

**C HOARE AND CO
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2008

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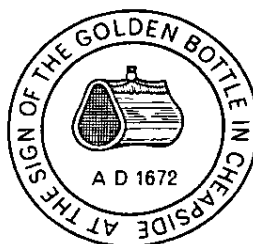
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C HOARE & CO
MANAGING PARTNERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

The Managing Partners present their Annual Report and Consolidated Financial Statements for the year ended 31st March 2008

The financial statements were approved by the Managing Partners on 19th June 2008

1. PRINCIPAL ACTIVITIES

C Hoare & Co ("the Bank") is an Unlimited Company with a Share Capital. The Bank's principal activities together with its subsidiaries Messrs Hoare Trustees, Mitre Court Property Holding Company, and Hoare's Bank Pension Trustees Limited are to provide a wide range of banking, investment and financial advice services to our predominantly high net wealth customer base.

2. RESULTS AND DIVIDENDS

The financial results for the year are set out in the profit and loss account on page 10. Underlying business growth continues to be strong. The pre tax profit for the year increased by 7% to £17.3m, compared to £16.1m for the previous year.

The Managing Partners recommended an ordinary share dividend for the year of £50 per share (2007 £50), payable on 25th July 2008.

Retained profits for the year of £12.5m will be used to strengthen reserves and support future growth.

3. BUSINESS REVIEW

Performance

The past year has seen significant turbulence in the financial markets. The Bank has weathered this well. By maintaining its traditional, conservative, approach to both lending and deposit taking the Bank has managed to avoid any direct exposure to so called "sub prime" debt or the "credit crunch".

The emerging situation from late summer of 2007 was watched carefully by the Bank's management, steps were taken early on to reduce exposure to risky counterparties and further improve the Bank's strong liquidity position enabling us to take advantage of high short term money market rates. The Board took the view that the Bank should reduce its overall exposure to market counterparties, and improve liquidity further, by switching £200m into Government-backed securities. We did however see reduced liquidity and value in the Bank's £170m Floating Rate Note book, which is an exposure to other (rated) financial institutions in the UK and overseas. The Board remains confident that these instruments will be redeemed at par on maturity.

We also made an early decision to reduce the Bank's direct exposure to the equity markets, realising profits in the process.

As a consequence of the economic uncertainty we saw customer demand for borrowing remain subdued and the Bank's overall customer lending book remained flat at £624m.

The Bank's deposit base however grew substantially as customers sought refuge in the Bank's more conservative balance sheet and strong capital base. As a result we saw growth in customer deposits of 21%.

Notwithstanding the above shift in business mix to relatively low margin deposits and high grade assets, the Bank's net interest margin (a key financial performance indicator) improved from 2.40% to 2.43% as abnormal money market rates compensated for the shift in customer activity.

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

BUSINESS REVIEW (CONTINUED)

Overall, the combination of higher interest rates and higher average balances in the banking book lead to an increase in net interest income of £5.3m (18%). With further contributions from the Bank's foreign exchange, investment management and advisory businesses, Total Income grew by 15% to £57.1m.

Operating Expenses increased by 9% over 2007. Staff costs comprise 68% of the Bank's cost base and these also increased by 9%.

The Board took the difficult decision to close the Bank's defined benefit pension scheme to future accrual during the year. This took effect on 30th November 2007 following a period of consultation with both the Trustee and members of the Scheme. The Scheme liabilities represented an increasing risk to the Bank's capital base as actuarial assumptions on the potential cost of meeting these liabilities moved largely beyond our control. Following closure to new members several years ago, the Scheme was relevant to a decreasing proportion of staff. The Managing Partners believe this to be in the best long term interests of the Bank and have introduced a non-contributory defined contribution arrangement designed to be broadly cost neutral in overall terms. Following closure and the widening of credit spreads in the corporate bond markets, the Scheme has moved into a surplus under FRS17. Full details on the financial impact of the closure are set out in note 3 to the accounts.

As a result of the foregoing, the Bank's Cost income ratio (another key financial performance indicator) as reported to the Board improved from 68% to 65% during the year.

