11,250
Share premium account	18	1,176,250	1,176,250
Profit and loss account	18	6,235,603	8,844,452
		<u>7,423,103</u>	<u>10,031,952</u>
<b>Shareholders' funds</b>			
Equity		<u>7,423,103</u>	<u>10,031,952</u>
		<u>7,423,103</u>	<u>10,031,952</u>

These financial statements on pages 6 to 24 were approved by the board of directors on 22 January 2010 and were signed on its behalf by

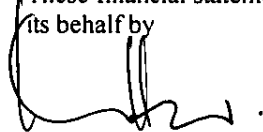


**K.R. Harris**  
Director

**Company balance sheet**  
*at 30 September 2009*

	<i>Note</i>	2009	2008
		£	£
<b>Fixed assets</b>			
Investments	11	5,127,102	5,110,086
<b>Current assets</b>			
Debtors	12	927,744	1,047,800
Cash at bank and in hand		32,972	295,554
		<u>960,716</u>	<u>1,343,354</u>
<b>Creditors amounts falling due within one year</b>	14	<u>(66,422)</u>	<u>(145,079)</u>
<b>Net current assets</b>		<b>894,294</b>	<b>1,198,275</b>
<b>Total assets less current liabilities</b>		<b>6,021,396</b>	<b>6,308,361</b>
<b>Net assets</b>		<b>6,021,396</b>	<b>6,308,361</b>
<b>Capital and reserves</b>			
Called up share capital	16	11,250	11,250
Share premium account	18	1,176,250	1,176,250
Profit and loss account	18	4,833,896	5,120,861
		<u>6,021,396</u>	<u>6,308,361</u>
<b>Shareholders' funds</b>			
Equity		<u>6,021,396</u>	<u>6,308,361</u>
		<b>6,021,396</b>	<b>6,308,361</b>

These financial statements on pages 6 to 24 were approved by the board of directors on 22 January 2010 and were signed on its behalf by

  
**K.R. Harris**  
Director

**Consolidated cash flow statement**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2009</b> £	<b>2008</b> £
<b>Cash flow statement</b>			
Cash flow from operating activities	21	(1,238,472)	(2,833,424)
Corporation tax refund / (paid)		7,190	(416,776)
Returns on investments and servicing of finance	22	90,025	353,257
Capital expenditure and financial investment	22	(296,420)	(163,635)
Acquisitions and Disposals	22	-	(252,185)
Dividends paid on Equity shares	8	-	(1,687,500)
Cash inflow before financing		(1,437,677)	(5 000,263)
Financing		-	-
Decrease in cash in the period		(1,437,677)	(5,000,263)
<b>Reconciliation of net cash flow to movement in net funds</b>			
	23		
Decrease in cash in the period		(1,437,677)	(5 000,263)
Cash outflow from acquisition of current asset investments		(1,218,916)	1,308,133
Change in net funds resulting from cash flows		(2,656,593)	(3,692,130)
Movement in net funds in the period		(2,656,593)	(3,692,130)
Net funds at the start of the period		4,564,173	8,256,303
Net funds at the end of the period		1,907,580	4,564 173

**Reconciliations of movements in shareholders' funds**  
*for the year ended 30 September 2009*

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
(Loss) / Profit for the financial year	(2,608,849)	(286,965)	(466,709)	1,353,646
Dividends on non-equity shares	-	-	-	-
Dividends on equity shares	-	-	(1,687,500)	(1,687,500)
	<u>(2,608,849)</u>	<u>(286,965)</u>	<u>(2,154,209)</u>	<u>(333,854)</u>
New share capital subscribed				
	<u>(2,608,849)</u>	<u>(286,965)</u>	<u>(2,154,209)</u>	<u>(333,854)</u>
Net decrease in shareholders' funds	(2,608,849)	(286,965)	(2,154,209)	(333,854)
Opening shareholders' funds	10,031,952	6,308,361	12,186,161	6,642,215
	<u>7,423,103</u>	<u>6,021,396</u>	<u>10,031,952</u>	<u>6,308,361</u>
Closing shareholders' funds	<u>7,423,103</u>	<u>6,021,396</u>	<u>10,031,952</u>	<u>6,308,361</u>

## 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. 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 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 2009. 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 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

#### *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*

The company classifies its financial assets and liabilities into the following categories:

- *Fixed asset investment*

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 relates 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*

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.

