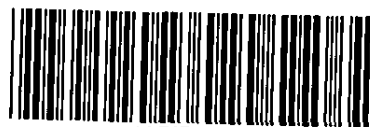


Surrey Asset Finance Limited

Annual report and financial statements

For the year ended 31 July 2008

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Surrey Asset Finance Limited

Registered No 2740386

Directors

R A Aust
B L Bannay
M J Barley
D J Dine

Secretary

S C F Chan

Auditors

Deloitte Touche LLP
London

Bankers

HSBC Bank PLC
38 High Street
Dartford
Kent
DA1 1DG

Registered Office

Tolworth Tower
Surbiton
Surrey KT6 7EL

Directors' report

The directors present their annual report together with the financial statements and auditors' report for the year ended 31 July 2008

Results and dividends

The company's trading profit before taxation amounted to £6,686,000 (2007 - £4,403,000) The company paid interim and final dividends totalling £700,000 (2007 - £1,750,000) during the year

Key performance indicators for the company are

	2008	2007
	%	%
Profit margin before investment income & cost	36	37
Pre-investment return on opening capital	53	50

Profit margin stayed broadly level but the company's return on opening capital improved as the company operated on a lower capital level in the year compared to previous year

Principal activities and review of the business

The company is a wholly owned subsidiary of Close Brothers Group plc ("CBG") and operates as part of CBG's Banking division Its immediate parent is Close Asset Finance Limited ("CAF")

The company's principal activity is the provision of instalment credit to business customers The company has achieved satisfactory results in the year Turnover has increased by 25% over the prior year and profit before tax by 52% over the same period The balance sheet on page 8 shows that the company's financial position at the year end remains strong

On 1 April 2008, the employees, infrastructure and goodwill of the company were transferred to its immediate parent, CAF which subsequently provided management services managing the run-off of the company's loan book

Principal risk management objectives and policies

The company is subject to the risk management process of its ultimate parent company, Close Brothers Group Plc ("CBG") These processes are described on the CBG Annual Report

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables, finance lease receivables and investments

Credit risk is one of the principal risks the company faces The credit risk is the risk of loss if another party fails to perform its obligation or fails to perform them in a timely fashion The Company's credit risk is primarily attributable to its trade and finance lease receivables Arrears and other default-related information are monitored and discussed regularly by directors and other senior managers, and mitigating actions are taken in a timely manner where appropriate The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is a reduction in the recoverability of the cash flows The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings The Company has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers

Reputational risk

Damage to our reputation and competitive pressure are continuing risks for the company The company mitigates these risks by maintaining strong relationships with customers

Other financial risks

Directors' report

The company lends to customers at fixed rates and accordingly the company faces no price risk. Liquidity risk and cash flow risk are not considered relevant to the company. Due to the relationship of the company with its ultimate parent company, these risks are borne by CBG.

Corporate social responsibility

CBG recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates within the group's Corporate Social Responsibility statement, which is described in the group's Annual Report. Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption.

Employees

All employees transferred their employment to CAF on 1 April 2008. The transfer was in accordance with the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 and on the basis of continuous employment, there were no resulting redundancies.

Directors

The directors who served during the year were as follows:

R A Aust	M J Barley
B Bannay	D J Dine

Policy and practice on payment of creditors

The company does not follow any stated code on payment practice. It is the company's policy to agree terms of payment with suppliers when agreeing the terms of each transaction and to abide by those terms. There is 1 creditor day of suppliers' invoices outstanding at the year end (2007 - 52).

Auditors

At the Extraordinary General Meeting of the company held on 7th May 2008, Ernst & Young LLP resigned as auditors of the company and Deloitte & Touche LLP were appointed. In accordance with section 394 of the Companies Act 1985, Ernst & Young LLP confirmed that there were no circumstances connected with their ceasing to hold office which should be brought to the attention of the shareholders or creditors of the company.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Completeness of information supplied to auditor

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board and signed on its behalf by -



S C F Chan
Secretary
25 September 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

Independent auditors' report

to the members of Surrey Asset Finance Limited

We have audited the financial statements of Surrey Asset Finance Limited for the year ended 31 July 2008 which comprise the Profit and Loss Account and Balance Sheet and the related notes 1 to 19. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 judgements 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.

