

Seymour Pierce Limited

**Directors' report and financial
statements**

Registered number 2104188

30 September 2010



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Directors' report

The directors present their directors' report and the financial statements for the year ended 30 September 2010

Principal activities

The principal activities of the company are the provision of corporate finance advice and institutional stock broking. The company is authorised and regulated by the Financial Services Authority.

Business review

For the year ended 30 September 2010 the company made a pre-tax profit of £1,468,186 against a loss of £3,030,818 for the previous year. The Board is pleased with this improved performance, with turnover increasing from £13.6m to £20.5m despite trading conditions remaining difficult throughout the year. Over £325m was raised for corporate clients during the year, including £125m raised in the main market IPO of SuperGroup Plc in March 2010. During the year the company improved the breadth and depth of its offering by recruiting 19 senior employees across its corporate finance, corporate broking, research and sales and market making teams.

In June 2010 the 29.9% holding of the parent company previously controlled by Alchemy Partners was sold to the Seymour Pierce Employee Benefit Trust.

Principal risks and uncertainties

Financial Instruments

Business risk

Business risk is defined as the risk arising from changes in the business, including the risk that the company 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 company from its desired strategy and business plan. The company'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 company 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 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.

The company still has a material holding in the ordinary shares of Resaca Exploitation Inc and despite a recent rally, this contributed approximately £650k to the loss for the year.

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.

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 company has policies and procedures setting out the internal systems and controls designed to mitigate the main risks faced by the business and the company is satisfied that the controls are adequate for the nature of the business being undertaken. The company also mitigates its operational risk by means of appropriate Professional Indemnity and Comprehensive Crime insurance policies.

Directors' report *(continued)*

Liquidity Risk

Liquidity risk is defined as the risk that the company, 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 company has appropriate cashflow management policies and procedures in place and is in the process of revising these procedures to meet the FSA's new liquidity standards regime.

Capital Management

At 30 September 2010 the capital of the company was £1,460,000 of ordinary shares plus £4,203,290 of retained earnings. The company's capital resources are considered adequate to continue to finance the company over the next year. The company expects to continue to be profitable but to the extent that any additional capital injections were considered necessary its existing shareholders have confirmed their support.

Results, dividends and transfer to reserves

The company made a pre-tax profit of £1,468,186 (*2009 pre-tax loss of £3,030,818*) for the year ended 30 September 2010. The directors do not recommend the payment of an interim dividend (*2009 nil*).

Directors

The Directors who held office during the year were as follows

| | |
|---------------------|-------------------------------|
| D J Brown | (Resigned 31 May 2010) |
| R Feigen | (Resigned 05 January 2010) |
| K R Harris | |
| J J Johnston | |
| V Manchanda - Singh | (Appointed 28 September 2010) |
| J S McCafferty | (Resigned 10 March 2010) |
| M R Percy | |
| R C T Redmayne | |
| I Robertson | (Appointed 17 June 2010) |
| S J Rutherford | |
| J W Wright | |
| D Zissman | |

Directors' Interests

None of the Directors had any beneficial interest in the shares of the company as at 30 September 2010 (*2009 none*).

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.

Directors' report *(continued)*

Political Contributions.

The company made no political contributions during the year (2009 Nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

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

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

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

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

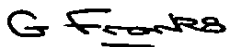
The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period

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 proper accounting records that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



By order of the board
G.J. Franks
Secretary

20 Old Bailey
London
EC4M 7EN

25th January 2011

Independent auditors' report to the members of Seymour Pierce Limited

We have audited the financial statements of Seymour Pierce Limited for the year ended 30 September 2010 set out on pages 8 to 19. 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 5, 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with the UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

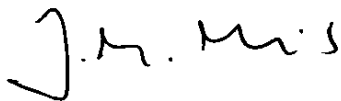
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Seymour Pierce Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, 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



J M Mills (Senior Statutory Auditor)