## Notes (continued)

### 2 Loss on ordinary activities before taxation

	2009 £	2008 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration – fees paid to the auditor and its associates		
Group		
- Audit	24,500	39,099
- Audit of subsidiaries pursuant to Legislation	46,466	64,756
- Tax compliance	18,012	15,745
- All other services	28,200	206,386
	<hr/> 117,178	<hr/> 325,986
Company		
- Audit	24,500	39,099
- Tax compliance	4,000	15,745
- Other services	4,700	206,386
	<hr/> 33,200	<hr/> 261,230
Depreciation and other amounts written off tangible fixed assets		
Owned	370,407	382,700
Leased	-	-
Amortisation of goodwill	105,290	105,290
Impairments/Refunds and other amounts written off fixed asset investments	-	-
Hire of other assets - operating leases	902,669	771,145
	<hr/> 902,669	<hr/> 771,145

### 3 Remuneration of directors

	2009 £	2008 £
Directors' emoluments	416,948	872,618
Pension contributions to money purchase pension schemes	29,200	29,200
	<hr/> 446,148	<hr/> 901,818

Included during the year in directors' emoluments above are fees of £58,745 (2008 £63,285) payable to Alchemy Partners LLP for the services of J P Moulton for the period to 7 September 2009 and fees of £20,000 (2008 £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.

The aggregate of emoluments of the highest paid director was £187,168 (2008 £447,084). Pension contributions of £16,700 were made on his behalf (2008 £16,700).

No retirement benefits are accruing to directors. 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	
	2009	2008
Directors	13	13
Other Approved persons	53	51
Administration	27	28
	<hr/>	<hr/>
	93	92
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	2009	2008
	£	£
Wages and salaries	6,313,661	8,894,203
Social security costs	673,420	1,008,338
Other pension costs	521,161	520,425
	<hr/>	<hr/>
	7,508,242	10,422,966
	<hr/>	<hr/>

### 5 Other interest receivable and similar income - Group

	2009	2008
	£	£
Bank interest receivable	21,728	231,298
Other interest receivable	72,342	97,357
Interest on tax refund	10,560	24,602
	<hr/>	<hr/>
	104,630	353,257
	<hr/>	<hr/>

### 6 Interest payable and similar charges - Group

	2009	2008
	£	£
Other interest	14,605	-
	<hr/>	<hr/>
	14,605	-
	<hr/>	<hr/>



## Notes (continued)

### 7 Taxation

	2009		2008	
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on income for the period	-		3,005	
Adjustments in respect of prior periods	84,379		(27,132)	
	<hr/>		<hr/>	
Total current tax		84,379		(24,127)
Deferred tax (see note 15)				
Origination/reversal of timing differences	(12,535)		35,643	
Unutilised trading losses	(657,215)		-	
	<hr/>		<hr/>	
Total deferred tax		(669,750)		35,643
Tax on profit on ordinary activities		<hr/> <hr/>		<hr/> <hr/>
		(585,371)		11,516

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2008 higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009	2008
	£	£
<i>Current tax reconciliation</i>		
(Loss) / Profit on ordinary activities before tax	(3,194,220)	(455,193)
	<hr/>	<hr/>
Current tax at 28 % (2008 29%)	(894,381)	(132,006)
<i>Effects of</i>		
Expenses not deductible for tax purposes	87,767	108,886
Depreciation for period in excess of capital allowances	11,418	339
Pension costs allowable	4,846	(4,748)
Unutilised trading loss	673,487	-
Tax on consolidation adjustments	29,481	30,534
Loss carry back	87,382	-
Prior year adjustment	84,379	-
	<hr/>	<hr/>
Total current tax charge (see above)	84,379	3,005
	<hr/> <hr/>	<hr/> <hr/>

### 8 Dividends and other appropriations

	2009	2008
	£	£
Dividends paid on ordinary equity shares	-	1,687,500
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 9 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At beginning of year	2,105,804
	<hr/>
At end of year	2,105,804
	<hr/>
<i>Amortisation</i>	
At beginning of year	549,824
Charged in year	105,290
	<hr/>
At end of year	655,114
	<hr/>
<i>Net book value</i>	
At 30 September 2009	1,450,690
	<hr/>
At 30 September 2008	1,555,980
	<hr/>

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 £
<i>Cost</i>			
At beginning of year	1,697,988	882,485	2,580,473
Additions	62,682	207,338	270,020
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	1,760,670	1,089,823	2,850,493
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	350,132	639,362	989,494
Charge for year	213,739	146,913	360,652
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	563,871	786,275	1,350,146
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2009	1,196,799	303,548	1,500,347
	<hr/>	<hr/>	<hr/>
At 30 September 2008	1,347,856	243,123	1,590,979
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Fixed asset investments

#### 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 2009 totalled £6 (2008 £6). No amounts were written off in the year. These companies are incorporated in Great Britain.

