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PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

COMPANY INFORMATION

DIRECTORS	G Channon S Tatters Mrs C Maby Mr R T Canham
COMPANY SECRETARY	Mrs S Wooler
COMPANY NUMBER	3514660
REGISTERED OFFICE	64-66 Glentham Road Barnes London SW13 9JJ
BANKERS	C Hoare & Co 37 Fleet Street London EC4P 4DQ
SOLICITORS	Clifford Chance 200 Aldersgate Street London EC1A 4JJ

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PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements for the year ended 31 March 2011

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of fund management services to the Phoenix UK Fund, an offshore Fund based in the Bahamas, and segregated accounts for a number of UK pension funds The investment philosophy is inspired by Warren Buffett and Benjamin Graham These funds are mainly invested in UK listed companies and cash deposits held in a concentrated portfolio of usually less than 20 companies

BUSINESS REVIEW

In addition to an annual management fee earned on the Net Assets under management, performance fees are earned only if the Net Asset Value for the Phoenix UK Fund has increased by the CPI UK inflation rate for the year, or in the case for the pension funds annual returns have outperformed the All Share Index

The principal risks and uncertainties of the company are dependent on the Investment Manager, Gary Channon, continuing to manage the Funds The price of the shares in the funds can go down as well as up, thereby reducing potential management fees or with persistent underperformance increased risk of losing a pension client or a Phoenix UK Fund investor The Directors are optimistic about the future

The company is authorised and regulated by the Financial Services Authority, and conducts its business in accordance with those regulations

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £197,282 *(2010 £622,790)*

The dividends for the period were £200,006 (2010 £650,012)

DIRECTORS

The directors who served during the year were

G Channon
S Tatters
Mrs C Maby
Mr R T Canham

90,001 shares are owed by Channon & Co Limited G Channon owns 63% of the share capital of Channon & Co Ltd, and virtually all the remainder is owned by Mrs Channon, G Channon's wife

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the charitable donations of £100 (2010 £11,188) were paid to educational institutions

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 1 July 2011 and signed on its behalf

G Channon
Director

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

We have audited the financial statements of Phoenix Asset Management Partners Limited for the year ended 31 March 2011, set out on pages 5 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Auditors' 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 Statement of directors' responsibilities, 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 and express an opinion on 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 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 In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHOENIX ASSET MANAGEMENT PARTNERS 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, 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 remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Lorraine Bay

Lorraine Bay (Senior ~~statutory~~ auditor)

for and on behalf of
Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB
Date
8 July 2011

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	*2010 £*
TURNOVER	1,2	**1,268,577**	*1,918,930*
Administrative expenses		**(982,628)**	*(1,066,223)*
OPERATING PROFIT	3	**285,949**	*852,707*
Interest receivable and similar income		**186**	*928*
Interest payable and similar charges	7	**(5,857)**	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**280,278**	*853,635*
Tax on profit on ordinary activities	8	**(82,996)**	*(230,845)*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**197,282**	*622,790*
PROFIT BROUGHT FORWARD		**227,808**	*201,242*
Dividends Equity capital		**(200,006)**	*(650,012)*
Purchase of own shares		-	*53,788*
RETAINED PROFIT CARRIED FORWARD		**225,084**	*227,808*

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 16 form part of these financial statements

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED
REGISTERED NUMBER: 3514660

BALANCE SHEET
AS AT 31 MARCH 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		**89,418**		*108,370*
CURRENT ASSETS					
Debtors	10	**367,593**		*303,693*	
Cash at bank and in hand		**31,248**		*173,206*	
		398,841		*476,899*	
CREDITORS: amounts falling due within one year	11	**(119,705)**		*(207,346)*	
NET CURRENT ASSETS			**279,136**		*269,553*
TOTAL ASSETS LESS CURRENT LIABILITIES			**368,554**		*377,923*
CREDITORS: amounts falling due after more than one year	12		**(43,468)**		*(50,113)*
NET ASSETS			**325,086**		*327,810*
CAPITAL AND RESERVES					
Called up share capital	13		**100,002**		*100,002*
Profit and loss account			**225,084**		*227,808*
SHAREHOLDERS' FUNDS	14		**325,086**		*327,810*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

1 July 2011

G Channon
Director

The notes on pages 8 to 16 form part of these financial statements

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	*2010* *£*
Net cash flow from operating activities	16	**263,172**	*934,958*
Returns on investments and servicing of finance	17	**(5,671)**	*928*
Taxation		**(172,892)**	*(154,500)*
Capital expenditure and financial investment	17	**(15,040)**	*(44,408)*
Equity dividends paid		**(200,006)**	*(650,012)*
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**(130,437)**	*86,966*
Financing	17	**(11,521)**	*-*
(DECREASE)/INCREASE IN CASH IN THE YEAR		**(141,958)**	*86,966*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	*2010* *£*
(Decrease)/Increase in cash in the year	**(141,958)**	*86,966*
Cash outflow from decrease in debt and lease financing	**11,521**	*-*
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	**(130,437)**	*86,966*
New finance lease	**-**	*(67,226)*
MOVEMENT IN NET DEBT IN THE YEAR	**(130,437)**	*19,740*
Net funds at 1 April 2010	**105,979**	*86,239*
NET (DEBT)/FUNDS AT 31 MARCH 2011	**(24,458)**	*105,979*

The notes on pages 8 to 16 form part of these financial statements

1 ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards within the United Kingdom

1 2 Turnover

Turnover, which is stated net of value added tax, is attributable to one continuing activity, the supply of investment management services Fees are recognised once receivable

Performance fees in respect of institutional accounts are recognised at 50% of the total amount earned during the period The remaining 50% which is contingent on continued out performance is retained by the trustees until the earlier of the date of the termination of the account, or when the next performance fee becomes due, and is recognised accordingly All other performance fees are recognised when they crystallise

1 3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	33% per annum
Motor vehicles	-	25% per annum
Office equipment	-	33% per annum
Computer equipment	-	33% per annum

1 4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1 5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1. ACCOUNTING POLICIES (continued)

1 6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1 7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Pensions

Contributions to employees' personal pension plans are expensed as incurred

2. TURNOVER

Turnover is split between that received from within the UK £794,379 (2010 £1,004,302) and that received from outside the UK, being Bahamas based funds £474,198 (2010 £914,628)

3 OPERATING PROFIT

The operating profit is stated after charging

	2011 £	*2010 £*
Depreciation of tangible fixed assets		
- owned by the company	**17,287**	*-*
- held under finance leases	**16,705**	*1,392*
Operating lease rentals		
- other operating leases	**36,000**	*36,000*

4. AUDITORS' REMUNERATION

	2011 £	*2010 £*
Fees payable to the company's auditor for the audit of the company's annual accounts	**11,000**	*14,000*

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	*2010 £*
Wages and salaries	**346,715**	*426,163*
Social security costs	**37,880**	*32,831*
Other pension costs	**53,940**	*41,940*
	438,535	*500,934*

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	*2010 No*
Administrative/compliance	**2**	*1*
Fund management	**5**	*5*
	7	*6*

6. DIRECTORS' REMUNERATION

	2011 £	*2010 £*
Emoluments	**102,907**	*146,928*
Company pension contributions to defined contribution pension schemes	**53,100**	*41,100*

Pension Contirbutions were made on behalf of 2 directors (2010 1) in the period

7 INTEREST PAYABLE

	2011 £	*2010 £*
On finance leases and hire purchase contracts	**5,857**	-

8. TAXATION

	2011	*2010*
	£	*£*
UK corporation tax charge on profit for the year	**82,996**	*230,845*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2010 - the same as)* the standard rate of corporation tax in the UK of 28% *(2010 - 28%)* The differences are explained below

	2011	*2010*
	£	*£*
Profit on ordinary activities before tax	**280,278**	*853,635*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2010 - 28%)*	**78,478**	*239,018*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,239**	-
Capital allowances for year less /(in excess of) depreciation	**2,284**	*(7,567)*
Adjustments to tax charge in respect of prior periods	**1,050**	*2,800*
Non-taxable income	**(55)**	*(3,406)*
Current tax charge for the year (see note above)	**82,996**	*230,845*

Factors that may affect future tax charges

A deferred tax amount of £4,838 has not been recognised, based on timing differences on the depreciation of asset values

9 TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 April 2010	**12,162**	**65,921**	**66,819**	**19,037**	**163,939**
Additions	-	**10,289**	-	**4,751**	**15,040**
At 31 March 2011	**12,162**	**76,210**	**66,819**	**23,788**	**178,979**
Depreciation					
At 1 April 2010	**8,376**	**27,616**	**1,392**	**18,185**	**55,569**
Charge for the year	**3,786**	**11,639**	**16,705**	**1,862**	**33,992**
At 31 March 2011	**12,162**	**39,255**	**18,097**	**20,047**	**89,561**
Net book value					
At 31 March 2011	-	**36,955**	**48,722**	**3,741**	**89,418**
At 31 March 2010	*3,786*	*38,305*	*65,427*	*852*	*108,370*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	*2010 £*
Motor vehicles	**48,722**	*65,427*

10 DEBTORS

	2011 £	*2010 £*
Trade debtors	**336,467**	*284,933*
Other debtors	-	*678*
Prepayments and accrued income	**31,126**	*18,082*
	367,593	*303,693*

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

11 CREDITORS·
Amounts falling due within one year

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	12,238	17,114
Trade creditors	39,824	22,684
Corporation tax	41,347	131,243
Social security and other taxes	7,780	-
Accruals and deferred income	18,516	36,305
	119,705	207,346

12 CREDITORS:
Amounts falling due after more than one year

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	43,468	50,113

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between one and five years	43,468	50,113

13 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
100,002 Ordinary shares of £1 each	100,002	100,002

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	327,810	301,244
Profit for the year	197,282	622,790
Dividends (Note 15)	(200,006)	(650,012)
Cancellation of share options	-	53,788
Closing shareholders' funds	325,086	327,810

15 DIVIDENDS

	2011 £	2010 £
Dividends paid on equity capital	**200,006**	*650,012*

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	**285,949**	*852,707*
Depreciation of tangible fixed assets	**33,992**	*29,744*
(Increase)/decrease in debtors	**(63,900)**	*105,177*
Increase/(decrease) in creditors	**7,131**	*(52,670)*
Net cash inflow from operating activities	**263,172**	*934,958*

17 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	**186**	*928*
Hire purchase interest	**(5,857)**	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	**(5,671)**	*928*

	2011 £	2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(15,040)**	*(44,408)*

	2011 £	2010 £
Financing		
Repayment of finance leases	**(11,521)**	-

18 ANALYSIS OF CHANGES IN NET DEBT

	1 April 2010	Cash flow	Other non-cash changes	31 March 2011
	£	£	£	£
Cash at bank and in hand	173,206	(141,958)	-	31,248
Debt				
Debts due within one year	(17,114)	11,521	(6,645)	(12,238)
Debts falling due after more than one year	(50,113)	-	6,645	(43,468)
Net funds	105,979	(130,437)	-	(24,458)

19. OPERATING LEASE COMMITMENTS

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011	2010
	£	£
Expiry date:		
After more than 5 years	36,000	*36,000*

20 FINANCE LEASE COMMITMENTS

At the period end the company had commitments under a finance lease for motor vehicles set out below

Due within one year £12,238 (2010 £17,114)

Due within two to five years £43,468 (2010 50,113)

21 RELATED PARTY TRANSACTIONS

90,001 £1 shares are owned by Channon & Co Limited of which G Channon is a director During the period Channon & Co Limited recharged office administration expenses to the company amounting to £259,872 (2010 - £273,333) As at 31st March 2011 £Nil (2010 - £Nil) was owed by Channon & Co Limited and G Channon

Mrs C Maby is the sole owner of Phoenix Asset Management (Bahamas) S Tatters and A Cole are directors of Phoenix Asset Management (Bahamas), which acts as the investment manager of Phoenix UK Fund During the period management fees of £474,198 (2010 - £470,553) and performance fees of £Nil (2010 £444,075) were receivable by the company from Phoenix Asset Management (Bahamas) £47,764 (2010 - £44,616) of fees were outstanding at the year end

22 CONTROLLING PARTY

In the directors' opinion the parent company at the period end is Channon & Co Ltd a company incorporated in the UK The ultimate holding party of Channon & Co Ltd is Gary Channon

Phoenix Asset Management Partners (PAMP) Pillar 3 Disclosure

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Services Authority ('FSA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU')

The FSA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk
- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FSA, and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure This document is designed to meet our Pillar 3 obligations.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be likely to change or influence the decision of a reader relying on that information.

In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Scope and application of the requirements

Phoenix Asset Management Partners Limited ("the Firm") is authorised and regulated by the Financial Services Authority and as such is subject to minimum regulatory capital requirements The Firm is categorised as a limited licence firm by the FSA for capital purposes It is an investment management firm and as such has no trading book exposures

Risk management

The Firm is governed by its board ("Principals") who determine its business strategy and risk appetite They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces

The Principals also determine how the risk our business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks The Principals meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Principals manage the Firm's risks business though a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework These policies and procedures are updated as required

The Principals have identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed Annually the Principals formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness Where the Principals identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate

Regulatory capital

Its capital is summarised as follows.

Regulatory Capital Resources Disclosure (BIPRU 11.5.3R) as at 31.3.2011

The Firm is a Limited Liability Company and its capital arrangements are established in its Articles Its Regulatory Capital Resources is summarised as follows

	£
Tier 1 Capital - Share capital	**100**
Audited Profits	**225**
Tier 2 Capital	**0**
Deductions from Tier 2	**0**
Tier 3 Capital	**0**
Deductions from Tier 3	**0**
Total Regulatory Capital	**325**

The main features of the Firm's capital resources for regulatory purposes are as follows:

Capital item	**£**
Total Regulatory Capital after deductions	**325**
Market Risk (BIPRU 11 5 12)	**0**
Credit Risk (BIPRU 3)	**0**
Fixed Overheads Requirement (Operational Risk BIPRU 11 5 14R)	**225**
Surplus	**100**

Our Firm is small with a simple operational infrastructure Credit risk is from management and performance fees receivable from the funds under its management The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk. The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required

As discussed above the firm is a limited licence firm and as such its capital requirements are the greater of.

- Its base capital requirement of €50,000, or
- The sum of its market and credit risk requirements, or
- Its Fixed Overhead Requirement

As at 31 March 2011 the Fixed Overheads Requirement was deemed to be £225,000.

It is the firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered to not be material