

Company No. 6015379

Alexander David Securities Limited

**Annual Report and Financial Statements
for the year ended 31 December 2009**

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ALEXANDER DAVID SECURITIES LIMITED

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ALEXANDER DAVID SECURITIES LIMITED

COMPANY INFORMATION

Directors

M Hicks *Chairman*
T Coote
A B Cowling
Jarvis Securities plc
D A H Scott
A Bull
A F Rose

Registered Office

10 Finsbury Square
London
EC2A 1AD

Company Secretary

S Scott

Auditors

Kingston Smith LLP
Chartered Accountants & Registered Auditor
Devonshire House
60 Goswell Road
London
EC1M 7AD

ALEXANDER DAVID SECURITIES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of an investment broker and corporate adviser

BUSINESS REVIEW

The results for the period show a strong increase in sales as the Company continues to develop its brand and client base. Turnover has increased by 133% from £1,025,000 to £2,384,000 with a decrease in the loss before tax of the Company from £850,000 in 2008 to £358,000 in 2009.

As shown below, turnover grew at an impressive rate in 2009 almost more than doubling that of 2008. The turnover of the Company was as follows:

	2009	2008
	£'000	£'000
Turnover	2,384	1,025

The overall loss before tax for the Company was £358,000 (2008 - £850,000) which will be carried forward in the reserves. The loss for the period was in line with management expectations.

As at 31 December 2009, the Company had 892 (31 December 2008 – 692) private clients. Corporate broking clients on retainer at the year end rose from nine in 2008 to 13 in 2009.

The Company derives income from a number of sources including:

- Corporate Finance
- Private Client Broking
- Institutional Sales and Corporate Broking
- Contracts for Difference (CfDs)
- Research

As with many businesses of our size, we operate in a challenging business environment. The continuing weakness in the global financial markets means that conditions will remain challenging for the Company for the next 12 months which will slow the development of the business. Additionally, the future development of the business may be subject to unforeseen future events outside of our control. However, the Board of Alexander David Securities believes it has mitigated, as far as possible, known risks and facilitated future growth in a responsible and structured manner. We believe that the Company is in a strong position to take advantage of the opportunities created by the current climate to generate good returns to shareholders as well as to move the Company forward.

RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 December 2009 are set out on pages 7 to 24. The Income Statement showing the results for the period is set out on page 7. The Directors do not recommend the payment of a dividend.

ALEXANDER DAVID SECURITIES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors of the Company who served during the year were

M Hicks *Chairman*

A Bull

T Coote

A B Cowling

Jarvis Securities plc

D A H Scott

Appointed 27 May 2009

A F Rose

SUPPLIER PAYMENT POLICY

The Company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction and then to abide by the terms of payment. Trade creditor days at the end of 2009 were 28 days (2008 30 days)

FINANCIAL RISK MANAGEMENT

Details of the Company's financial instruments and its policies with regard to financial risk management are given in note 14

TREASURY POLICY

The Company's treasury policy is one of conservatism approved by the board. Cash balances are managed as in note 9. As a matter of policy, the Company does not undertake speculative transactions, which would increase its interest rate exposure

ALEXANDER DAVID SECURITIES LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

The auditors Kingston Smith LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006

**Approved by the board of Directors
and signed on behalf of the board**



S Scott
Secretary

9/7/2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALEXANDER DAVID SECURITIES LIMITED

We have audited the financial statements of Alexander David Securities Limited for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our 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

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of company's affairs as at 31st December 2009 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

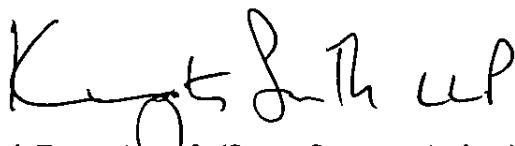
In our opinion:

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

Matters on which we are required to report by exception

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

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



Mark Twum Amopofo (Senior Statutory Auditor)
For and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London
EC1M 7AD

Date

9/7/2010

ALEXANDER DAVID SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2009

		Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
	Notes		
Revenue		2,384	1,025
Administrative expenses		(2,908)	(1,878)
Loss from operating activities	2	(524)	(853)
Investment income	5	166	3
Loss before taxation		(358)	(850)
Taxation	6	-	-
Total comprehensive income for the year		(358)	(850)

