

Registered number  
4310108

The Clarkson Hill Group PLC

Report and Accounts

31 December 2008

## **The Clarkson Hill Group PLC**

### **Annual Report for the period ended 31 December 2008**

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# **The Clarkson Hill Group PLC**

## **Company Information**

### **Directors**

J M Lacey

JP Milroy FCA

W Moncrieff

K T Prichard

R D Pritchard

M J Robinson

### **Secretary**

G Withey

### **Auditors**

George Hay

### **Registered office**

Alexandra House

Alexandra Road

Wisbech

Cambridgeshire PE13 1HQ

### **Registered number**

4310108

## The Clarkson Hill Group PLC

### FINANCIAL PERIOD ENDED 31 DECEMBER 2008

#### HIGHLIGHTS

- Loss before tax £669,207 (2007: Profit £25,279).
- Turnover increased 12%pa to £29.0 million (2007: £18.3 million).
- Gross profit decreased by 13%pa to £4.5 million (2007: £3.6 million).
- New single premium investments increased to £277 million (2007:£250 million).
- Total funds under management grew by 39% to approximately £989 million, (2007: £712 million). [It should be noted that these figures are based on input values not current fund values, clearly the impact on asset values of the recession and market volatility are not reflected in these figures]
- Operating efficiency improved to 17.7% (2007: 19.6%). [Operating efficiency is calculated as being the operating costs as a percentage of turnover]

#### Trading Highlights

	17 Months to 31 December 2008	Year to 31 July 2007
Turnover	29,093,190	18,300,143
Gross Profit	4,502,191	3,651,013
Operating Costs	(5,147,286)	(3,595,257)
Profit/(Loss) before Tax	(669,207)	25,279
Profit/(Loss) after Tax	(505,486)	703

#### Introduction

The first point to make is that this may not have been the most appropriate time to change our financial year-end. However, the decision was made early in 2008 on the sound basis that the historical year-end of July did not match with the operating timetable of the Company, and economies will eventually flow from this decision.

These accounts compare a 17-month period for the December 2008 accounts as opposed to the normal 12 months to July 2007.

Notwithstanding the variation in accounting period, what is clear from the results is that the Group has performed adequately against a dramatically deteriorating economic situation. Results to July 2008 as presented in the Interim results, demonstrated both growth and a small profit; performance to the end of the period reflects the deteriorating mortgage and investment market.

The results reflect a continued growth in turnover, calculated on an annualised basis as a 12% per annum increase over 2007.

However, the directors have recognised that the previous growth strategy is not appropriate in the current economic climate. As a consequence, post the December year-end, cost reductions have been implemented as cost centre profitability is highlighted, and steps taken to ensure a return to profitability despite the inevitable delay in economic recovery.

## The Clarkson Hill Group PLC

### Results

Despite the result of both increased turnover and continued attention to operating efficiencies, the Group reports a loss of £669,207 (2007: Profit £25,279). This is due to the negative impact of the extreme economic conditions in the final months of the period.

Turnover has increased by 12%pa to £29 million (2007: £18.3 million) and operating efficiency improved to 17.7% (2007: 19.6%).

### Funds under Advice

New single premium investment business, both life and pensions, increased to £277 million (2007: £250 million), with total funds under advice growing to approximately £989 million (2007: £712 million), an increase of 39%.

It should be noted that these figures are currently based on values at inception, not current fund values. The Group launched its core investment solutions alongside its tested Risk Profile Questionnaire during the second-half of 2008. This provides our clients with a recognised method of determining their attitude and acceptance of risk and reward in an understandable manner. From this, detailed investment recommendations that offer ongoing asset reallocation (to maintain risk profiles), can then be readily made.

In our view there has not been a better time to engage our clients in this process. Results from this programme will influence future company returns.

### Treating Customers Fairly

2008 was a big year for the FSA's Treating Customers Fairly programme and the Group has obviously taken this on board, with the board of directors leading the company in the implementation of the necessary reporting structures required to evidence the service the Group's advisers provide to our clients.

A major element of TCF has been to canvass our clients' opinion of the service our advisers and we provide to them. Of the 15 questions asked in the survey we have utilised, the following gives an indication of our clients' views.

<b>Q</b>	<b>How did we perform?</b>	<b>Percentage of Maximum Score September to December 2008</b>
2	Are you confident in the knowledge of the adviser you dealt with?	91%
7	If a problem occurred, did we rectify it satisfactorily?	100%
15	Did you feel Clarkson Hill and its advisers treated you fairly?	95%

Included in this survey is a question that determines a recognised standard, the 'Net Promoter Score'. The survey asks the client, 'Would you recommend to friends and colleagues that they should use Clarkson Hill?'

Clients are asked to respond to this question on a scale from 0 to 10 (0 = definitely would not recommend, 10 = definitely would recommend). The net promoter question will be accompanied by a box in which respondents can give the reason for the score they have given.

## **The Clarkson Hill Group PLC**

Returned questionnaires will be accumulated over three months and then a quarterly net promoter score will be calculated as the percentage of respondents to the survey who assign a 9 or 10 to this question, less the percentage who assign between a 0 and a 6. Separate scores will be calculated for surveys of new clients and surveys following annual reviews.

The 'Net Promoter Score' for September to December 2008 is 62, which represents an excellent score, confirming the directors' view that both advisers and Company focus on providing appropriate advice for our clients, with a high-level of service provision.