25th January 2011

For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Profit and loss account
for the year ended 30 September 2010

| | <i>Note</i> | 2010 £ | 2009 £ |
|---|-------------|-------------------------|-------------------------|
| Turnover | <i>1</i> | 20,518,256 | 13,583,002 |
| Cost of sales | | (2,799,328) | (1,920,511) |
| Gross Profit | | 17,718,928 | 11,662,491 |
| Administrative expenses | | (16,265,958) | (14,732,028) |
| Operating profit / (loss) from continuing operations | | 1,452,970 | (3,069,537) |
| Other interest receivable and similar income | <i>5</i> | 55,792 | 103,324 |
| Interest payable and similar charges | <i>6</i> | (40,576) | (64,605) |
| Profit / (Loss) on ordinary activities before taxation | <i>2-4</i> | 1,468,186 | (3,030,818) |
| Tax on profit / (loss) on ordinary activities | <i>7</i> | (613,813) | 814,224 |
| Profit / (Loss) on ordinary activities after taxation | | 854,373 | (2,216,594) |

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 10 to 19 form part of these accounts.

Balance sheet
at 30 September 2010

| | Note | 2010 | | 2009 | |
|---|------|--------------|-----------|--------------|-----------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | | 1,188,559 | | 1,500,347 |
| Other investments | 11 | | 88,860 | | 85,920 |
| | | | <hr/> | | <hr/> |
| | | | 1,277,419 | | 1,586,267 |
| Current assets | | | | | |
| Debtors | 10 | 86,264,527 | | 35,491,603 | |
| Investments | 11 | 1,618,828 | | 1,770,780 | |
| Cash at bank and in hand | | - | | 291,832 | |
| | | <hr/> | | <hr/> | |
| | | 87,883,355 | | 37,554,215 | |
| Creditors amounts falling due within one year | 13 | (83,126,534) | | (34,107,955) | |
| Other financial liabilities | 14 | (370,950) | | (223,610) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 4,385,871 | | 3,222,650 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 5,663,290 | | 4,808,917 |
| | | | <hr/> | | <hr/> |
| Net assets | | | 5,663,290 | | 4,808,917 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 1,460,000 | | 1,460,000 | |
| Profit and loss account | 16 | 4,203,290 | | 3,348,917 | |
| | | <hr/> | | <hr/> | |
| Equity shareholders' funds | 16 | 5,663,290 | | 4,808,917 | |
| | | <hr/> | | <hr/> | |

These financial statements on pages 8 to 19 were approved by the board of directors on 25th January 2011 and were signed on its behalf by



S. J. Rutherford
Director

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% |

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.

Financial assets and liabilities

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

Fixed asset investments

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

Current asset investments

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

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

Notes (continued)

1 Accounting policies (continued)

Segmental information

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

Operating leases

All operating lease charges are recognised in the profit and loss account on an accruals basis. In respect of the rent free period, the lease payments are spread over the life of the lease.

Pension scheme arrangements

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

Cashflow statement

The company has elected to dispense with the requirement to prepare a cashflow statement as permitted by FRS 1 (revised).

Related party transactions

Under FRS 8 paragraph 3 (c) disclosure is not required in the financial statements of subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the group, of transactions with entities that are part of the group, where the consolidated financial statements in which that subsidiary is included are publicly available. The company has availed itself of this exemption.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using 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.

2 Profit on ordinary activities before taxation

| | 2010 £ | 2009 £ |
|---|---------------------|--------------------|
| <i>Loss on ordinary activities before taxation is stated after charging</i> | | |
| Auditors' remuneration – fees paid to the auditor and its associates | | |
| Audit | 46,438 | 46,466 |
| Tax compliance | 23,711 | 14,012 |
| All other services | 54,130 | 23,500 |
| | <hr/> 124,279 <hr/> | <hr/> 83,978 <hr/> |
| Depreciation and other amounts written off tangible fixed assets | 385,852 | 360,652 |
| Operating lease charges | 911,574 | 902,669 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)