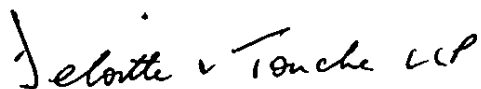
Independent auditors' report

to the members of Surrey Asset Finance Limited (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 July 2008 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



Deloitte & Touch LLP
Chartered Accountants and Registered Auditors
London, UK
25 September 2008

Profit and loss account

for the year ended 31 July 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	14,818	11,896
Operating costs		(6,380)	(3,957)
Operating profit		8,438	7,939
Income from investments		1,360	-
Other income	3	6	38
Interest payable and similar charges	4	(3,118)	(3,574)
Profit on ordinary activities before taxation	5	6,686	4,403
Taxation	6	(1,517)	(1,447)
Profit for the financial year		5,169	2,956
Dividends paid		(700)	(1,750)
Retained profit	14	4,469	1,206

The results shown in the profit and loss account derive wholly from continuing operations

The statement of movements on reserves is shown in note 14 to the financial statements

There were no recognised gains or losses in the current or preceding year other than the profits disclosed above

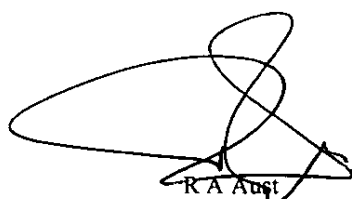
Balance sheet

at 31 July 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	7	791	1,202
Investments	8	-	-
Current assets			
Debtors - amounts falling due within one year	9	38,059	37,193
- amounts falling due after more than one year	9	62,874	58,856
Cash at bank and in hand		233	1,351
		101,166	97,400
Creditors: amounts falling due within one year	12	(87,464)	(88,578)
Net current assets		13,702	8,822
Total assets less current liabilities		14,493	10,024
Capital and reserves			
Called up share capital	13	1	1
Share premium account	14	2,356	2,356
Profit and loss account	14	12,136	7,667
Equity Shareholders' funds	14	14,493	10,024

The notes on pages 9 to 19 form part of these financial statements

The financial statements were approved by the board on 25 September 2008


R A Aust
Director

Notes to the financial statements

at 31 July 2008

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the SORP 'Accounting issues in the asset finance and leasing industry' issued by the Finance and Leasing Association

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows

Fixtures, fittings and computer equipment	- 25%-33% per annum
Motor vehicles	- 25% per annum
Leasehold additions	- over the term of the lease

Operating lease assets

Assets on hire to customers under operating lease agreements are treated as fixed assets. The cost of assets on hire under operating lease agreements is depreciated on a straight line basis over the useful economic life of the asset. Income from each lease is allocated to accounting periods over the lease term on a straight line basis.

Operating Lease assets are depreciated to the anticipated residual value over the term of the lease.

Hire purchase, finance leases and regulated loan agreements

Hire purchase, finance leases and regulated loan agreements are recognised as loans at the minimum instalment payments less finance charges. Finance charges are taken to income by the actuarial method.

Provisions

Finance receivables are stated net of provisions against doubtful debts which are made on the basis of regular review by management. The provision raised is an estimate of the amount needed to reduce the carrying value of the asset to its expected net realisable value and takes into account management's assessment of a combination of factors including each portfolio structure, characteristics of individual cases, past and expected credit losses and business and economic conditions.

Documentation fees and commissions

Documentation fees receivable and commissions payable relating to loans and leases are deferred and recognised in the profit and loss account over the term of the loan or lease, in line with interest income.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on material timing differences, at the rates of taxation anticipated to apply when these differences crystallise, arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements. Deferred tax balances are not discounted.

Interest payable and similar charges

Interest payable comprises interest charged on bank loans, overdrafts and other loans together with the interest paid and received on interest rate swap agreements entered into for hedging purposes.

Pensions

Contributions within defined contribution schemes are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

Notes to the financial statements

at 31 July 2008

1 Accounting policies (continued)

Share-based payments

The group has for many years operated long term incentive arrangements. These include the 2004 Long Term Incentive Plan ('LTIP'), the 1995 Executive Share Option Scheme and the Inland Revenue approved Savings Related Share Option Scheme, together "Incentive Schemes". The group has applied FRS 20 to all grants of equity instruments under these Incentive Schemes after 7th November, 2002.

The expense for these Incentive Schemes is measured by reference to the fair value of the shares or share options granted on the date of grant. Such fair values are determined using a stochastic (the Monte Carlo method) pricing model for the LTIP and the Black-Scholes pricing model for the others. Both models take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the company's share price over the life of the option/award and other relevant factors. Vesting conditions are not taken into account when measuring fair value, but are reflected by adjusting the number of equity instruments included in the measurement of the transaction such that the amount recognised reflects the number that actually vest. The fair value is expensed in the income statement on a straight line basis over the vesting period.

Cashflow statement

The company has taken advantage of the exemption within FRS1 (Revised 1996) for 90% or more owned subsidiaries. Accordingly, it has not presented a cashflow statement.

Group Accounting

The company has taken advantage of the exemption available under section 228 of the Companies Act 1985 from preparing group financial statements. Accordingly these financial statements only contain information about Surrey Asset Finance Limited and not its subsidiary undertakings.

2. Turnover

Turnover, which arises wholly in the UK, represents net finance income arising from finance leases and hire purchase contracts, as well as commission and collection fees, exclusive of VAT.

The analysis of turnover is as follows:

	2008	2007
	£'000	£'000
Hire purchase	8,522	5,767
Lease finance	3,128	3,763
Regulated agreements	15	4
Operating leases	82	99
Other income	3,071	2,263
	<u>14,818</u>	<u>11,896</u>

3. Other income

	2008	2007
	£'000	£'000
Bank interest	6	38
	<u>6</u>	<u>38</u>

Notes to the financial statements

at 31 July 2008

4 Interest payable and similar charges

	2008	2007
	£'000	£'000
Payable to group undertakings	3,118	3,574
	<u>3,118</u>	<u>3,574</u>

5. Profit on ordinary activities before taxation

(a) This is stated after charging	2008	2007
	£'000	£'000
Auditors' remuneration - as auditors	4	4
- other services	10	10
Depreciation of owned tangible fixed assets	20	29
Depreciation of assets held for operating leases	125	170
Staff costs including executive directors		
Wages and salaries	1,372	1,395
Social security costs	150	205
Other pension costs	45	63
Share based awards	9	16
Operating lease rentals payable Leasehold property rents	56	80
	<u></u>	<u></u>

(b) Directors' remuneration

	2008	2007
	£'000	£'000
Emoluments	631	857
Company contributions paid to money purchase pension schemes	26	33
	<u></u>	<u></u>

	No	No
Members of money purchase pension schemes	3	4

The amounts in respect of the highest paid director are

	£'000	£'000
Emoluments	239	338
	<u></u>	<u></u>
Company contributions paid to money purchase pension schemes	9	14
	<u></u>	<u></u>

(c) Employee numbers

The average number of employees during the year was

	2008	2007
	No	No
Office and management	12	11
Sales and collections	7	6
	<u>19</u>	<u>17</u>

Notes to the financial statements

at 31 July 2008

6. Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	2008 £'000	2007 £'000
<i>Current Tax</i>		
UK corporation tax	1,557	1,942
Tax under/(over) provided in prior years	(635)	(314)
Total current tax (note 6(b))	922	1,628
<i>Deferred Tax</i>		
Deferred tax – current year	8	(508)
Deferred tax – prior year	587	327
Total deferred tax	595	(181)
Tax on profit on ordinary activities	1,517	1,447

(b) Factors affecting the tax charge

The tax assessment on profit on ordinary activities for the year is higher than the average rate of corporation tax in the UK of 29.3% (2007 – 30%). The differences are reconciled below