### **Retail Distribution Review**

The Financial Services Authority has moved this project forward, with targets for both adviser qualifications and increased transparency for charging, in relation to both product manufacturing and advice for financial products.

The various steps the Group is taking in respect of Assets under Influence to Assets under Management reflect the approach we intend to make to accommodate these planned changes.

If there is an area of concern it must be the tight timescale envisaged by the Regulator in respect of adviser qualifications and manufacturer system changes, set against a paradigm shift in the economic environment. Too rigid a timetable will inevitably result in fewer advisers available to meet significant consumer requirements.

### **Regulatory Costs**

In February 2009 the Financial Services Compensation Scheme advised that they may need to levy up to £40 million on firms in the investment intermediary sub-class (D2), to meet claims from the default of Pacific Continental Securities (UK) Limited.

In March, the Company received a demand for £62,388 backdated to 2008 and payable by the 29th April 2009. The sum of £46,791 has been added to our loss for the year retrospectively.

The directors maintain the highest level of compliance possible, with case-checking levels of between 90 and 100% of advice given. The results of our survey and the very modest levels of complaints confirm the time, effort and cost the directors, advisers and employees expend on giving clients the most appropriate advice.

Regulatory costs paid by the Group have escalated from £67,466 for the year 03/04 to £543,881 in the year 08/09. The method of charging is inequitable, as it does not seek to recover costs from those companies or sectors, which take inappropriate levels of risk.

### **Outlook**

The focus on cost reduction and cost centre profitability has now created the platform for the Group to move forward in the new economic environment.

Recruitment of quality advisers will continue at a lower rate than previously, with the emphasis on investment pension based advisers.

Since December the Group has continued to trade in line with the board's expectation.

**RD Pritchard, CEO**  
**29 April 2009**

## **The Clarkson Hill Group PLC**

### **Directors' Report**

The directors present their report and accounts for the period ended 31 December 2008.

#### **Principal activities and review of the business**

The group is principally engaged in providing independent financial services advice and is registered under the Financial Services & Markets Act 2000 as an FSA member.

The company is domiciled and was incorporated in England.

A review of the business and key performance indicators are given in the Chief Executive Officer's Statement.

#### **Results and dividends**

The loss for the period after taxation was £505,486 (2007: profit £703).

The directors do not recommend payment of a dividend.

#### **Going concern**

The directors have acknowledged the latest guidance on going concern. Whilst the current uncertainty in financial markets has created general uncertainty, the group has well established trading and client relationships. The group have recently obtained renewed banking/financing facilities and the directors have identified and considered the anticipated main areas of business risk. As a consequence, the directors believe that the group is sufficiently well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Principal risks and uncertainties**

The sector in which the group operates is very competitive and there is no certainty that the group will be able to achieve growth targets or that the market it intends to exploit can be exploited to the extent indicated by the group. Competition may come from companies which have greater development, marketing, financial and personnel resources than the group. The regulatory environment for much of the group's activities is complex and subject to revision. There can be no assurance that the group will have the resources or ability to comply with changes in relevant regulations. If the group is unable to keep up with regulatory developments, it may be prohibited from competing for new work. Additionally, there can be no assurance that the group will not breach the regulatory requirements of its areas of business. Sanctions arising from such breaches may have a material adverse impact on the group's business.

#### **Use of financial instruments**

Our financial risk management objectives are to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances. Financial instruments are discussed in detail in note 26.

#### **Future developments**

The directors aim to refocus the management policies towards quality of earnings and profitability following a sustained period of substantial growth in business over recent years.

## The Clarkson Hill Group PLC Directors' Report

### Payments of creditors

The group's policy is to negotiate payment terms on an individual basis with suppliers and are abided with wherever possible. At 31 December 2008 there were 30 (31 July 2007: 30) trade creditor days outstanding.

### Directors

The directors who served during the period and their interests in the share capital of the company were as follows:

	Ordinary shares of 2p each	
	31-Dec-08	01-Aug-07 or date of appointment
J M Lacey	310,000	310,000
W Moncrieff	580,143	580,143
K T Prichard	345,650	345,650
R D Pritchard	6,141,678	6,106,678
M J Robinson	5,835,250	5,835,250
J P Milroy (Appointed 25th October 2007)	50,000	50,000
A Simcock (Resigned 24th September 2007)	-	553,050

All of the above interests of the directors are beneficial, save for 40,000 ordinary shares of A Simcock that were beneficially owned by his wife.

The shares of MJ Robinson are held in a nominee account and 57,143 of the shares of W Moncrieff are beneficially held within a pension scheme.

### Other Shareholdings

On the 31st December 2008 other shareholders who held more than 3% of the issued share capital were as follows;

Mr J Pirie	1,709,600 shares
Brewin Nominees 92 Limited	1,448,924 shares

## **The Clarkson Hill Group PLC**

### **Directors' Report**

#### **Directors' responsibilities**

The directors are responsible for preparing the report and accounts in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

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

So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **Auditors**

UHY George Hay changed their name during the period to George Hay. George Hay have expressed their willingness to continue as auditors to the company and a resolution to reappoint them as auditors to the company will be proposed at the forthcoming AGM.

This report was approved by the board on 29 April 2009.