The group held an investment of £85,920 (2008 £93,559) in respect of a holding of four All England Lawn Tennis Ground Plc Centre Court Debentures 2010 and four 2011-2015 plus a deposit on a Wembley Football Stadium executive box. A deposit of £26,400 was paid towards four 2011-2015 debentures during the year. There were no disposals during the year.

#### Company

	Share in group undertaking £
<i>Cost</i>	
At beginning of year	5,110,086
Revaluation of investment in Seymour Pierce US LLC	17,016
	<hr/>
At end of year	5,127,102
	<hr/>
At beginning and end of year	-
	<hr/>
<i>Net book value</i>	
At 30 September 2009	5,127,102
	<hr/>
At 30 September 2008	5,110,086
	<hr/>

The group has an agreement in principle to invest up to \$2.8m in Seymour Pierce US LLC, a company incorporated in Delaware, USA. At 30 September 2009 the group had invested \$500,000 (£269,202) (2008 £252,183). No further investment has been made due to continuing uncertain market conditions. In the event that the full \$2.8m is not invested the group will be liable to pay a penalty of \$250,000 to its co-investors. At 30<sup>th</sup> September 2009, the directors considered the value of this investment to be cost as the US Company has been established and terms have been agreed with employees.

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
<i>Subsidiary undertakings</i>			
Seymour Pierce Limited	Great Britain	Corporate finance and institutional stock broking	100% ordinary
SPIN SPG Trustee Limited	Great Britain	Non trading trustee of employee benefit trust	100% ordinary

## Notes (continued)

### 12 Debtors

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade debtors	32,988,999	-	4,606,918	-
Amounts owed by group undertakings	-	927,744	-	818,947
Deferred tax assets (see note 15)	638,645	-	-	-
Other debtors	930,680	-	515,562	-
Corporation tax	458	-	92,027	228,853
	<u>34,558,782</u>	<u>927,744</u>	<u>5,214,507</u>	<u>1,047,800</u>
Prepayments and accrued income	998,218	-	726,020	-
	<u>35,557,000</u>	<u>927,744</u>	<u>5,940,527</u>	<u>1,047,800</u>

### 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 purpose of travel costs, is unsecured, does not carry interest and is repayable on demand.

	Outstanding as at 30 September 2009 £	Outstanding as at 30 September 2008 £	Maximum outstanding during the year £
R. Feigen	-	-	1,784

Other debtors include £750,000 (2008 £350,000) deposited with Seymour Pierce Limited's Clearing Agents to secure amounts due from counterparties introduced by the group (see note 19).

### 13 Investments (held as current assets)

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Listed investments on recognised stock exchanges in Great Britain at market value £1,547,170 (2008 £2,766,086)	1,547,170	-	2,766,086	-

Investments are held at mark to market unless the stock is relatively illiquid in which case it is held at the lower of cost and directors' valuations.

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade creditors	30,800,543	-	1,366,477	-
Amounts owed to group undertakings	-	17,750	-	17,750
Deferred tax liability (note 15)	-	-	31,105	-
Other taxation and social security	292,994	-	426,130	-
Other creditors	309,534	-	606,431	22,500
Accruals and deferred income	1,944,565	48,672	1,535,314	104,829
	<u>33,347,636</u>	<u>66,422</u>	<u>3,965,457</u>	<u>145,079</u>

Included within accruals is an amount of £23,010 (2008 £5,701) representing pension costs payable to pension funds at the year end

### Employee Benefit Trust

Included within other creditors is a loan of £119,238 (2008 £444,500) 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.

At 30 September 2009, the loan outstanding from the EBT was £119,238 (2008 £444,500). The EBT has 205,000 (2008 205,000) shares all of which are unallocated.

### 15 Deferred taxation

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Unutilised trading loss	657,215	-	-	-
Difference between accumulated depreciation and amortisation and capital allowances	(18,570)	-	(31,105)	-
Deferred tax (liability) / asset	<u>638,645</u>	<u>-</u>	<u>(31,105)</u>	<u>-</u>

## Notes (continued)

### 16 Called up share capital

	2009 £	2008 £
<b>Authorised</b>		
Equity 385,000 (2008 385,000) "A" Ordinary shares of 1p each	3,850	3,850
740,000 (2008 740,000) Ordinary shares of 1p each	7,400	7,400
	<hr/> 11,250	<hr/> 11,250
<b>Allotted, called up and fully paid</b>		
Equity 385,000 (2008 385,000) "A" Ordinary shares of 1p each	3,850	3,850
740,000 (2008 740,000) Ordinary shares of 1p each	7,400	7,400
	<hr/> 11,250	<hr/> 11,250

### Principal terms of the ordinary shares, and "A" ordinary shares

**(a) Dividends**

The ordinary shares and "A" ordinary shares carry the right to a dividend now that the "A" preference shares and "B" preference shares and the short-term subordinated loans of the company have each been redeemed in full. The ordinary shareholders and "A" ordinary shareholders shall, subject to law/regulation, be entitled to receive an aggregate amount per annum by way of dividend equal to 65% of profits of the company within 14 days of the adoption by the company of its audited consolidated accounts for the financial year in question. Profits are defined in the articles of association for the company as the consolidated profits after tax of the company and its subsidiary and associated undertakings for the financial year in question.

