

Cavendish Asset Management Limited

Report and Financial Statements

Year Ended

31 December 2010

Company Number 735076



Cavendish Asset Management Limited

Report and financial statements for the year ended 31 December 2010

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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 LLP, 55 Baker Street, London, W1U 7EU

Cavendish Asset Management Limited

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

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 authorised and regulated by the FSA

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

Dividends

The directors do not recommend the payment of a dividend for the year (2009- £nil)

Directors

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

Clive Lewis
Julian Lewis
Michael Rosehill
Stephen Goldman

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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Cavendish Asset Management Limited

Report of the directors for the year ended 31 December 2010 (Continued)

Directors' responsibilities (Continued)

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.

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 LLP have expressed their willingness to continue in office and a resolution to reappoint them will be approved at the annual general meeting pursuant to s485 of the Companies Act 2006.

By order of the Board



Cavendish Square Secretariat

Secretary

Date 31st March 2011

Cavendish Asset Management Limited

Independent auditor's report

TO THE MEMBERS OF CAVENDISH ASSET MANAGEMENT LIMITED

We have audited the financial statements of Cavendish Asset Management Limited for the year ended 31 December 2010 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2010 and of its loss 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 matters prescribed by the Companies Act 2006

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

Cavendish Asset Management Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Andrew Richardson, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 31 MARCH 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Cavendish Asset Management Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
Turnover	2		2,797,466		2,211,965
Administrative expenses			(3,253,902)		(2,237,752)
Interest receivable	5	7,510		15,435	
Interest payable and similar charges	6	(11,904)		(8,633)	
			<u>(4,394)</u>	<u></u>	6,802
Loss on ordinary activities before taxation	4		(460,830)		(18,985)
Taxation on loss on ordinary activities	7		-		-
Loss on ordinary activities after taxation	14		<u>(460,830)</u>		<u>(18,985)</u>

All amounts relate to continuing activities

The notes on pages 8 to 13 form part of these financial statements

Cavendish Asset Management Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 2010

	2010	2009
	£	£
Loss for the financial year	(460,830)	(18,985)
Opening shareholders' funds	4,348,028	4,367,013
	<hr/>	<hr/>
Closing shareholders' funds	3,887,198	4,348,028
	<hr/>	<hr/>

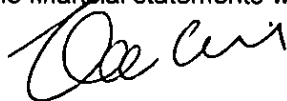
The notes on pages 8 to 13 form part of these financial statements

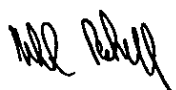
Cavendish Asset Management Limited

Balance sheet at 31 December 2010

Company number 735076	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	8		97,581		94,400
Current assets					
Debtors	9	672,626		526,399	
Investments	10	70,032		50,032	
Cash at bank and in hand	11	3,571,090		16,111,639	
		<u>4,313,748</u>		<u>16,688,070</u>	
Creditors' amounts falling due within one year	12	<u>(524,131)</u>		<u>(12,434,442)</u>	
Net current assets			<u>3,789,617</u>		<u>4,253,628</u>
Net assets			<u>3,887,198</u>		<u>4,348,028</u>
Capital and reserves					
Ordinary share capital	13	200,000		200,000	
Profit and loss account	14	3,687,198		4,148,028	
Shareholders' funds			<u>3,887,198</u>		<u>4,348,028</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31st March 2011


Julian Lewis
Director


Michael Rosehill
Director

The notes on pages 8 to 13 form part of these financial statements

Cavendish Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2010

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, and hybrid pension scheme, are charged to the profit and loss account in the year in which they become payable.

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 Lewis Trust Group Limited, a UK parent undertaking of the company, which controls more than 90% of the voting rights of the company.

Cavendish Asset Management Limited

**Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)**

2 Turnover and loss before tax

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

3 Employees

	2010 £	2009 £
Wages and salaries	1,509,702	1,020,662
Social security costs	173,135	113,904
Employers pension contributions	63,557	50,778
	<u>1,746,394</u>	<u>1,185,344</u>

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

	2010 Number	2009 Number
Number of trading staff	9	7
Number of administrative staff	8	9
Number of marketing staff	3	0
	<u>20</u>	<u>16</u>

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 2010 there were no outstanding or prepaid contributions (2009 - £Nil)

4 Loss on ordinary activities before taxation

	2010 £	2009 £
This is arrived at after charging		
Depreciation	28,115	24,566
Directors' remuneration	10,000	10,000
Auditors' remuneration - audit fees	24,850	27,512
Auditors' remuneration - other	-	-
	<u></u>	<u></u>