RD Pritchard  
Director

## **The Clarkson Hill Group PLC**

### **Independent auditors' report to the shareholders of The Clarkson Hill Group PLC**

We have audited the financial statements of The Clarkson Hill Group PLC for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

#### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the affairs of the group and company as at 31 December 2008 and of the group loss for the period then ended, have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS regulations and the information given in the Directors' Report is consistent with the financial statements for the period ended 31 December 2008.

George Hay  
Chartered Accountants and Registered Auditors  
29 April 2009

**The Clarkson Hill Group PLC**  
**Consolidated Income Statement**  
**for the period from 1 August 2007 to 31 December 2008**

		17 months ended 31 December <b>2008</b> £	Year ended 31 July <b>2007</b> £
	<b>Notes</b>		
<b>Revenue from continuing operations</b>	3	29,093,190	18,300,143
Cost of sales		(24,590,999)	(14,649,130)
<b>Gross profit</b>		<u>4,502,191</u>	<u>3,651,013</u>
Net operating expenses		(5,147,286)	(3,595,257)
<b>Operating (loss)/profit from continuing operations</b>	4	<u>(645,095)</u>	55,756
Interest receivable and similar income		47,159	18,631
Finance costs	8	(71,271)	(49,108)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(669,207)</u>	<u>25,279</u>
Tax on (loss)/profit on ordinary activities	9	163,721	(24,576)
<b>(Loss)/profit attributable to shareholders</b>		<u><u>(505,486)</u></u>	<u><u>703</u></u>
<b>Basic earnings/(loss) per share</b>	5	<u><u>-2.11p</u></u>	<u><u>0p</u></u>

**Continuing operations**

None of the group's activities were acquired or discontinued during the above two periods.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the (loss)/profit for the above two periods.

**The notes on pages 14 to 28 form an integral part of these financial statements.**

**The Clarkson Hill Group PLC**  
**Consolidated Balance Sheet**  
**as at 31 December 2008**

		31 December <b>2008</b> £	31 July <b>2007</b> £
<b>ASSETS</b>			
<b>Non current assets</b>			
Intangibles	12	120,055	136,280
Property, Plant & Equipment	13	153,978	193,533
Investments	14	7,000	7,000
Deferred Tax	9	503,919	340,198
		<u>784,952</u>	<u>677,011</u>
<b>Current assets</b>			
Trade and other receivables	15	3,189,357	3,400,452
Cash and cash equivalents		586,640	663,026
		<u>3,775,997</u>	<u>4,063,478</u>
<b>Total assets</b>		<u><u>4,560,949</u></u>	<u><u>4,740,489</u></u>
<b>EQUITIES &amp; LIABILITIES</b>			
Called up share capital	16	479,154	482,154
Share premium	17	2,087,011	2,140,073
Merger reserve	18	(99,000)	(99,000)
Retained earnings	19	(1,897,452)	(1,391,966)
<b>Total equity</b>	20	<u>569,713</u>	<u>1,131,261</u>
<b>Non-current liabilities</b>			
Long term borrowings	21	534,444	206,584
<b>Current liabilities</b>			
Trade and other payables		3,077,838	2,631,468
Short term borrowings		142,258	546,995
Current portion of long term borrowings		187,031	133,462
Current taxes payable		49,665	90,719
		<u>3,456,792</u>	<u>3,402,644</u>
<b>Total equity and liabilities</b>		<u><u>4,560,949</u></u>	<u><u>4,740,489</u></u>

The financial statements were approved and authorised for issue by the Board on 29 April 2009 and signed on its behalf by

RD Pritchard & JP Milroy  
Directors

**The notes on pages 14 to 28 form an integral part of these financial statements.**

**The Clarkson Hill Group PLC**  
**Company Balance Sheet**  
**as at 31 December 2008**

	Notes	31 December 2008 £	31 July 2007 £
<b>ASSETS</b>			
<b>Non current assets</b>			
Intangibles	12	120,055	136,280
Property, Plant & Equipment	13	153,978	193,533
Investments	14	8,578	8,578
Deferred Tax	9	503,919	340,198
		<u>786,530</u>	<u>678,589</u>
<b>Current assets</b>			
Trade and other receivables	15	3,280,529	3,494,017
Cash and cash equivalents		585,645	662,186
		<u>3,866,174</u>	<u>4,156,203</u>
<b>Total assets</b>		<u><u>4,652,704</u></u>	<u><u>4,834,792</u></u>
<b>EQUITIES &amp; LIABILITIES</b>			
Called up share capital	16	479,154	482,154
Share premium	17	2,087,011	2,140,073
Retained earnings	19	(1,902,365)	(1,381,463)
<b>Total equity</b>	20	<u>663,800</u>	<u>1,240,764</u>
<b>Non-current liabilities</b>			
Long term borrowings	21	534,444	206,584
<b>Current liabilities</b>			
Trade and other payables		3,077,838	2,616,268
Short term borrowings		142,258	555,457
Current portion of long term borrowings		187,031	125,000
Current taxes payable		47,333	90,719
		<u>3,454,460</u>	<u>3,387,444</u>
<b>Total equity and liabilities</b>		<u><u>4,652,704</u></u>	<u><u>4,834,792</u></u>

The financial statements were approved and authorised for issue by the Board on 29 April 2009 and signed on its behalf by

RD Pritchard & JP Milroy  
Directors

**The notes on pages 14 to 28 form an integral part of these financial statements.**

**The Clarkson Hill Group PLC**  
**Consolidated Cash Flow Statement**  
**for the period from 1 August 2007 to 31 December 2008**