	2008 £'000	2007 £'000
Profit before tax	6,686	4,403
Corporation tax at 29.3%	1,959	1,321
Expenses not deductible for tax purposes	15	33
Capital allowances (in excess of)/less than depreciation	(87)	575
Movement in deferred bonus	55	37
Deduction for share options exercised in the year	(7)	(4)
Increase / (decrease) in general provision	20	(20)
Inter-company dividend received	(398)	-
Tax over provided in previous years	(635)	(314)
Corporation tax charge (note 6(a))	922	1,628

Notes to the financial statements

at 31 July 2008

7. Fixed assets

	<i>Leasehold additions</i>	<i>Motor vehicles</i>	<i>Fixtures fittings and computer equipment</i>	<i>Assets held for operating leases</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost					
At 1 August 2007	39	73	108	1,358	1,578
Additions	-	-	8	196	204
Inter company transfer	(39)	(73)	(116)	-	(228)
Disposals	-	-	-	(458)	(458)
At 31 July 2008	-	-	-	1,096	1,096
Depreciation					
At 1 August 2007	4	7	92	273	376
Charge for the year	5	13	7	120	145
Inter company transfer	(9)	(20)	(99)	-	(128)
Disposals	-	-	-	(88)	(88)
At 31 July 2008	-	-	-	305	305
Net book value					
At 31 July 2008	-	-	-	791	791
At 31 July 2007	35	66	16	1,085	1,202

Future minimum lease rentals receivable in respect of operating leases

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Within one year	412	626
Between two and five years	477	631
	889	1,257

Notes to the financial statements

at 31 July 2008

8. Investments

	<i>Subsidiary undertakings £</i>
Cost	
At 1 August 2007 and 31 July 2008	100
Net book value	
At 31 July 2007 and 31 July 2008	100

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows

<i>Name of company Subsidiary undertakings</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Commercial Finance Credit Limited	England and Wales	Ordinary shares	100%	Financing

Notes to the financial statements

at 31 July 2008

9. Debtors

	<i>Amounts falling due within one year</i>		<i>Amounts falling due after more than one year</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Finance receivables	34,328	32,471	62,874	58,856
Prepayments	849	846	-	-
Other debtors	94	2,648	-	-
Amounts due from group undertakings	2,154	-	-	-
Deferred tax	634	1,228	-	-
	<u>38,059</u>	<u>37,193</u>	<u>62,874</u>	<u>58,856</u>

Included in finance receivables are the following amounts

	<i>Gross</i>	<i>Unearned charges</i>	<i>Net</i>	<i>Net</i>
	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
HP agreements				
within one year	33,130	6,980	26,150	22,774
after one year	57,829	8,393	49,436	41,370
	<u>90,959</u>	<u>15,373</u>	<u>75,586</u>	<u>64,144</u>
Finance leases				
within one year	10,253	2,162	8,091	9,631
after one year	15,562	2,248	13,314	17,422
	<u>25,815</u>	<u>4,410</u>	<u>21,405</u>	<u>27,053</u>
Regulated loans				
within one year	101	14	87	66
after one year	143	19	124	64
	<u>244</u>	<u>33</u>	<u>211</u>	<u>130</u>
Total				
within one year	43,484	9,156	34,328	32,471
after one year	73,534	10,660	62,874	58,856
	<u>117,018</u>	<u>19,816</u>	<u>97,202</u>	<u>91,327</u>

10 Hire purchase contracts and finance leases

The aggregate cost at 31 July 2008 of assets acquired for the purpose of letting under hire purchase contracts or finance leases was £153,795,000 (2007 - £147,632,000)

Notes to the financial statements

at 31 July 2008

11. Deferred taxation

	<i>Capital allowances</i>		<i>Short term and other timing differences</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total deferred tax asset	327	1,313	307	(84)	634	1,229

Movement in the year

Asset at 1 August 2007	£'000
Deferred tax charge in the profit and loss account (note 6(a))	1,229
	(595)
Asset at 31 July 2008	634

12 Creditors: amounts falling due within one year

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	5,489	7,769
Amounts due to group undertakings	81,635	77,797
Current corporation tax	3	2,004
Other taxes and social security costs	189	133
Accruals and deferred income	148	875
	87,464	88,578

13. Called up share capital

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Authorised		
Ordinary 'A' shares of £1 each	79	79
Ordinary 'B' shares of £1 each	21	21
	100	100
Called up, allotted and fully paid		
Ordinary 'A' shares of £1 each	1	1
	1	1

"A" and "B" shares convey identical rights to the owners and rank pari passu on winding up except that a quorum for any General Meeting must include at least one holder of "A" shares

Notes to the financial statements

at 31 July 2008

14. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 August 2007	1	2,356	7,667	10,024
Profit for the financial year			4,469	4,469
At 31 July 2008	1	2,356	12,136	14,493

15. Financial commitments and contingent liabilities

The minimum annual commitment under non cancellable operating leases was as follows

	2008 £'000	2007 £'000
Land and buildings		
Leases expiring		
After five years	-	26
	-	26

16. Related parties

The company has taken advantage of the exemptions conferred by FRS 8 ('Related Party Transactions'), whereby details of transactions with group companies do not have to be disclosed in the subsidiary entity if the entity is more than 90% owned and if group financial statements are publicly available

17. Interest rate contracts

Interest rate swap agreements and interest rate caps are entered into for hedging purposes. The nominal value of the open contracts at 31 July 2008 was £nil (2007 - £3 million)

18. Parent undertaking

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Close Brothers Group plc the ultimate parent undertaking, which is a listed company registered in England and Wales, and the parent undertaking of the smallest such group is Close Brothers Limited, registered in England and Wales. Copies of the financial statements of both Close Brothers Group plc and Close Brothers Limited may be obtained from 10 Crown Place, London EC2A 4FT. The immediate parent undertaking is Close Asset Finance Limited, registered in England and Wales

19. Share-based awards

Long-term incentives

Close Brothers Group plc ('the Group') has for many years operated long-term performance related incentive arrangements. These include the 2004 Long Term Incentive Plan (the "2004 LTIP"), approved by shareholders in 2004, the 1995 Executive Share Option Scheme ('the 1995 Scheme'), approved by shareholders in 1995 and the Inland Revenue approved Savings Related Share Option Scheme ('the SAYE Scheme'). Grants under the 2004 LTIP and SAYE Scheme are made annually and are expected to continue for the foreseeable future. No further grants will be made under the 1995 Scheme

Notes to the financial statements

at 31 July 2008

19. Share-based awards (continued)

The 2004 LTIP is based on a conditional award of free shares subject to demanding performance conditions. Grants are restricted to a maximum of twice an individual's salary in any one year. Performance conditions for each award are determined by the Group's Remuneration Committee ("the Committee") at the time of each grant. Performance is measured over a single period of three years with no re-testing.

The performance conditions under the 2004 LTIP are a range of earnings per share ("EPS") growth targets for two thirds of an award and relative Total Shareholder Return ("TSR") targets for the remaining one third. The Committee considers that this mix of targets provides an appropriate balance between rewarding improvements in group's financial performance, while also recognising relative stock market performance. Performance criteria will be calculated by the Committee and independently verified by the group's auditors.

The EPS element of the awards will only vest if EPS growth is at or above an average of retail price index ("RPI") +5% per annum over the period. 25% of this part of the award vests at the RPI +5% threshold, increasing on a straight-line basis up to 100% vesting when the average EPS growth is RPI +10%.

For the TSR element, performance is measured against a group of 24 companies drawn from the FTSE-350 Speciality and Other Financial Index and the FTSE-350 Banks Index. This part of the award will only vest if the group's TSR performance is at or above the median of the comparator group. 25% of this part of the award vests for median TSR performance, increasing on a straight line basis up to 100% vesting when the company's TSR performance is at the 20th percentile (ie top fifth) of the comparator group.

Under the 1995 Scheme 50% of each grant of options has been subject to a performance condition requiring average EPS growth of RPI +4% per annum over any three year period during the ten year life of the option. The remaining 50% has been subject to the achievement of a performance condition requiring the group's EPS growth over any five year period during the life of the option to be in the top 25% of FTSE-100 companies.

All employees are entitled to participate in the SAYE Scheme on the same terms and options are granted for a fixed contract period of three or five years, usually at a discount of 20% to the mid-market price.