3 Remuneration of directors

Directors' emoluments comprise

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Emoluments (excluding pension contributions) | 1,896,473 | 1,106,023 |
| Compensation for loss of office | - | 30,000 |
| Pension contributions to money purchase schemes | 108,864 | 102,117 |
| | <u>2,005,337</u> | <u>1,238,140</u> |

| | Number of Directors 2010 | 2009 |
|--|-----------------------------|-----------|
| Retirement benefits accruing in money purchase schemes | <u>9</u> | <u>10</u> |

| | £ | £ |
|--|----------------|----------------|
| Highest paid directors' gross remuneration | | |
| Emoluments | 546,745 | 187,168 |
| Pension contributions | 25,050 | 16,700 |
| | <u>571,795</u> | <u>203,868</u> |

4 Staff numbers and costs

| | 2010 £ | 2009 £ |
|--|------------------|------------------|
| Employee costs comprise | | |
| Wages and salaries | 8,324,762 | 6,313,661 |
| Social security costs | 1,033,838 | 673,420 |
| Other pension costs – money purchase schemes | 620,271 | 521,161 |
| | <u>9,978,871</u> | <u>7,508,242</u> |

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

| | Number of employees 2010 | 2009 |
|------------------------|-----------------------------|-----------|
| Directors | 10 | 10 |
| Other Approved Persons | 59 | 53 |
| Administration | 26 | 27 |
| | <u>95</u> | <u>90</u> |

Notes (continued)

5 Other interest receivable and similar income

| | 2010 £ | 2009 £ |
|---------------------------|---------------|----------------|
| Bank interest receivable | 5,094 | 20,422 |
| Other interest receivable | 50,698 | 73,342 |
| Interest on Tax Refund | - | 10,560 |
| | <u>55,792</u> | <u>104,324</u> |

6 Interest payable and similar charges

| | 2010 £ | 2009 £ |
|-----------------------|---------------|---------------|
| Interest paid - other | 40,576 | 64,605 |
| | <u>40,576</u> | <u>64,605</u> |

7 Taxation

Analysis of charge in year

| | 2010 £ | 2009 £ |
|--|----------------|------------------|
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | - | - |
| Adjustments in respect of prior years | - | (144,474) |
| | <u>-</u> | <u>(144,474)</u> |
| Total current tax | - | (144,474) |
| Deferred tax (see note 10) | | |
| Origination/reversal of timing differences | (43,402) | (12,535) |
| (Un)utilised Trading losses | 560,842 | (657,215) |
| Prior year adjustment | 96,373 | - |
| | <u>613,813</u> | <u>(814,224)</u> |
| Tax on profit on ordinary activities | <u>613,813</u> | <u>(814,224)</u> |

Notes (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2009 higher) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

| | 2010 £ | 2009 £ |
|---|-----------|-------------|
| <i>Current tax reconciliation</i> | | |
| Profit/(Loss) on ordinary activities before tax | 1,468,186 | (3,030,818) |
| | <hr/> | <hr/> |
| Current tax at 28% (2009 28%) | 411,092 | (848,629) |
| <i>Effects of</i> | | |
| Expenses not deductible for tax purposes Entertaining and Donations | 112,771 | 87,767 |
| Unutilised trading loss | (560,842) | 657,215 |
| Pension costs disallowed | 18,101 | 4,846 |
| Depreciation for period in excess of capital allowances | 25,301 | 11,418 |
| Effect of loss carry back | - | 87,382 |
| Group relief | (6,423) | - |
| Prior year adjustment | - | (144,473) |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | - | (144,474) |
| | <hr/> | <hr/> |

8 Dividends and other appropriations

| | 2010 £ | 2009 £ |
|--|-----------|-----------|
| Equity shares | | |
| Interim Dividend paid for the current year of 0p per share (2009 0p per share) | - | - |
| | <hr/> | <hr/> |

