

735076

Cavendish Asset Management Limited

Report and Financial Statements

Year Ended

31 December 2007

FRIDAY



L0413Z63

LD3

25/04/2008

127

COMPANIES HOUSE



BDO Stoy Hayward
Chartered Accountants

Cavendish Asset Management Limited

Annual report and financial statements for the year ended 31 December 2007

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Reconciliation of movements in shareholders' funds
7	Balance sheet
8-14	Notes forming part of the financial statements

Directors

Julian Lewis
Clive Lewis
Michael Rosehill
Stephen Goldman

Secretary and registered office

Cavendish Square Secretariat, Chelsea House, West Gate, London, W5 1DR

Company number

735076

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Cavendish Asset Management Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company is investment portfolio management

Review of business and future developments

The profit and loss account is set out on page 5 and shows the results for the year

The directors consider the results for the year to be satisfactory and are confident that the long term trend remains positive

The company is bound by the rules and regulations of the FSA

Details of the company's unaudited Pillar 3 disclosures, required under the Chapter 11 of the Financial Services Authority's Prudential Sourcebook for Banks, Building Societies and Investments Firms ("BIPRU"), will shortly be found on the company's website, www.cavendishmanagers.co.uk

Dividends

A dividend of £300,000 (2006 - £250,000) was paid during the year

Directors

The directors of the company during the year, were as follows

Clive Lewis
Julian Lewis
Michael Rosehill
Stephen Goldman

Cavendish Asset Management Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law required the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The directors have taken all the appropriate steps to make themselves aware of any information needed by the company's auditors for the purposes of their audit. The directors have, as far as they are aware, ensured that there is no relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be approved at the annual general meeting.

By order of the Board

Cavendish Square Secretariat



Secretary 24th April 2008

Date

Cavendish Asset Management Limited

Report of the independent auditors

To the shareholders of Cavendish Asset Management Limited

We have audited the financial statements of Cavendish Asset Management Limited for the year ended 31 December 2007, which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Cavendish Asset Management Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date 24 APRIL 2008

Cavendish Asset Management Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Turnover	2		3,477,965		2,908,187
Administrative expenses			(2,517,407)		(2,599,566)
Interest receivable	6	111,080		81,409	
Other operating income	3	393,448		306,187	
Interest payable and similar charges	7	(16,326)		(20,818)	
			<u>488,202</u>		<u>366,778</u>
Profit on ordinary activities before taxation	5		1,448,760		675,399
Taxation on profit on ordinary activities	8		(548)		-
Profit on ordinary activities after taxation	16		<u>1,448,212</u>		<u>675,399</u>

All amounts relate to continuing activities

The notes on pages 8 to 14 form part of these financial statements

Cavendish Asset Management Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 2007

	2007	2006
	£	£
Profit for the financial year	1,448,212	675,399
Dividend paid	(300,000)	(250,000)
Opening shareholders' funds	2,413,505	1,988,106
	<hr/>	<hr/>
Closing shareholders' funds	3,561,717	2,413,505
	<hr/>	<hr/>

The notes on pages 8 to 14 form part of these financial statements

Cavendish Asset Management Limited

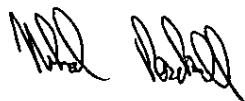
Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	10		95,423		100,596
Current assets					
Debtors	11	689,192		729,364	
Investments	12	191		191	
Cash at bank and in hand	13	3,684,608		2,020,300	
		<u>4,373,991</u>		<u>2,749,855</u>	
Creditors: amounts falling due within one year	14	<u>(907,697)</u>		<u>(436,946)</u>	
Net current assets			<u>3,466,294</u>		<u>2,312,909</u>
Net assets			<u>3,561,717</u>		<u>2,413,505</u>
Capital and reserves					
Ordinary share capital	15		200,000		200,000
Profit and loss account	16		3,361,717		2,213,505
Shareholders' funds			<u>3,561,717</u>		<u>2,413,505</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2008



Julian Lewis - Director



Michael Rosehill - Director

The notes on pages 8 to 14 form part of these financial statements

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards, and using the following principal accounting policies

Tangible Fixed assets

Depreciation is provided to write off the cost less residual value of each asset, over their estimated useful life at the following annual rates

Furniture and fittings	-	20% on written down value
Computer equipment	-	40% on written down value
Office equipment	-	20% on written down value
Motor vehicles	-	25% on written down value

Valuation of investments

Investments held as current assets are valued at the lower of cost and market value

Turnover

Turnover represents fee income in respect of portfolio management Fees are based on funds under management and recognised when due

Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date

Deferred tax assets are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date Any differences on translation are taken to the profit and loss account

Pension Commitments

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

Cavendish Asset Management Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****2 Turnover and profit before tax**

The turnover and profit before taxation is derived from the company's principal activity and arises entirely within the United Kingdom

3 Other operating income

	2006	2006
	£	£
Safe custody fees	393,448	306,187

4 Employees

	2007	2006
	£	£
Wages and salaries	1,105,641	1,169,359
Social security costs	122,543	136,635
Employers pension contributions	46,692	41,931
	1,274,876	1,347,925

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	Number	Number
Number of trading staff	7	7
Number of administrative staff	8	10
	15	17

The company pays contributions into the Lewis Trust Group Executive Pension Plan (a defined contribution scheme) and the Westgate Pension Plan (a hybrid pension scheme), on behalf of employees. At the 31 December 2007 there were no outstanding or prepaid contributions (2006 - £Nil)