The notes form part of these financial statements

ALEXANDER DAVID SECURITIES LIMITED

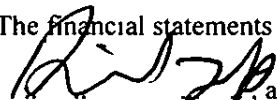
STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	20	62
		<u>20</u>	<u>62</u>
Current assets			
Trade and other receivables	8	619	110
Other current assets - listed securities	14	220	-
Cash and cash equivalents	9	863	144
Total current assets		<u>1,702</u>	<u>254</u>
Total assets		<u>1,722</u>	<u>316</u>
Equity and liabilities			
Equity			
Share capital	11	2,700	1,810
Accumulated losses		<u>(2,089)</u>	<u>(1,731)</u>
		<u>611</u>	<u>79</u>
Current liabilities			
Trade and other payables	10	1,111	237
Total liabilities		<u>1,111</u>	<u>237</u>
Total equity and liabilities		<u>1,772</u>	<u>316</u>

The notes form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 7/7/2010



, and signed on its behalf by

David Scott
Director

Company No. 6015379 (Registered in England and Wales)

ALEXANDER DAVID SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2009

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total £'000
Balance at 31 December 2007	320	-	(881)	(561)
Issue of share capital	1,490	-	-	1,490
Loss for the year and total recognised income and expense for the year	-	-	(850)	(850)
Balance at 31 December 2008	1,810	-	(1,731)	79
Issue of share capital	890	-	-	890
Loss for the year and total recognised income and expense for the year	-	-	(358)	(358)
Balance at 31 December 2009	2,700	-	(2,089)	611

The notes form part of these financial statements

ALEXANDER DAVID SECURITIES LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 December 2009

	Note	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Loss from investing activities before tax		(358)	(850)
Adjustments for			
Depreciation		57	54
Increase in receivables		(87)	(78)
Increase in payables		212	65
Changes in value of assets at fair value		(145)	-
Options and warrants received in lieu of fees		(43)	-
Profit on principal trading		(22)	-
Investment income		(21)	-
Cash generated from operations		(407)	(809)
Cash flow from investing activities			
Purchase of fixed assets		(15)	(5)
Purchase of assets at fair value through profit and loss		(99)	-
Sale of assets at fair value through profit and loss		74	-
Investment income		21	-
		(19)	(5)
Cash flow from financing activities			
Issue of shares		-	1,490
Loan from parent company		1,145	(765)
		1,145	725
Net increase in cash and cash and cash equivalents		719	(89)
Cash and cash equivalents at beginning of period		144	233
Cash and cash equivalents at end of period		863	144

These notes form part of these financial statements

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The Company's financial statements are for the year ended 31 December 2009 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in these financial statements, and are presented in Sterling, with all values rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern

The adoption of the going concern basis is dependent upon the commitment of the ultimate parent company to continue to provide financial support. The parent company has confirmed its willingness to provide financial support sufficient to enable the company to continue to trade and to meet its liabilities as they fall due for a period of not less than 12 months from the date of signature of the accounts. On this basis, the directors consider it appropriate to draw up the accounts on a going concern basis.

Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the financial position date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates have been used principally when accounting for provisions for doubtful debts, depreciation and taxes.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

New standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations, relevant to the Company, which have not been applied in these financial statements were in issue but not yet mandatorily effective

		Effective for accounting periods beginning on or after:
IFRS 2	Scope of IFRS 2 and IFRS 3 (revised)	1 July 2009
IFRS 3 (revision)	Business Combinations	1 July 2009
IFRS 5 (amendment)	Non- current assets held for sale and discontinued operations	1 January 2010
IFRS 8	Disclosure of information about segment assets	1 January 2010
IAS 27 (revision)	Consolidated and Separate Financial Statements	1 July 2009
IAS 36	Unit of accounting for goodwill impairment test	1 January 2010
IAS 38 (amendment)	Intangible assets	1 July 2009
IAS 39 (revision)	Financial Instruments Recognition and Measurement	1 July 2009

In addition IFRIC have issued the following standards and interpretations that are not applicable to the Company

		Effective for accounting periods beginning on or after:
IAS 1	Current/non-current classification of convertible instruments	1 January 2010
IAS 7	Classification of expenditures on unrecognised assets	1 January 2010
IAS 17	Classification of leases of land and buildings	1 January 2010
IFRIC 9	Recognition and measurement of embedded derivatives	30 June 2009
IFRIC 13	Customer Loyalty Programmes	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

The Directors do not anticipate that the adoption of the other standards and interpretations listed above will have a material impact on the Company's financial statements in the period of initial application

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Revenue recognition

Revenue includes the net profit/loss on principal trading, commission income, corporate advisory fees, fund management fees and other ancillary fees. It also includes the fair value of options over securities which have been received as consideration for corporate finance services rendered.

Dividends and interest arising on bull and bear positions in securities form part of dealing profits and, because they are also reflected by movements in market prices, are not identified separately.