9 Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Total £ |
|-----------------------|-------------------------------|--------------------------|------------|
| <i>Cost</i> | | | |
| At beginning of year | 1,760,670 | 1,089,823 | 2,850,493 |
| Additions | 7,713 | 66,351 | 74,064 |
| Disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 1,768,383 | 1,156,174 | 2,924,557 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | 563,872 | 786,274 | 1,350,146 |
| Charge for year | 219,044 | 166,808 | 385,852 |
| Disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 782,916 | 953,082 | 1,735,998 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 30 September 2010 | 985,467 | 203,092 | 1,188,559 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2009 | 1,196,799 | 303,548 | 1,500,347 |
| | <hr/> | <hr/> | <hr/> |

Notes (continued)

10 Debtors

| | 2010 | 2009 |
|------------------------------------|------------|------------|
| | £ | £ |
| Trade debtors | 998,489 | 1,679,520 |
| Market Making Outstanding Trades | 82,351,533 | 31,309,478 |
| Amounts owed by group undertakings | 1,148,375 | - |
| Other debtors | 841,794 | 865,283 |
| Accrued income | 60,027 | 95,453 |
| Prepayments | 833,019 | 902,766 |
| Corporation tax receivable | 6,457 | 458 |
| Deferred Tax Asset | 24,833 | 638,645 |
| | <hr/> | <hr/> |
| | 86,264,527 | 35,491,603 |
| | <hr/> | <hr/> |

The deferred (liability) / tax asset comprises

| | 2010 | 2009 |
|---|--------|----------|
| | £ | £ |
| Unutilised Trading Loss | - | 657,215 |
| Difference between accumulated depreciation and amortisation and capital allowances | 24,833 | (18,570) |
| | <hr/> | <hr/> |
| | 24,833 | 638,645 |
| | <hr/> | <hr/> |

Other debtors includes £750,000 (2009 £750,000) deposited with the company Clearing Agents to secure amounts due from counterparties introduced by the company (see note 17). The amount owed by Seymour Pierce Holdings Limited includes a loan entered into on 23rd June 2010 on an open ended arms length transaction of £1.6 million at 5%.

Directors' loans and transactions

Listed below are loans to directors included within other debtors. These loans were made or subsisted during the year.

| Director | Outstanding as at 30 September 2010 | Outstanding as at 30 September 2009 | Maximum outstanding during year |
|----------|---|---|---------------------------------------|
| | £ | £ | £ |
| R Feigen | - | - | 1,784 |
| J Wright | - | 1,240 | 1,240 |
| D Brown | - | 24,737 | 24,737 |

Notes (continued)

11 Investments

| | 2010 £ | 2009 £ |
|---|-------------------|-------------------|
| Level 1 Investments – Mark to Market | | |
| Market Making Trading Book Investments | 1,040,053 | 918,728 |
| | <u> </u> | <u> </u> |
| Level 2 Investments – Fair value | | |
| Investments in Shares | 578,775 | 852,052 |
| Debentures | 88,860 | 85,920 |
| | <u> </u> | <u> </u> |
| | <u>667,635</u> | <u>937,972</u> |

The Group's Market Making trading book investments are held at market price. Any other stocks are valued at the lower of cost and directors' valuations. The company held a fixed asset investment of £88,860 (2009 £85,920) in respect of a holding of four All England Lawn Tennis Ground Plc Centre Court Debentures 2011-2015 plus a deposit on a Wembley Football Stadium executive box. The 2006-2010 All England debentures expired during the year for which £8,000 was received.

All the Market Making shares are classified as level 1 investments under FRS29, as they have actively quoted prices in active markets.

The company 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 Seymour Pierce Limited.

The cost and net book value of SP Nominees Limited, SP (PEP) Nominees Limited and Seymour Pierce Nominees Limited, at 30 September 2010 and 30 September 2009 totalled £6. No amounts were written off in either year.

All the companies are incorporated in Great Britain.

No group accounts have been prepared because the company, in turn, is wholly owned by Seymour Pierce Holdings Limited, which produces consolidated accounts.

Notes (continued)

13 Creditors: amounts falling due within one year

| | 2010 £ | 2009 £ |
|------------------------------------|-------------------|-------------------|
| Market making Outstanding Trades | 79,450,439 | 30,800,543 |
| Amounts owed to group undertakings | 20,485 | 928,229 |
| Other taxation and social security | 315,700 | 292,994 |
| Other creditors | 840,360 | 190,296 |
| Accruals and deferred income | 2,297,775 | 1,895,893 |
| Bank Overdraft | 201,775 | - |
| | <u>83,126,534</u> | <u>34,107,955</u> |

14 Other financial liabilities

| | 2010 £ | 2009 £ |
|--|----------------|----------------|
| Investments – Mark to Market | | |
| Market Making Trading Book Investments – Short positions | 370,950 | 223,610 |
| | <u>370,950</u> | <u>223,610</u> |

15 Called up share capital

| | 2010 £ | 2009 £ |
|--|------------------|------------------|
| <i>Authorised</i> | | |
| Equity 1,460,000 (2009 1,460,000) Ordinary shares of £1 each | 1,460,000 | 1,460,000 |
| | <u>1,460,000</u> | <u>1,460,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| Equity 1,460,000 (2009 1,460,000) Ordinary shares of £1 each | 1,460,000 | 1,460,000 |
| | <u>1,460,000</u> | <u>1,460,000</u> |

Notes (continued)

16 Equity shareholders funds

| | Share Capital | Profit and loss account | Total |
|-------------------------------|------------------|-------------------------------|------------------|
| | £ | £ | £ |
| At beginning of year | 1,460,000 | 3,348,917 | 4,808,917 |
| Profit after tax for the year | - | 854,373 | 854,373 |
| Dividends Paid | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 1,460,000 | 4,203,290 | 5,663,290 |
| | <hr/> | <hr/> | <hr/> |

17 Contingent liabilities

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

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

| | 2010 Land and Buildings £ | 2009 Land and Buildings £ |
|--|------------------------------------|------------------------------------|
| Operating leases which expire | | |
| Within one year | 21,404 | - |
| In the second to fifth years inclusive | 1,041,099 | - |
| Over five years | - | 902,542 |
| | <hr/> | <hr/> |
| | 1,062,503 | 902,542 |
| | <hr/> | <hr/> |

Commitment to non-cancellable capital expenditure as follows

| | 2010 IT Expenditure £ | 2009 IT Expenditure £ |
|--|--------------------------------|--------------------------------|
| Within one year | - | - |
| In the second to fifth years inclusive | - | - |
| Over five years | - | - |
| | <hr/> | <hr/> |
| | - | - |
| | <hr/> | <hr/> |

Notes (continued)

19 Financial Instruments

Credit risk

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

Market risk

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

Liquidity and cashflow risk

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

Operational risk

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

Foreign Exchange risk

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

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

20 Related party disclosures

During the year the company dealt in securities on behalf of directors, directors' spouses and directors' children. The number of transactions totalled 3 (2009: 5) and commission charges to directors amounted to £60 (2009: £125). In all cases the commission was charged on an arm's length basis within the ordinary course of business.

21 Clients' deposits

At 30 September 2010 amounts held by the company on behalf of clients in accordance with the Client Money and Other Assets Rules of the Financial Services Authority amounted to £197,522 (2009: £97,302). The company had no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

22 Ultimate parent company and controlling party

The entire issued share capital of this company is owned by Seymour Pierce Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The group accounts of Seymour Pierce Holdings Limited can be obtained from 20 Old Bailey, London, EC4M 7EN or Companies House.

23 Post balance sheet event

On 7 December 2010, Gerova Financial Group, Ltd announced its intention, subject to approval by the Financial Services Authority, to acquire 100% of the issued share capital of the parent company Seymour Pierce Holdings Ltd. Gerova Financial Group, Ltd is incorporated in Bermuda and is admitted to trade on the NYSE.