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

5 Profit on ordinary activities before taxation

	2007 £	2006 £
This is arrived at after charging		
Loss on disposal	-	70 382
Depreciation	34,607	40,748
Directors' remuneration	10,000	10,000
Auditors' remuneration – audit fees	38,750	29,750
	<u> </u>	<u> </u>

Amounts of £35,000 (2006 - £35,750) has been paid to a fellow group undertaking in relation to the services of a director

6 Interest receivable

	2007 £	2006 £
Bank interest receivable	109,901	79,798
Interest from group undertakings	1,179	1,611
	<u> </u>	<u> </u>
	111,080	81,409
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2007 £	2006 £
Bank interest payable	12,014	17,493
Interest payable to group undertakings	4,312	3,325
	<u> </u>	<u> </u>
	16,326	20,818
	<u> </u>	<u> </u>

8 Taxation on profit on ordinary activities

	2007 £	2006 £
<i>(a) Analysis of tax charge in the year</i>		
UK corporation tax at current rates	548	-
	<u> </u>	<u> </u>

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

8 Taxation on profit on ordinary activities (Continued)

	2007	2006
	£	£
<i>(b) Factors affecting tax charge for period</i>		
Profit on ordinary activities before tax	1,448,760	675,399
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30%	434,628	202,620
Expenses not deductible for tax purposes	861	2,528
Profit or loss on sale of investments	-	21,115
Capital allowances for period in excess of depreciation	(4,805)	(4,853)
	<u>430,684</u>	<u>221,410</u>
Group relief claimed	(430,684)	(221,410)
Payment for group relief in respect of previous periods	548	-
	<u>548</u>	<u>-</u>
Taxation charge on ordinary activities	<u>548</u>	<u>-</u>

9 Dividends

	2007	2006
	£	£
Dividends paid on ordinary shares	<u>300,000</u>	<u>250,000</u>

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

10 Tangible assets

	Office equipment £	Furniture and fittings £	Computer equipment and software £	Motor vehicles £	Total £
<i>Cost</i>					
At the beginning of year	23,908	35,384	147,130	80,380	286,802
Additions	2,731	-	14,703	19,573	37,007
Transfer to group undertaking	-	-	-	(23,953)	(23,953)
At end of year	26,639	35,384	161,833	76,000	299,856
<i>Depreciation</i>					
At beginning of year	11,494	19,064	113,045	42,603	186,206
Transfer to group undertaking	-	-	-	(16,379)	(16,379)
Charge for the year	2,733	3,264	18,138	10,471	34,606
At end of year	14,227	22,328	131,183	36,695	204,433
<i>Net book value</i>					
At 31 December 2007	12,412	13,056	30,650	39,305	95,423
At 31 December 2006	12,414	16,320	34,085	37,777	100,596

11 Debtors

	2007 £	2006 £
Trade debtors	547,605	612,759
Other debtors	102,142	100,658
Amount due from fellow subsidiary undertakings	39,445	15,947
	689,192	729,364

All amounts shown fall due for payment within one year

Cavendish Asset Management Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****12 Investments**

	2007	2006
	£	£
<i>Cost</i>		
Unlisted Investments	191	191
	<u> </u>	<u> </u>
<i>Market Value</i>		
Unlisted Investments	191	191
	<u> </u>	<u> </u>

13 Cash at bank and in hand

	2007	2006
	£	£
Cash at bank and in hand	3,684,608	2,020,300
	<u> </u>	<u> </u>

At 31 December 2006 the company held at its bankers, clients funds of £85,518,156 (2006 - £105,053,897) which have not been included above (see note 14 below)

14 Creditors: amounts falling due within one year

	2007	2006
	£	£
Other creditors	627,254	315,345
Accruals	267,605	119,290
Amount due to fellow subsidiary undertakings	9,535	2,311
Amount due to ultimate parent undertaking	3,303	-
	<u> </u>	<u> </u>
	907,697	436,946
	<u> </u>	<u> </u>

Creditors exclude £85,518,156 (2006 - £105,053,897) due to clients These monies are held in client accounts at the company's bankers (see note 13 above)

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

15 Ordinary share capital

	2007 £	2006 £
<i>Authorised</i>		
5,000,000 ordinary shares of 10p each	500,000	500,000
<i>Issued and fully paid</i>		
2,000,000 ordinary shares of 10p each	200,000	200,000

16 Profit and loss account

	2007 £	2006 £
Balance brought forward	2,213,505	1,788,106
Profit for the financial year	1,448,212	625,399
Dividend paid	(300,000)	(250,000)
Balance carried forward	3,361,717	2,213,505

17 Client assets

The value of clients' assets (other than cash) which were in the possession of the company or held to the order of clients' at 31 December 2007 amounted to £538,545,031 (2006 - £553,422,254)

18 Ultimate parent undertaking

The company's ultimate parent undertaking is Lewis Trust Group Limited, which is registered in England. Lewis Trust Group Limited is the smallest and largest group of which the company is a member and for which group accounts are prepared.

19 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 90% or more controlled within the group and its ultimate parent undertaking, Lewis Trust Group Limited, prepares consolidated financial statements which are publicly available.

20 Cash flow statement

The company has used the exemption conferred by Financial Reporting Standard 1 Cash Flow Statements, not to prepare a cash flow statement because a consolidated cash flow statement is included in the financial statements of its ultimate parent undertaking, Lewis Trust Group Limited.