	17 months ended 31 December <b>2008</b> £	Year ended 31 July <b>2007</b> £
	<b>Notes</b>	
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(669,207)	25,279
Depreciation	80,200	52,994
Impairment	(1,775)	31,242
Interest net	24,112	30,477
Operating (loss)/profit before working capital changes	<u>(566,670)</u>	<u>139,992</u>
Decrease/(increase) in trade and other receivables	211,095	(514,177)
Increase in trade and other payables	405,316	366,433
Cash generated from operations	<u>49,741</u>	<u>(7,752)</u>
Interest paid	<u>(71,271)</u>	<u>(49,108)</u>
<b>Net cash outflow from operating activities</b>	<u>(21,530)</u>	<u>(56,860)</u>
<b>Cash flows from investing activities</b>		
Taxation	-	1,730
Net Disposals of intangibles	18,000	(91,829)
Purchase property, plant & equipment	(40,645)	(68,564)
Interest received	47,159	18,631
	<u>24,514</u>	<u>(140,032)</u>
<b>Cash flows from financing activities</b>		
Forfeiture of shares	(56,062)	-
Proceeds from (repayment of) long term borrowings	350,000	(134,629)
Movement in short term borrowings	(364,846)	460,167
Payment of hire purchase and finance liabilities	(8,462)	(12,257)
<b>Net cash used in financing operations</b>	<u>(79,370)</u>	<u>313,281</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(76,386)	116,389
Cash and cash equivalents at the beginning of the period	<u>663,026</u>	<u>546,637</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>586,640</u></u>	<u><u>663,026</u></u>

**The Clarkson Hill Group PLC**  
**Consolidated Statement of Changes in Equity**  
**for the period from 1 August 2007 to 31 December 2008**

	<b>Share capital</b>	<b>Share Premium</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 31 July 2006</b>	482,154	2,140,073	(99,000)	(1,392,669)	1,130,558
<b>Changes in equity for 2007</b>					
Profit for the period	-	-	-	703	703
<b>Balance at 31 July 2007 carried forward</b>	<u>482,154</u>	<u>2,140,073</u>	<u>(99,000)</u>	<u>(1,391,966)</u>	<u>1,131,261</u>
<b>Changes in equity for 2008</b>					
Share forfeiture	(3,000)	(53,062)	-	-	(56,062)
Loss for the period	-	-	-	(505,486)	(505,486)
<b>Balance at 31 December 2008 carried forward</b>	<u><u>479,154</u></u>	<u><u>2,087,011</u></u>	<u><u>(99,000)</u></u>	<u><u>(1,897,452)</u></u>	<u><u>569,713</u></u>

**The Clarkson Hill Group PLC**  
**Notes to the Accounts**  
**for the period from 1 August 2007 to 31 December 2008**

**1 Summary of significant accounting policies**

The particular accounting policies adopted by the Directors in preparation of these financial statements are described below.

***Basis of preparation***

The financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and the Companies Act 1985 applicable to Companies reporting under IFRS and effective to 31 December 2008 year ends.

At the date of approval of these financial statements IAS 1 (revised): Presentation of Financial Statements, IFRS 2 (amended): Share based payments, IFRS 8: Operating segments, IAS 32 (amended): Financial instruments, IFRS 3 (revised): Business combinations and IAS 27 (amended): Consolidated financial statements were in issue but are not effective until accounting periods beginning on or after 1 January 2009. These Standards have not yet been endorsed by the EU and so they are not applicable for the current accounting period. The directors do not anticipate that the adoption of these standards or interpretations will have a material financial impact on the group financial statements in the period of initial application.

The financial statements have been prepared under the historical cost convention and on a going concern basis. This is discussed in the Report of the Directors under the heading "Going concern".

The company has changed its accounting reference date to the 31 December, to align the statutory reporting period with the calendar year management reporting controls. The current period is therefore a seventeen month period to 31 December 2008, this compares with a twelve month period to 31 July 2007 for the comparative figures.

***Basis of consolidation***

The group financial statements consolidate the financial statements of The Clarkson Hill Group Plc and all its subsidiary undertakings made up to the relevant accounting reference date for each period, under the acquisition method of accounting for Advised Mortgages Limited and under the merger method of accounting for FPR Group Limited. The directors have elected not to apply IFRS 3 Business combinations retrospectively to past business combinations. Balances between group companies and turnover and profit arising on transactions between group companies are eliminated.

***Intangible fixed assets***

Goodwill arises on the acquisition of subsidiaries and represents the excess of cost of the acquired entity over the Group's interest in the fair value of the entity's assets and liabilities acquired and is capitalised as a separate item. Goodwill is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

The cost of acquiring renewal commission and databases is capitalised as a separate item and recognised as an intangible asset and is stated at original cost less provision for impairment in value.

**The Clarkson Hill Group PLC**  
**Notes to the Accounts**  
**for the period from 1 August 2007 to 31 December 2008**

**Summary of significant accounting policies (continued)**

**Intangible fixed assets (continued)**

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount is determined by reference to the discounted future cash flows expected to be derived from the cash generating unit to which it is allocated.

**Investments**

Fixed asset investments are recognised at original cost less provision for impairment in value.

**Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on the cost of each tangible fixed asset individually at rates designed to write off the cost, less estimated residual value, of the assets over their expected useful lives, as follows:

Fixtures, fittings and equipment 20% - 33%pa straight line

**Employee benefits**

Pensions are provided to employees through a defined contribution scheme. A defined contribution scheme is a scheme under which the Group pays fixed contributions into an independent entity. The Group has no legal obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution schemes are expensed as they fall due.

**Share based remuneration**

In accordance with IFRS 2 'share-based payment' the Group reflects the economic cost of awarding share options to advisors by recording an expense in the income statement equal to the fair value of the benefit awarded, fair value being estimated using a proprietary binomial probability model. The expense is recognised in the income statement over the vesting period of the award.

**Deferred taxation**

Deferred taxation represents the tax expected to be repayable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the liability is settled or the asset is realised. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that suitable taxable profits, will no longer be available against which temporary differences may be utilised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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**Summary of significant accounting policies (continued)**

***Leasing and hire purchase commitments***

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if they bear substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. The depreciation method and useful lives adopted for subsequent accounting for assets held under finance lease agreements correspond to those applied for comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance leasing liability.

All other leases are treated as operating leases. Rentals paid under operating lease agreements are recognised as an expense on a straight line basis over the lease term.

***Income Recognition***

Income comprises commission received or receivable from business transacted in the ordinary course of the Group's activities wholly undertaken in the UK.

The Group recognises income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity. The point at which income is recognised on all new business is, when a commitment from the client is received to proceed with the transaction. Fund based commissions are recognised on an accruals basis according to the level of funds under the influence of the Group. Income represents the value of the work done in the year and is stated net of appropriate provisions for clawback and wastage. Income from the periodic renewal of contracts is recognised on receipt.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and on demand deposits.

***Borrowings***

Borrowings are initially recognised at fair value plus any transaction costs associated with the issue of the relevant financial liability. Subsequent to initial measurement, borrowings are measured at amortised cost with the borrowing costs being accounted for on an accruals basis in the income statement using the effective interest method. At the balance sheet date accrued interest is recorded separately from the associated borrowings within current liabilities.

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**2 Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is as set out below or is included in the following notes:

- \* Going concern - see below
- \* utilisation of tax losses - note 9
- \* measurement of the recoverable amounts of cash-generating units containing intangible assets - note 12
- \* measurement of the recoverable amount of trade receivables - note 15
- \* measurement of potential clawbacks and complaints by customers - see below
- \* valuation of financial instruments - see below

**Going Concern**

The Group has an obligation to ensure that it has adequate resources to enable it to carry on its business activities. The business is funded by a mixture of capital and borrowings and the directors aim to manage the business risks, to ensure that appropriate levels of working capital are available to enable the business to trade as a going concern. Note 26 includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit risk and liquidity risk.

**Lapse and wastage provisions**

In the event of a clawback of indemnity commission in respect of policies cancelled during the indemnity period the Group has an obligation to settle the liability. The provisions are calculated by reference to historical data referenced to present day sales of indemnity products. Wastage arises where a client withdraws the proposal or exercises their option to cancel during the cooling off period. The provisions are calculated by reference to historical data.

**Complaints provision**

The Group has an obligation to settle upheld complaints. Any complaint is recorded and assessed as to its validity and financial quantum. Save for the excess, the amount payable in redress is recoverable from Professional Insurance cover. The Group's exposure is therefore limited to the insurance excess less any amounts recoverable from advisors.

**Bad debt provision**

A small number of advisors are indebted to the Group. This debt ordinarily arises from advances, clawbacks or complaint insurance excesses applied to the adviser's account. Each one of these is reviewed regularly in conjunction with the amounts retained from advisors to cover potential clawbacks and provision made where recovery is deemed necessary.

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**3 Segmental reporting**

The Group's primary reporting segment is by business type and as all business is carried out in the UK a secondary geographical segment is not considered relevant. The business segments can be analysed to the gross profit level; other costs, assets and liabilities are not directly attributable to any of the segments and apportionment is not considered meaningful.

	17 months ended 31 December <b>2008</b> Turnover £	17 months ended 31 December <b>2008</b> Gross Profit £	Year ended 31 July <b>2007</b> Turnover £	Year ended 31 July <b>2007</b> Gross Profit £
Investments	10,121,105	1,551,437	6,879,808	1,252,627
Pensions	8,675,232	1,313,374	5,314,499	966,659
Fees/Mortgages	4,337,616	624,187	2,673,924	560,037
Protection	5,783,488	873,750	3,185,577	625,355
Other	175,749	139,443	246,335	246,335
	<u>29,093,190</u>	<u>4,502,191</u>	<u>18,300,143</u>	<u>3,651,013</u>

<b>4 Operating (loss)/profit</b>	31 December <b>2008</b> £	31 July <b>2007</b> £
Operating (loss)/profit is stated after charging:		
Depreciation of owned fixed assets	72,573	45,367
Depreciation of assets held under finance leases and hire purchase contracts	7,627	7,627
Amortisation	(1,775)	31,242
Operating lease rentals - land & buildings	481,192	325,591
Auditors' remuneration		
Audit fee	27,050	23,500
Other services	9,762	-
	<u>72,573</u>	<u>45,367</u>

**5 Earnings per share**

The earnings per share is calculated on the loss attributable to ordinary shareholders of £505,486 (2007: profit £703) divided by 23,957,677 (2007: 24,107,677) being the weighted average number of ordinary shares in issue during the year.