The following share-based awards have been granted under the SAYE Scheme, 1995 Executive Share Option Scheme and 2004 LTIP.

Year of Grant	Exercise period start ² end date		Market price upon exercise ¹	Exercise price per share	Number of options						At 31 July 2008
					At 1 August 2007	Adjustment	Granted	Exercised	Forfeited	Transfer	
Executive Share Options											
2003	7th Oct 2006	6th Oct 2013	-	732 5p	2,500	(453)	-	-	-	(2 047)	-
2003	7th Oct 2006	6th Oct 2013	-	710 23p	-	467	-	-	-	(467)	-
2003	7th Oct 2008	6th Oct 2013	-	732 5p	6 500	(2,406)	-	-	-	(4,094)	-
2003	7th Oct 2008	6th Oct 2013	-	710 23	-	2,481	-	-	-	(2,481)	-
2004	7th Oct 2007	6th Oct 2014	-	675 0p	6,500	(6,500)	-	-	-	-	-
2004	7th Oct 2007	6th Oct 2014	-	654 08p	-	6,703	-	-	-	(6,703)	-
2004	7th Oct 2009	6th Oct 2014	-	675 0p	6,500	(6,500)	-	-	-	-	-
2004	7th Oct 2009	6th Oct 2014	-	654 08	-	6,703	-	-	-	(6,703)	-
SAYE											
2002	1st Dec 2007	31st May 2008	901 00	391 0p	4,200	-	-	(4,200)	-	-	-
2004	1st Dec 2007	31st May 2008	901 00	540 0p	701	-	-	(701)	-	-	-
2005	1st Dec 2008	31st May 2009	-	661 0p	2,262	-	-	-	-	(2,262)	-
2006	1st Dec 2009	31st May 2010	-	807 0p	2,342	-	-	-	(1,171)	(1,171)	-
2006	1st Dec 2011	31st May 2012	-	807p	2,029	-	-	-	-	(2,029)	-
2007	1st Dec 2010	31st May 2011	-	620 0p	-	-	2,723	-	-	(2,723)	-
2007	1st Dec 2012	31st May 2013	-	620 0p	-	-	2,709	-	-	(2,709)	-
2004	LTIP										
2008	02 Oct 2010	01 Oct 2011		0 0p	-	-	8,606	-	-	(8,606)	-
					33,534	495	14,038	(4 901)	(1 171)	(41 995)	-

1 The market price upon exercise was determined by the weighted average of the closing mid-market share price on the day of each exercise during the year.

2 All options that mature up to 31 July 2008 are exercisable.

Notes to the financial statements

at 31 July 2008

19. Share-based awards (continued)

For each SAYE and 2004 LTIP issue, the exercise and date is respectively six months and twelve months after the exercise start date. The exercise price for each 2004 LTIP issue is 0.0p.

For share-based awards granted during the year, the weighted average fair value of those options at 31 July 2008 was 446p (2007 - 278p).

Exercise period	Share price at issue	Expected volatility	Expected option life in years	Dividend yield	Risk free interest rate
SAYE					
1st December, 2010 to 31st May, 2011	775.0p	24%	3.0	4.5%	5.0%
1st December, 2011 to 31st May, 2012	775.0p	25%	5.0	4.5%	5.0%
LTIP					
2nd October, 2010 to 1st October, 2011	823.0p	24%	3.0	4.5%	-
4th March, 2011 to 3rd March, 2012	612.0p	32%	3.0	4.5%	-

Expected volatility was determined mainly by reviewing share price volatility for the expected life of each option up to the date of grant. The total liability as at 31 July 2008 for share-based payments is £55,580 (2007 - £22,199).

Following the payment of a special dividend by Close Brothers Group plc on 6 November, 2007 options under the company's 1995 Executive Share Option Scheme (other than options under HM Revenue and Customs approved section of that Scheme) have been adjusted by the Remuneration Committee of Close Brothers Group plc to take account of the depreciatory effect of the special dividend.

The aggregate amount payable on exercise of these options and the latent gain per share will be unaltered, subject to normal market factors.