Amounts of £35,000 (2009 - £35,000) has been paid to a fellow group undertaking in relation to the services of a director

Cavendish Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*Continued*)

5	Interest receivable	2010	2009
		£	£
	Bank interest receivable	7,510	15,435
		<hr/>	<hr/>
6	Interest payable and similar charges	2010	2009
		£	£
	Bank interest payable	11,904	8,633
		<hr/>	<hr/>
7	Taxation on loss on ordinary activities	2010	2009
		£	£
(a)	<i>Analysis of tax charge in the year</i>		
	UK corporation tax at current rates	-	-
		<hr/>	<hr/>
(b)	<i>Factors affecting tax charge for the year</i>		
	Loss on ordinary activities before tax	(460,830)	(18,985)
	Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2009 - 28%)	(129,032)	(5,316)
	Expenses not deductible for tax purposes	14,302	-
	Capital allowances for period in excess of depreciation	(2,021)	(3,709)
		<hr/>	<hr/>
		(116,751)	(9,025)
	Group relief surrendered	116,751	9,025
		<hr/>	<hr/>
	Taxation charge on ordinary activities	-	-
		<hr/>	<hr/>

Cavendish Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*Continued*)

8 Tangible assets

	Office equipment £	Furniture and fittings £	Computer equipment and software £	Motor Vehicles £	Total £
<i>Cost</i>					
At the beginning of year	33,986	35,384	175,367	82,170	326,907
Additions	2,732	-	3,289	36,837	42,858
Transfer to group undertaking	-	-	-	(31,013)	(31,013)
At end of year	36,718	35,384	178,656	87,994	338,752
<i>Depreciation</i>					
At beginning of year	18,973	27,028	154,009	32,497	232,507
Transfer to group undertaking	-	-	-	(19,451)	(19,451)
Charge for the year	3,249	1,671	9,028	14,167	28,115
At end of year	22,222	28,699	163,037	27,213	241,171
<i>Net book value</i>					
At 31 December 2010	14,496	6,685	15,619	60,781	97,581
At 31 December 2009	15,013	8,356	21,358	49,673	94,400

9 Debtors

	2010 £	2009 £
Trade debtors	600,471	327,470
Other debtors	-	220
Amount due from fellow subsidiary undertakings	62,122	-
Prepayments and accrued income	10,033	198,709
	672,626	526,399

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 2010 (*Continued*)

10 Investments

	2010 £	2009 £
<i>Cost</i>		
Unlisted Investments	70,032	50,032
	<hr/>	<hr/>
<i>Market Value</i>		
Unlisted Investments	96,871	61,391
	<hr/>	<hr/>

11 Cash at bank and in hand

	2010 £	2009 £
Cash at bank and in hand	3,571,090	16,111,639
	<hr/>	<hr/>

At 31 December 2010 the company held at its bankers, clients funds of £75,540,329 (2009 - £59,974,322) which have not been included above (see note 12 below)

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Other creditors	294,616	11,935,203
Accruals	176,894	147,642
Amount due to fellow subsidiary undertakings	52,621	351,597
	<hr/>	<hr/>
	524,131	12,343,442
	<hr/>	<hr/>

Creditors exclude £75,540,329 (2009 - £59,974,322) due to clients These monies are held in client accounts at the company's bankers (see note 11 above)

13 Ordinary share capital

	2010 £	2009 £
<i>Issued and fully paid</i>		
2,000,000 ordinary shares of 10p each	200,000	200,000
	<hr/>	<hr/>

Cavendish Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

14 Profit and loss account

	2010 £	2009 £
Balance brought forward	4,148,028	4,167,013
Loss for the financial year	(460,830)	(18,985)
	<hr/>	<hr/>
Balance carried forward	3,687,198	4,148,028
	<hr/>	<hr/>

15 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 2010 amounted to £632,025,652 (2009 - £524,946,585)

16 Ultimate parent undertaking

The company's ultimate undertaking is LFH International Limited which is registered in the Cayman Islands
The company's ultimate UK parent undertaking is LTG UK Holdings Limited which is registered in England
The company's immediate parent undertaking is Lewis Trust Group Limited which is registered in England

Lewis Trust Group Limited is the smallest group of which the company is a member and for which publicly available group accounts are prepared LTG UK Holdings Limited is the largest group of which the company is a member and for which publicly available group accounts are prepared

17 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 wholly owned group companies