**(b) Voting rights**

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

**(c) Return of capital**

The ordinary shareholders and "A" 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 and "A" ordinary shares held by them respectively.

## Notes (continued)

### 17 Share based payment

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 next 7 years. 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:

Share price	£4.00
Exercise price	£4.00
Expected volatility	33%
Expected life	5 years
Expected dividends	£0.00
Risk-free interest rate	2.62%

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

### 18 Share premium and reserves

	Group		Company	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of year	1,176,250	8,844,452	1,176,250	5,120,861
(Loss) / Profit after tax for the year	-	(2,608,849)	-	(286,965)
Dividends Paid	-	-	-	-
At end of year	<u>1,176,250</u>	<u>6,235,603</u>	<u>1,176,250</u>	<u>4,833,896</u>

### 19 Contingent liabilities

The company has guaranteed the overdraft of its subsidiary, Seymour Pierce Limited, no amount 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.

Barclays bank has a charge over the assets of Seymour Pierce Limited, in the form of a debenture, allowing them priority to recover any money owing if the company were to go into liquidation.

## Notes (continued)

### 20 Commitments

#### Group

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

	Group 2009		Group 2008	
	Land and buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	902,542	-	903,669	-
	<u>902,542</u>	<u>-</u>	<u>903,669</u>	<u>-</u>

Commitment to non-cancellable capital expenditure as follows (2008:£43,421):

	2009 IT Expenditure £	2008 IT Expenditure £
Within one year	-	43,421
In the second to fifth years inclusive	-	-
Over five years	-	-
	<u>-</u>	<u>43,421</u>

The group has an agreement in principle to invest up to \$2.8m in Seymour Pierce US LLC a company incorporated in Delaware, USA. At 30 September 2009 the group had invested \$500,000 (£269,202). No further investment has been made due to continuing uncertain market conditions. In the event that the full \$2.8m is not invested the group will be liable to pay a penalty of \$250,000 to its co-investors.

#### Company

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

The company has an agreement in principle to invest up to \$2.8m in Seymour Pierce US LLC a company incorporated in Delaware, USA. At 30 September 2009 the group had invested \$500,000 (£269,202). No further investment has been made due to continuing uncertain market conditions. In the event that the full \$2.8m is not invested the group will be liable to pay a penalty of \$250,000 to its co-investors.

#### 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 £521,161 (2008: £520,425). Contributions amounting to £23,010 (2008: £5,701) 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)

### 21 Reconciliation of operating profit to operating cash flows

	2009 £	2008 £
Operating (loss) / profit	(3,178,955)	(703,160)
Exchange gain on fixed asset investments	(17,016)	-
Depreciation and impairment charges	394,697	382,700
Decrease in current asset investments	1,218,916	(1,308,133)
(Increase) in debtors	(29,069,398)	7,668,727
Increase in creditors	29,413,284	(8,873,558)
<b>Net cash inflow from operating activities</b>	<b>(1,238,472)</b>	<b>(2,833,424)</b>

### 22 Analysis of cash flows

	2009 £	2008 £
<b>Returns on investment and servicing of finance</b>		
Interest received	104,630	353,257
Interest paid	(14,605)	-
	<b>90,025</b>	<b>353,257</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(270,020)	(163,635)
Purchase of fixed asset investments	(26,400)	-
	<b>(296,420)</b>	<b>(163,635)</b>
<b>Acquisitions and Disposals</b>		
Investment in Seymour Pierce US LLC	-	(252,185)
	<b>-</b>	<b>(252,185)</b>

### 23 Analysis of net funds

	At beginning of year £	Cash flow £	At end of Year £
Cash at bank and in hand	1,798,087	(1,437,677)	360,410
Current asset investments	2,766,086	(1,218,916)	1,547,170
<b>Total</b>	<b>4,564,173</b>	<b>(2,656,593)</b>	<b>1,907,580</b>

## **Notes (continued)**

### **24 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.

#### **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.

### **25 Related party disclosures (other than disclosures elsewhere in relation to directors)**

29.87% of the issued share capital of the company is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited.