

Company No. 6015379

Alexander David Securities Limited

**Annual Report and Financial Statements
for the year ended 31 December 2010**

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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

110 Cannon Street
London
EC4N 6AR

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 2010. Alexander David Securities Limited is a company limited by shares, incorporated in England and Wales.

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 past year at Alexander David has been a period of contrasts. Trading has been very strong at the beginning and end of the year, but much quieter during the summer months. 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 8% from £2,384,000 to £2,577,000.

The overall loss before tax for the Company was £925,000 (2009: £358,000) which will be carried forward in the reserves. The loss for the period was in line with management expectations. Excluding intercompany billing, the loss before tax for the Company was £950,000 (2009: £472,000).

As at 31 December 2010, the Company had 1,069 private clients (31 December 2009: 892). Corporate broking clients on retainer at the year end rose from 13 in 2009 to 17 in 2010.

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.

During the year Alexander David Securities Group plc made an offer for another regulated stockbroker. After the due diligence review it was considered that synergies would not result in a significantly enhanced group as a whole.

ALEXANDER DAVID SECURITIES LIMITED

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 December 2010 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.

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

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 2010 were 28 days (2009: 28 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.

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

ALEXANDER DAVID SECURITIES LIMITED

DIRECTORS' REPORT (continued)

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
11 May 2011

ALEXANDER DAVID SECURITIES LIMITED

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 2010 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 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

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 2010 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:

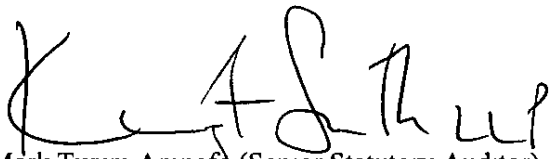
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ALEXANDER DAVID SECURITIES LIMITED

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

11 May 2011

ALEXANDER DAVID SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2010

		Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
	Notes		
Revenue		2,577	2,384
Cost of sales		(551)	(492)
Gross profit		2,026	1,892
Administrative expenses		(2,874)	(2,416)
Exceptional item – Administrative expenses		(146)	-
Loss from operating activities	2	(995)	(524)
Investment income	5	70	166
Loss before taxation		(925)	(358)
Taxation	6	-	-
Total comprehensive income for the year		(925)	(358)

The notes form part of these financial statements

ALEXANDER DAVID SECURITIES LIMITED

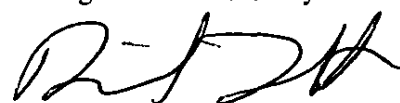
STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	9	20
		<u>9</u>	<u>20</u>
Current assets			
Trade and other receivables	8	382	619
Other current assets - listed securities	14	297	220
Cash and cash equivalents	9	298	863
Total current assets		<u>977</u>	<u>1,702</u>
Total assets		<u>986</u>	<u>1,722</u>
Equity and liabilities			
Equity			
Share capital	11	2,700	2,700
Accumulated losses		(3,014)	(2,089)
		<u>(314)</u>	<u>611</u>
Current liabilities			
Trade and other payables	10	1,300	1,111
Total liabilities		<u>1,300</u>	<u>1,111</u>
Total equity and liabilities		<u>986</u>	<u>1,722</u>

The notes form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 11 May 2011, 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 2010

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total £'000
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
Loss for the year and total recognised income and expense for the year	-	-	(925)	(925)
Balance at 31 December 2010	2,700	-	(3,014)	(314)

The notes form part of these financial statements

ALEXANDER DAVID SECURITIES LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 December 2010

Note	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Loss from investing activities before tax	(925)	(358)
Adjustments for		
Depreciation	11	57
Decrease/(Increase) in receivables	237	(87)
Increase in payables	127	212
Changes in value of assets at fair value	(56)	(145)
Options and warrants received in lieu of fees	(32)	(43)
Profit on principal trading	10	(22)
Investment income	(14)	(21)
Cash generated from operations	(642)	(407)
Cash flow from investing activities		
Purchase of fixed assets	-	(15)
Purchase of assets at fair value through profit and loss	(343)	(99)
Sale of assets at fair value through profit and loss	344	74
Investment income	14	21
	15	(19)
Cash flow from financing activities		
Issue of shares	-	-
Loan from parent company	62	1,145
	62	1,145
Net increase in cash and cash and cash equivalents	(565)	719
Cash and cash equivalents at beginning of period	863	144
Cash and cash equivalents at end of period	298	863

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 2010 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 Company is part of the Alexander David Securities Group plc group of companies. Cashflow forecasts prepared by the Directors indicate that the Group will be able to operate within its resources for the coming year assuming levels of income and expenditure consistent with current levels of activity. Private client broking & retainer income is reasonably predictable, however the Directors have had to make certain assumptions as to the timing of corporate finance and placing income which is difficult to predict. While the business has a strong pipeline of 'named' deals, continuing uncertainty in the markets means that income may arise earlier or later than expected, may not arise at all or may be replaced by new deals. The Directors have excluded from cash inflows proceeds from the sale of securities which are sometimes received in exchange for broking services as the timing of the inflows cannot be predicted and are dependent on both commercial and market price considerations.

The forecasts also include certain assumptions as to the timing of payment of creditors. In the event that actual results fall short of forecast the Directors will seek to manage further the timing of payments to limit cash outflows (which may include exceeding standard payment terms) or if this is not possible may also seek to raise funds either by selling equity securities (shown in the balance sheet at fair value within current assets) or through an equity fundraising. The Group's working capital and forecasts indicate that it can manage the Group's cash position without the requirement of an additional fundraising. However, certain Directors have pledged funds for a further small fundraising in the event one is necessary. The Group successfully raised £364,000 through a placing in December 2010 and the Directors are confident that the business continues to enjoy the support of its existing shareholders.

Alexander David Securities Group plc has confirmed that it will continue to support the Company and after due consideration of the financing arrangements of the Company the Directors believe that it is appropriate to continue to prepare the financial statements on the going concern basis. The accounts do not include the adjustments, if any, that might arise in the event that the Company ceased to be a going concern.

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)

Standards in effect in 2010

The following standards, interpretations, and amendments to standards have been adopted in the financial statements for the first time. None had any impact on the Group results or financial position.

- IFRS 3 (2008) 'Business Combinations' (Revised), IAS 27 (2008) 'Consolidated and Separate Financial Statements' and IAS 28 (2008) 'Investments in Associates'. These standards, effective for acquisitions taking place in accounting periods beginning on or after 1 July 2009, have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate.

The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events).

- IFRIC 17 Distribution of non-cash assets to owners (effective for periods beginning on or after 1 July 2009)
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment brings the standard in line with IFRS 8 'Operating Segments'.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. The amendment clarifies accounting for share-based transactions between group entities.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies disclosures to be made in respect of disposal groups.

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Revised IAS 24 (revised), 'Related party disclosures', effective 1 January 2011
- IFRS 9, 'Financial instruments', effective 1 January 2013
- 'Classification of rights issues' (amendment to IAS 32), effective 1 February 2010
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14), effective 1 January 2011
- Improvements to IFRSs (May 2010)

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

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.

Management fees and interest are credited to income in the period in which they relate.

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 periods 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 financial 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 Statement of Comprehensive Income, 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. The Black-Scholes method of valuation is used to value warrants held by the Company.

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.

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.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2010 £'000	Year to 31 December 2009 £'000
Loss from operations has been arrived at after charging		
Depreciation	11	57
Impairment of receivables recognised as an administration expense	84	39
Exceptional item - Costs from aborted purchase of stockbroker	146	-
Auditors non audit remuneration – corporate finance services	73	-
Auditors' remuneration for the audit of the Company's accounts	28	29

3. Auditors remuneration

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Corporate Finance transactions of the Company or its associates	73	-
Fees payable to the Company's auditor for the audit of the Company's accounts	28	29

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Staff costs

	Year to 31 December 2010 Number	Year to 31 December 2009 Number
The average monthly number of employees, including Directors, was	36	32

Salaries, pension costs, other benefits and social security costs

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Wages and salaries	1,711	1,496
Social security costs	189	166
Pension costs – defined contribution plans	17	15
	<u>1,917</u>	<u>1,677</u>

Directors emoluments

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Aggregate emoluments	315	366
	<u>315</u>	<u>366</u>

Highest paid director, amounts included above

Aggregate emoluments	<u>72</u>	<u>120</u>
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Included in Directors' emoluments above is an amount of £30,000, 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.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Investment income

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Interest on Gilts	9	28
Profit/ (loss) on Gilts	5	(7)
Gains on short term investments classified as FVTPL	56	145
	<u>70</u>	<u>166</u>

6. Taxation

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'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>(925)</u>	<u>(358)</u>
Tax on loss on ordinary activities at the applicable rate of 28% (2009 28%)	(259)	(100)
Effects of		
Expenses not allowed for tax	41	20
Unutilised tax losses	<u>218</u>	<u>80</u>
Total tax expense for the year	<u>-</u>	<u>-</u>

The Company has unutilised tax losses of approximately £2,504,000 at 31 December 2010 (2009 £1,726,000) 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 2008	13	156	169
Additions	1	14	15
At 31 December 2009	14	170	184
Additions	-	-	-
At 31 December 2010	14	170	184
Depreciation			
At 31 December 2008	6	101	107
Depreciation	3	54	57
At 31 December 2009	9	155	164
Depreciation	4	7	11
At 31 December 2010	13	162	175
Net book value at 31 December 2010	1	8	9
Net book value at 31 December 2009	5	15	20

8. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	193	90
Amounts due from group undertakings	-	411
Other receivables	142	78
Prepayments and accrued income	47	40
	<u>382</u>	<u>619</u>

Trade receivables are shown net of a £84,000 doubtful debt provision in 2010 (2009 £14,000)

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank	298	84
Short dated government securities	-	779
	<u>298</u>	<u>863</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

	2010 £'000	2009 £'000
Trade payables	104	176
Other taxes and social security	230	55
Amounts due to Group companies	666	662
Other payables	125	-
Accruals and deferred income	175	218
	<u>1,300</u>	<u>1,111</u>

11. Called up share capital

Number	Class	Nominal value	2010 £'000	2009 £'000
Authorised:				
2,699,978	Ordinary	£1	<u>2,700</u>	<u>2,700</u>
			<u>2,700</u>	<u>2,700</u>
Allotted, issued and fully paid:				
2,699,978	Ordinary	£1	<u>2,700</u>	<u>2,700</u>
			<u>2,700</u>	<u>2,700</u>

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Operating lease commitments

	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised as an expense during the period	<u>140</u>	<u>75</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

	2010 £'000	2009 £'000
Within one year	34	75
2 – 5 years	<u>-</u>	<u>-</u>
	<u>34</u>	<u>75</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 expired on 12 March 2011.

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*.

	2010 £'000	2009 £'000
Short-term employee benefits	<u>288</u>	<u>366</u>
	<u>315</u>	<u>366</u>

Included in Directors' emoluments is an amount of £30,000 invoiced to the Company by a Company controlled by Mr M Hicks (2009: 27,000). No amount was due at 31 December 2010.

Ultimate controlling party

The Company's ultimate parent company is Alexander David Securities Group plc, which is controlled by its directors and is registered in England and Wales. During the year Alexander David Securities invoiced Alexander David Securities Group plc with £25,000 in relation to corporate finance work carried out for the Group (2009: £114,000).

Other

During the year the Group received income from share trading conducted through Jarvis Investment Management plc. Jarvis Investment Management PLC is the trading subsidiary of Jarvis Securities plc. The chief executive of Jarvis Securities plc, Andrew Grant, is a director and a shareholder of Alexander David Securities Group plc. The total income derived from trading through Jarvis Investment Management PLC was £1,154,000 (2009: £772,000). Transactions are undertaken on a normal commercial basis. At the year end there was a balance of £33,000 (2009: £56,000) 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 2010 no financial assets were past due and no financial assets were impaired.

Categories of financial instruments

	2010	2009
	£'000	£'000
Financial assets		
Fair value through profit and loss (FVTPL)		
Held for trading	297	220
At amortised cost		
Loans and receivables (including cash and cash equivalents)		
Available for sale assets	680	1,482
Financial Liabilities		
Amortised cost	1,231	1,111

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 Company has successfully maintained the amount of capital to meet the requirements 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.

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.

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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).

	Level 1	Level 2	Level 3	2010 Total
	£000s	£000s	£000s	£000s
Financial assets at FVTPL				
Listed securities	55	-	-	55
Options and warrants over listed securities	-	242	-	242
	55	242	-	297

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.

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

ALEXANDER DAVID SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

On 28 January 2011 the Board of ReGen Therapeutics plc announced that M Hicks and D Scott will be appointed Directors of ReGen Therapeutics plc and that the company will be renamed Alexander David Investments plc

On 18 February 2011 Alexander David Securities Ltd acquired a warrant of 29.9 per cent of the share capital of Alexander David Investments plc following the ReGen Therapeutics plc demerger. The warrant had a valuation of £230,000 on date of issue. Commission and fees earned by Alexander David Securities Ltd on the placing was £75,000.

On 11 March 2011 Alexander David Securities Group plc moved its office premises from 60 Lombard St to 68 Lombard St.