During 2008 and 2007, the share warrants and options disclosed in note 19 were antidilutive and accordingly there is no dilution of loss per share. However, the share options could potentially dilute basic earnings per share in the future

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	31 December <b>2008</b> £	31 July <b>2007</b> £
<b>6 Directors' emoluments</b>		
Emoluments	844,083	627,247
Company contributions to defined contribution pension scheme	4,475	3,836
	<u>848,558</u>	<u>631,083</u>
Highest paid director:		
Emoluments	215,922	142,162
Company contributions to defined contribution pension scheme	1,887	1,317
	<u>217,809</u>	<u>143,479</u>
<b>Number of directors in company pension schemes:</b>	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Defined contribution pension scheme	<u>4</u>	<u>3</u>
<b>7 Staff costs</b>	<b>2008</b> £	<b>2007</b> £
Wages and salaries	2,143,935	1,394,057
Social security costs	209,086	133,430
Other pension costs	35,642	25,820
	<u>2,388,663</u>	<u>1,553,307</u>
<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	64	62
Management	6	6
	<u>70</u>	<u>68</u>
<b>8 Finance costs</b>	<b>2008</b> £	<b>2007</b> £
Bank overdrafts and loans	59,796	47,281
Other loans	11,475	-
Finance leases and hire purchase contracts	-	1,827
	<u>71,271</u>	<u>49,108</u>

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	31 December <b>2008</b> £	31 July <b>2007</b> £
<b>9 Taxation</b>		
<b>Analysis of charge for the period</b>		
Current tax:		
UK corporation tax on profits of the period	-	-
Deferred tax:		
Origination and reversal of timing differences	(163,721)	24,576
Tax on (loss)/profit on ordinary activities	<u>(163,721)</u>	<u>24,576</u>

**Factors affecting tax charge for period**

The tax assessed for the period is less than the standard rate of corporation tax in the UK (28/30 per cent). The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2008</b> £	<b>2007</b> £
(Loss)/profit on ordinary activities before tax	<u>(669,207)</u>	<u>25,279</u>
Average standard rate of corporation tax in the UK	28.94%	30.00%
Profit/(loss) on ordinary activities multiplied by the average standard rate of corporation tax	£ (193,669)	£ 7,584
Effects of:		
Expenses not deductible for tax purposes	-	1,808
Capital allowances for period in excess of depreciation	-	(548)
Utilisation of tax losses	(6,279)	(8,844)
Effect of tax rate differences	12,773	-
Losses carried forward	187,175	-
Current tax charge for period	<u>-</u>	<u>-</u>

The deferred tax credit of £163,721 (2007: charge £24,576) in the 17 months to 31 December 2008 represents the change in the expected utilisation of tax losses at 31 December 2008 against future taxable profits.

The deferred tax asset recognised is £503,919 (2007: £340,198) and is shown in non-current assets. It is considered appropriate to recognise the asset at 31 December 2008 as the corporation tax losses carried forward are expected to be utilised within a three year period; during 2009 the group are undergoing a period of consolidation and restructuring which will substantially reduce the cost base of the business, aligning the business to the lower commission levels experienced at the worst of the economic downturn. The renewed focus on profitability after a sustained period of growth further supports this policy.

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**10 Pension Costs**

The pension charge represents contributions due from the company and amounted to £35,642 (2007: £25,820).

**11 Loss for the period attributable to shareholders**

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of The Clarkson Hill Group Plc has not been presented with the financial statements.

The results after taxation of the parent undertaking for the period showed a loss of £520,902 (2007: loss £577,829), after the exceptional writedown of investments of £Nil (2007: £487,422).

**12 Intangible fixed assets**

Group and company	Renewals, commissions & databases £
<b>Cost</b>	
At 1 August 2006	179,167
Additions	-
Disposals	-
At 1 August 2007	<u>179,167</u>
Additions	42,000
Disposals	<u>(87,338)</u>
At 31 December 2008	<u><u>133,829</u></u>
<b>Impairment</b>	
At 1 August 2006	11,645
Provided during the period	<u>31,242</u>
At 1 August 2007	42,887
Provided during the period	(1,775)
On disposals	<u>(27,338)</u>
At 31 December 2008	<u><u>13,774</u></u>
<b>Net book value</b>	
At 31 December 2008	<u><u>120,055</u></u>
At 31 July 2007	<u><u>136,280</u></u>

The intangible assets relating to renewals, commissions and databases, arise in respect of three cash generating units, one of which ceased to exist during the year and has been treated as a disposal. The recoverable amount of each remaining unit is determined by a value in use calculation, using discounted cash flow projections, based on the group's latest approved budget for the year and its estimate of future cash flows after that date.