The Managing Partners maintain a strong philanthropic culture within the Bank. One of the Bank's non-financial Key Performance Indicators is the proportion of staff that share the Bank's values and donate to charity through the Bank's "Give as You Earn" scheme. As at March 2008, 31% of staff chose to give in this way (2007: 34%). The Bank's Charitable Trust further increases the value of staff participation by double matching the staff contributions. The Bank also encourages staff to give up some of their own time to charitable causes by matching the time taken with paid leave up to a maximum of two days.

Future Developments

The Managing Partners see the coming year as difficult for business generally, in both the UK and overseas. The Bank remains poised to capitalise once the economy does show some signs of recovery and customer activity increases. The business has proved highly robust during the recent test and the Managing Partners believe that customers and the Bank will be best served in the future if the Bank maintains its overall investment programme in both staff and technology.

During the coming year we expect to be in a position to roll out our new on-line banking system to interested customers. We also plan to review our offshore banking services offered to those customers who are not domiciled in the UK.

We have seen marked success from our approach in integrating our services, whereby departments across the Bank work together to deliver a seamless full service proposition to the customer, and we plan to develop this further during the coming twelve months.

Risk Management

The Bank's business is stable and concentrates on the supply of banking, investment management, financial, tax and estate planning services to generations of customers. Regular patterns of income and expenditure emerge and are well understood by the Bank. This stability enables the Managing Partners to monitor risks closely, and to detect any emerging changes at an early stage.

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

BUSINESS REVIEW (CONTINUED)

The Bank was an early adopter of new capital adequacy rules that came fully into effect in January 2008, known as Basel II. The Managing Partners continually assess the Bank's risk profile and risk management procedures and are satisfied that the Bank's overall business profile continues to be well managed from a risk perspective.

The asset/liability management committee (ALCO) meets on a monthly basis. It is the responsibility of the ALCO to oversee the matching of the Bank's assets and liabilities, and manage liquidity, in a formal and co-ordinated manner.

Monitoring and measurement of risks is based upon a series of policies in line with principles established by the Financial Services Authority ("FSA"), the Bank's principal regulator.

a) **Credit Risk**

It is the Bank's policy to lend to customers against security. Unsecured lending is only entered into where, in the Managing Partners' view, the customer's circumstances make it prudent to do so.

The Bank has a Credit Policy Committee, which oversees pricing, security and overall exposure guidelines. This committee is chaired by an experienced member of the Bank's management with participation of up to five Managing Partners. The recent economic uncertainty has led to a more rigorous approach in assessing loans for inclusion in the watch list as detailed in note 33 to the accounts.

It is the policy of the Bank to lend to a restricted list of other financial institutions with the main criteria for selection being the stability and reputation of the institution. These are mainly UK incorporated and authorised by the Financial Services Authority.

All lending is undertaken within limits, which are regularly reviewed by either the ALCO (wholesale) or the Credit Policy Committee (retail) and approved by the Managing Partners.

b) **Interest Rate Risk and Sensitivity**

The interest rate risk arising from the mismatching of the Bank's lending and deposits is actively managed. The majority of the Bank's loans and advances to customers are related to Base Rate. Interest rate margins are closely monitored and evaluated. The exposure to interest rate changes and sensitivity is regularly reported to and reviewed by the ALCO, which manages the overall exposure within an agreed limit.

c) **Investments and Market Price Risk**

The Bank's investment portfolios (equity and fixed interest) are held as part of a balanced portfolio, to provide liquidity and as a counter cyclical insurance policy against falling interest rates. The overall asset allocation is agreed by the Board, and performance of the portfolio is reviewed monthly by the ALCO.

d) **Foreign Currency**

Foreign currency balances are driven by the Bank's customers' requirements. In order to limit the Bank's exposure to exchange rate risks, limits are placed on the Bank's foreign exchange dealers for intra day and end of day positions. Liabilities are in respect of deposits from customers, and assets are lending to customers, balances with other banks and some foreign currency denominated investments.

The foreign exchange dealers have authority to deal in forward foreign exchange contracts within specified limits, either to meet or match customers' requirements or to trade on the Bank's behalf. The resulting positions are independently monitored and are reported regularly on a currency by currency basis to the ALCO.