Fees for advisory engagements for which the work is substantially complete or which are at a stage where work for which separate payment is due is substantially complete, and which will become due but are not yet invoiced are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a transaction they are only accounted for after the transaction has completed.

Revenue from Stock Exchange transactions is determined under the principles of trade date accounting.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on the net basis.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Foreign currency translation

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions or translated at the average exchange rates for the period. Exchange differences

resulting from the settlement of transactions denominated in foreign currency are included in the statement of Comprehensive income using the exchange rate ruling on that date.

At each statement of position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of position date. Foreign currency gains and losses arising from the translation of assets and liabilities are reflected in the income statement as foreign exchange translation movements.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets less any residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	- Over 3 years
Furniture and fittings	- Over 4 years

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due. The amount of any provision is recognised in the Statement of comprehensive income.

Listed Securities

Listed securities are marked to market at accounting period ends.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits which may be accessed without penalty.

Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial assets

Investments are recognized and derecognized on trade date. Financial assets are classified into the following specified categories: financial assets at fair value through profit and loss (FVTPL) and “loans and receivables”. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Financial assets are held at FVTPL when the financial asset is held for trading or is designated as FVTPL. Such assets are held for trading or are acquired principally for the purpose of selling in the near term and are initially measured at fair value. Subsequently and at each reporting date these investments are measured at their fair values with the resultant gains or losses arising from changes in fair value being taken to the income statement within investment income. Financial assets at FVTPL includes securities and options over securities which have been received as consideration for corporate finance services rendered.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the original recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Interest bearing loans are recorded at fair value at recognition, net of direct issue costs, and subsequently measured at amortised cost. Finance costs are accounted for on an accruals basis in the Statement of comprehensive income using the effective interest method.

Operating leases

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating Loss

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Loss from operations has been arrived at after charging		
Depreciation	57	54
Impairment of receivables recognised as an administration expense	39	11
Auditors' remuneration	29	12

3. Auditors remuneration

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Fees payable to the Company's auditor for the audit of the Company's accounts	29	12

4. Staff costs

	Year to 31 December 2009 Number	Year to 31 December 2008 Number
The average monthly number of employees, including Directors, was	32	23
Salaries, pension costs, other benefits and social security costs		
	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Wages and salaries	1,496	1,006
Social security costs	166	109
Pension costs – defined contribution plans	15	-
	<u>1,677</u>	<u>1,115</u>

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Staff costs (continued)

Directors emoluments

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Aggregate emoluments	366	262
	<hr/>	<hr/>
	366	262
Highest paid director, amounts included above		
Aggregate emoluments	120	83
	<hr/>	<hr/>

Included in Directors' emoluments above is an amount of £27,000, invoiced to the Company by Hicks International Limited, in respect of services provided by Mr M Hicks. No director was accruing benefits under a pension scheme.

5. Investment income

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Interest on Gilts	28	-
Loss on Gilts	(7)	-
Bank interest receivable	-	2
Gains on short term investments	145	1
	<hr/>	<hr/>
	166	3
	<hr/>	<hr/>

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Taxation

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
<i>Tax charge for the year</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
The difference between the total tax expense shown above and the amount calculated by applying the standard UK corporation tax to the loss before tax is as follows		
Loss before taxation	<u>(358)</u>	<u>(850)</u>
Tax on loss on ordinary activities at the applicable rate of 28% (2008 28%)	(100)	(238)
Effects of		
Expenses not allowed for tax	20	11
Unutilised tax losses	<u>80</u>	<u>227</u>
Total tax expense for the year	<u>-</u>	<u>-</u>

The Company has unutilised tax losses of approximately £1,726,000 at 31 December 2009 (2008 £1,660,000) The Company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future taxable profits

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Property, plant and equipment

	Furniture & fittings £'000	Office equipment £'000	Total £'000
Cost			
At 31 December 2007	12	152	164
Additions	1	4	5
At 31 December 2008	13	156	169
Additions	1	14	15
At 31 December 2009	14	170	184
Depreciation			
At 31 December 2007	3	50	53
Depreciation	3	51	54
At 31 December 2008	6	101	107
Depreciation	3	54	57
At 31 December 2009	9	155	164
Net book value at 31 December 2009	5	15	20
Net book value at 31 December 2008	7	55	62

8. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	90	72
Amounts due from group undertakings	411	4
Other receivables	78	12
Prepayments and accrued income	40	22
	<u>619</u>	<u>110</u>

Trade receivables are shown net of a £14,000 doubtful debt provision in 2009

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Cash and cash equivalents

	2009 £'000	2008 £'000
Cash at bank	84	65
Short dated government securities	779	79
	<u>863</u>	<u>144</u>

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings.

10. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	176	68
Other taxes and social security	55	98
Amounts due to Group companies	662	-
Accruals and deferred income	218	71
	<u>1,111</u>	<u>237</u>

11. Called up share capital

Number	Class	Nominal value	2009 £'000	2008 £'000
Authorised:				
2,699,978	Ordinary	£1	<u>2,700</u>	<u>1,810</u>
			<u>2,700</u>	<u>1,810</u>
Allotted, issued and fully paid:				
2,699,978	Ordinary	£1	<u>2,700</u>	<u>1,810</u>
			<u>2,700</u>	<u>1,810</u>

On 3 November 2009 the authorised share capital was increased to 2,700,000. 890,000 shares of £1 each were issued to Alexander David Securities Group PLC the consideration for which was the capitalisation of an outstanding intercompany loan.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Operating lease commitments

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense during the period	<u>75</u>	<u>95</u>

At the balance sheet date, the Company had total outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows

	2009 £'000	2008 £'000
Within one year	75	112
Within two to five years	-	75
	<u>75</u>	<u>187</u>

Operating lease payments represent rental payments and related service charges payable by the Company for its office accommodation, under a lease held by the Company's parent company, Alexander David Securities Group PLC. The lease expires on 1 September 2010.

13. Related party transactions

Management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the Directors of the Company. Information regarding their compensation is given below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2009 £'000	2008 £'000
Short-term employee benefits	<u>366</u>	<u>262</u>
	<u>366</u>	<u>262</u>

Included in Directors' emoluments is an amount of £27,000 invoiced to the Company by a Company controlled by Mr M Hicks. No amount was due at 31 December 2009.

Ultimate controlling party

The Company's ultimate parent company is Alexander David Securities Group plc, which is controlled by its directors. During the year Alexander David Securities invoiced Alexander David Securities Group with £114,000 in relation to corporate finance work carried out for the Group.

Other

Amounts due from other Group companies at the year end are disclosed in Note 8.

During the year the company received income from share trading services of £772,000 (2008 £567,000) from Jarvis Investment Management plc, which is the trading subsidiary of Jarvis Securities plc. Jarvis Securities plc is a director of the company and a director and shareholder of the company's ultimate parent, Alexander David Securities Group plc. Transactions are undertaken on a normal commercial basis. At the year end there was a balance of £56,000 (2008 £52,000) due from Jarvis Investment Management plc.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial instruments

The Company's financial instruments comprise cash, cash equivalents listed securities and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations.

Cash and cash equivalents have an immediate maturity value. There is no contractual maturity date for trade and other receivables.

As at 31 December 2009 no financial assets were past due and no financial assets were impaired.

Categories of financial instruments

	2009	2008
	£'000	£'000
Financial assets		
Fair value through profit and loss (FVTPL)		
Held for trading	220	
At amortised cost		
Loans and receivables (including cash and cash equivalents)		
Available for sale assets	1,482	254
Financial Liabilities		
Amortised cost	1,111	237

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required. The Group is also required to maintain a certain amount of capital to meet the requirement of the regulator the Financial Services Authority.

Other risks management

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk. As all the Company's assets and liabilities are denominated in sterling it is not exposed to any foreign exchange risk.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Interest rate risk

The interest rate risk in relation to cash and cash equivalents is dealt with in Note 9.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has devised an appropriate strategy for liquidity risk management. The Company manages its liquidity risk by maintaining adequate reserves and cash resources to meet its day to day requirements.

Credit risk

The maximum credit exposure is for the carrying value of cash and cash equivalents. Further details of credit risk in relation to cash and cash equivalents are dealt with in Note 9.

Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

				2009
	Level 1	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s
Financial assets at FVTPL				
Listed securities	129	-	-	129
Options and warrants over listed securities	-	91	-	91
	129	91	-	220

There were no transfers between Level 1 and 2 during the year.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities and financial investment classified as available-for-sale.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Determination of fair value

Fair values are determined according to the following hierarchy

- (a) Quoted market price
Financial instruments with quoted prices for identical instruments in active markets
- (b) Valuation technique using observable inputs
Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- (c) Valuation technique with significant non-observable inputs
The Group holds financial instruments valued using models where one or more significant inputs are not observable

All financial instruments are current and non-interest bearing

15. Post balance sheet events

The Alexander David group is required to report to the Financial Services Authority ('FSA') under the consolidated regulatory regime. In order to meet the regulatory requirements the FSA required that subordinated debt issued by Alexander David Securities Group PLC, the parent company of Alexander David Securities Limited, be converted into preference shares. This conversion took place subsequent to the year end and the Directors note that this capitalisation increases the group's tier one regulatory capital and enables the group to continue to operate with adequate resources