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**13 Property, Plant & Equipment**

Group and company	<b>Plant &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 August 2006	302,938	302,938
Additions	68,564	68,564
Disposals	<u>(8,000)</u>	<u>(8,000)</u>
At 1 August 2007	363,502	363,502
Additions	40,645	40,645
Disposals	<u>(31,204)</u>	<u>(31,204)</u>
At 31 December 2008	<u><u>372,943</u></u>	<u><u>372,943</u></u>
<b>Depreciation</b>		
At 1 August 2006	124,975	124,975
Charge for the period	52,994	52,994
On disposals	<u>(8,000)</u>	<u>(8,000)</u>
At 1 August 2007	169,969	169,969
Charge for the period	80,200	80,200
On disposals	<u>(31,204)</u>	<u>(31,204)</u>
At 31 December 2008	<u><u>218,965</u></u>	<u><u>218,965</u></u>
<b>Net book value</b>		
At 31 December 2008	<u><u>153,978</u></u>	<u><u>153,978</u></u>
At 31 July 2007	<u><u>193,533</u></u>	<u><u>193,533</u></u>
<b>Group and Company</b>		
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Net book value of Fixtures, Fittings and Equipment included above held under finance leases and hire purchase contracts	<u><u>-</u></u>	<u><u>22,880</u></u>

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**14 Investments**

<b>Group and company</b>	<b>Other investments</b>	
	<b>£</b>	
<b>Cost</b>		
At 1 August 2007		7,000
At 31 December 2008		<u>7,000</u>
	31 December	31 July
<b>Other investments</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Listed investments	<u>7,000</u>	<u>7,000</u>
Valuation:		
Listed investments - market value	<u>7,300</u>	<u>7,800</u>
The above listed investment is in Arsenal Holdings plc.		
<b>Company</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Subsidiary undertakings	1,578	1,578
Listed investments	<u>7,000</u>	<u>7,000</u>
	<u>8,578</u>	<u>8,578</u>

The company holds 20% or more of the share capital of the following companies:

<b>Company</b>	<b>Principal Activity</b>	<b>Country of incorporation or operation</b>	<b>Holding</b>	<b>Proportion Held</b>
FPR Group Limited	Insurance Brokers, Consultants & Financial Advisers	England and Wales	Ordinary	100%
*Barwick Associates Limited	Insurance Brokers, Consultants & Financial Advisers	England and Wales	Ordinary	100%
Advised Mortgages Limited	Dormant	Scotland	Ordinary	100%
The Clarkson Hill Mortgage Company Limited	Dormant	England and Wales	Ordinary	100%

\*Held by FPR Group Limited

The results of all the subsidiaries are included in the group financial statements.

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		31 December	31 July
		<b>2008</b>	<b>2007</b>
		£	£
<b>15 Trade and other receivables</b>			
<b>Group</b>			
Trade receivables		2,995,426	2,676,641
Other receivables		60,037	263,321
Prepayments and accrued income		133,894	460,490
		<u>3,189,357</u>	<u>3,400,452</u>
<b>Company</b>			
Trade receivables		2,992,426	2,669,041
Amounts owed by group undertakings		94,172	101,165
Other receivables		60,037	263,321
Prepayments and accrued income		133,894	460,490
		<u>3,280,529</u>	<u>3,494,017</u>
<b>16 Share capital</b>		31 December	31 July
		<b>2008</b>	<b>2007</b>
		£	£
Authorised:			
50,000,000 Ordinary shares of 2p each		<u>1,000,000</u>	<u>1,000,000</u>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<b>No</b>	<b>No</b>	<b>£</b>
Allotted, called up and fully paid:			
50,000,000 Ordinary shares of 2p each	23,957,677	24,107,677	<u>479,154</u>
			<u>482,154</u>

In November 2005, a contract was entered into for the issue of 150,000 ordinary shares of 2p each at 36p each, as part of the cost of the acquisition of the renewals commission and database of Rickards' Financial Services. The share certificate was never issued, the contract was rescinded in 2008 and the shares were forfeited at the same time. The premium in this respect has been adjusted against the share premium account.

**Share warrants**

At 31 December 2008, there were no (31 July 2007: 337,320) share warrants in existence. The share warrants were exercisable at a price of 28p on a one for one basis for the ordinary shares of 2p. The time limit has now expired and none of the warrants were exercised.

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**Share capital (continued)**

**Share options**

On 31 March 2003, the company adopted the The Clarkson Hill Group PLC IFA Share Option Scheme. This gives its IFAs the opportunity of being granted share options if they meet their given performance targets.

Options will be granted at a subscription price per ordinary share which is at least the greater of:

(i) the average middle market quotation of an ordinary share on the day immediately preceding the grant, and (ii) 28 pence.

The number of ordinary shares over which options may be granted is limited. The aggregate number of ordinary shares which may be utilised under all option schemes adopted or operated by the company shall not exceed 10% of the issued ordinary share capital of the company within any 10 year period, 5% within any 5 year period or 3% within any 3 year period.

Options over 206,320 (2007; 318,320) ordinary shares of 2p each, were earned and issued during the period, at a price of 28p each. Total number of options in existence as at 31 December 2008 was 524,640 (2007; 318,320). No charge to the P&L account was necessary.

	31 December <b>2008</b> £	31 July <b>2007</b> £
<b>17 Share premium</b>		
<b>Group and company</b>		
Brought forward	2,140,073	2,140,073
Shares forfeited	(51,000)	-
Expenses of issue	(2,062)	-
	<u>2,087,011</u>	<u>2,140,073</u>
<b>18 Merger Reserve</b>		
<b>Group</b>		
Brought forward	(99,000)	(99,000)
Carried forward	<u>(99,000)</u>	<u>(99,000)</u>
<b>19 Profit and loss account</b>		
<b>Group</b>		
Brought forward	(1,391,966)	(1,392,669)
(Loss)/profit for the period	(505,486)	703
	<u>(1,897,452)</u>	<u>(1,391,966)</u>
<b>Company</b>		
Brought forward	(1,381,463)	(803,634)
Loss for the period	(520,902)	(577,829)
	<u>(1,902,365)</u>	<u>(1,381,463)</u>

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<b>20 Reconciliation of movement in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Group</b>		
Brought forward	1,131,261	1,130,558
(Loss)/profit for the financial period	(505,486)	703
Shares cancelled	(56,062)	-
	<u>569,713</u>	<u>1,131,261</u>
<b>Company</b>		
Brought forward	1,240,764	1,818,593
Loss for the financial period	(520,902)	(577,829)
Shares cancelled	(56,062)	-
	<u>663,800</u>	<u>1,240,764</u>
	31 December	31 July
<b>21 Creditors: amounts falling due after one year</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Group and Company</b>		
Bank loans (see note 22)	<u>534,444</u>	<u>206,584</u>
<b>22 Loans</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Group and Company</b>		
Analysis of maturity of debt:		
Within one year or on demand	329,289	671,995
Between one and two years	256,668	125,000
Between two and five years	<u>277,776</u>	<u>81,584</u>
	<u>863,733</u>	<u>878,579</u>

The loans are secured by debentures against the assets of the company.

<b>23 Obligations under finance leases and hire purchase contracts</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Group and Company</b>		
Amounts payable:		
Within one year	<u>-</u>	<u>8,462</u>

<b>24 Analysis of changes in net debt</b>	<b>At 1 August 2007</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 December 2008</b>
	£	£	£	£
Cash at bank & in hand	663,026	<u>(76,386)</u>	-	586,640
Total	<u>663,026</u>	<u>(76,386)</u>	-	<u>586,640</u>

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**25 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings 2008 £</b>	<b>Land and buildings 2007 £</b>
Operating leases which expire:		
within one year	50,095	74,660
within two to five years	128,520	192,995
in over five years	-	40,000
	<u>178,615</u>	<u>307,655</u>

**26 Financial risk management objectives and policies**

The Group's financial instruments comprise an available-for sale investment, cash, receivables and payables. The Group have financed their operations principally from equity share issues, borrowings and operational cash flows.

**Credit risk**

The Group trades only with established third party financial institutions. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 15.

With respect to credit risk arising from the other financial assets of the Group, which comprise an available-for-sale asset, cash and cash equivalents, the Group's exposure to credit risk arises from the possibility of default of the relevant regulated financial institution or authorised deposit taker, with a maximum exposure equal to the carrying amount of these instruments. The Group monitors such risks by reviewing the length and disposition of its deposits on a regular basis.

**Liquidity risk**

The Group's liquidity risk is that it would not have sufficient financial resources, even whilst solvent, to enable it to pay its obligations as they fall due or only at excessive cost. The Group manages its liquidity risk by ensuring that commissions payable to advisers are not remitted until funds have been received by the Group, and by monthly treasury management where projected cash flow requirements are monitored and reviewed. In addition, the Group retains sufficient working capital and ready cash balances to ensure that its requirements are met on a day-to-day basis.

**Market price risk**

The Group's income is directly aligned to the external economic conditions in the markets in which it operates, namely the distribution of retail financial products in the UK. Lower market returns may reduce investors' appetite for investment products, and reduce the income derived from funds-based products. In order to manage this risk the Group reviews the spread of its income and average adviser production on a regular basis, enabling it to take corrective action to mitigate the impact of such market variations.

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**Financial risk management objectives and policies (continued)**

Fair value of financial instruments

There is no significant difference between the book values and fair values of the financial assets and liabilities and the latter are reviewed on a regular basis to ensure that no such exposure arises or, if it does, to enable the Group to take action to mitigate or eliminate any such potential loss.

Currency risk

The Group is not exposed to currency risk as it does not trade in foreign currencies.

Capital management

The primary objective of the Group's capital management policy is to ensure that it maintains a credit rating and strong regulatory and group capital ratios in order to support its business and maximise shareholder value. The Group has financed its operations principally from equity shares and external borrowing. The Board regularly monitors the position based on regular management information in the light of changes in economic conditions.

Treasury management

The most significant treasury matters dealt with by the Group are raising finance and investing surplus cash. The Board have not sanctioned the use of derivatives or hedges but monitor the policy through regular reports and reviews. Clear parameters have been established, including authority levels on the type and use of financial instruments to manage these exposures.

**27 Transactions with directors and related parties**

The company has taken advantage of the exemption conferred by IAS 24 from the requirement to disclose intra group transactions.

The directors, M J Robinson and R D Pritchard own 25% each of the issued share capital of Mandrake Holdings Limited. During the year the group had the following transactions with a subsidiary of this company.

At 31 December 2008, Mandrake owed the company £10,000 (2007: £213,284). The loan is interest free and is shown in note 15 to the accounts as other receivables.

The company entered into a new interest free loan agreement with Mandrake in June 2007 to assist Mandrake, pending its receipt of the costs claim on its court proceedings, which were successfully concluded earlier that the year. £200,000 of that loan has been repaid leaving £10,000 which is secured against the ongoing renewal and trail income of Mandrake.

One of the Clarkson Hill compliance officers also undertakes administrative tasks for Mandrake. Clarkson Hill receive compensation for this through IT support from Mandrake as they have an identical back office system. These have a neutral effect on both companies' costs.

The company rents premises at an agreed open market rental under a lease from a joint partnership between R Pritchard (director), M Robinson (director) and J Pirie (a notifiable shareholder). During the period the rent under this lease was £56,661 (2007: £39,996).