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

BUSINESS REVIEW (CONTINUED)

e) Derivatives

The Bank does not deal in derivatives (as defined by the Accounting Standards Board Financial Reporting Standard 13) on its own account other than to manage its own exposure to fluctuations in interest and exchange rates. The Bank will accept instructions to deal on behalf of a customer, on an execution only basis.

Derivatives are carried at fair value and shown in the balance sheet as separate components of assets and liabilities. Fair value gains and losses on derivatives are recognised to the profit and loss.

As part of its responsibilities, the ALCO approves the use of specified derivative instruments within agreed limits and business activities.

f) Trading Book

It is the Bank's general policy not to operate any material trading (i.e. non banking) positions.

Detailed disclosures on interest rate risk, foreign risk and the use of derivatives are set out in note 33 in accordance with FRS 29 'Financial Instruments Disclosures'.

Membership of the ALCO comprises several Managing Partners and a number of the Bank's senior managers under the Chairmanship of Miss V E Hoare.

4. CAPITAL MANAGEMENT

The FSA monitors and agrees capital requirements for banks operating in the UK. The Bank adopted the Standardised Approach to Credit Risk and the Basic Indicator Approach to Operational Risk with effect from 1st January 2007 under the Capital Requirements Directive, more commonly known as Basel II.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes the share capital, reserve fund and the audited retained profits and losses from previous years, plus any regulatory adjustments.
- Tier 2 capital, which includes the property and investment property revaluation reserves, the available-for-sale reserve in respect of equity investments and the collective allowance for impairment.

Various limits are applied to elements in the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital and there are restrictions on the amount of collective impairment allowances that may be included as part of the tier 2 capital. Currently, the Bank is not constrained by any of these limits.

The Bank's operations are classified as banking book and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

Capital Management (continued)

The Bank's policy is to maintain a strong capital base so as to maintain customer, creditor and market confidence and to sustain future development of the business. The Bank has complied with all imposed capital requirements throughout the period and there have been no material changes to the Bank's management of capital during the period.

The table below summarises the Bank's regulatory capital, risk-weighted assets and capital ratios. This method uses the risk assets ratio framework, which is the international standard for measuring capital adequacy. The FSA's approach to such measurement under Basel II is now based primarily on monitoring the relationship of the Capital Resources Requirements (CRR – broadly equivalent to 8 per cent of risk-weighted assets and thus representing the capital required under Pillar 1 of Basel II) to available capital resources. The FSA has set an Individual Capital Guidance (ICG) for the Bank, calibrated by reference to the CRR. A key input to the FSA's ICG setting process (which addresses the requirements of Pillar 2 under Basel II) is the Bank's Internal Capital Adequacy Assessment Process (ICAAP). The Bank submitted its ICAAP to the FSA in September 2007 and the FSA advised the Bank of its ICG in March 2008. The FSA have made it clear that each ICG remains a confidential matter between each bank and the FSA.

The Bank's regulatory capital position at 31 March was as follows:

	2008	<i>2007</i>
	£000	<i>£000</i>
Tier 1 Capital		
Ordinary share capital	120	120
Reserve Fund	22,748	22,748
Profit and loss account	74,262	56,249
Regulatory adjustment for Pension Scheme		
Deficit under FRS17	-	4,642
	<hr/>	<hr/>
Total	97,130	<i>83,759</i>
	<hr/>	<hr/>
Tier 2 Capital		
Property revaluation reserve	12,329	10,609
Investment property revaluation reserve	9,834	9,576
Available-for-sale reserve (equities)	3,018	7,724
Collective Impairment Allowance	410	410
	<hr/>	<hr/>
Total	25,591	<i>28,319</i>
	<hr/>	<hr/>
Total regulatory capital	122,721	<i>112,078</i>
	<hr/>	<hr/>
Risk-weighted assets	746,013	<i>692,877</i>
	<hr/>	<hr/>
Capital ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	16.45%	<i>16.06%</i>
Total tier 1 capital expressed as percentage of risk weighted assets	13.02%	<i>12.09%</i>

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

5. AUDIT AND COMPLIANCE COMMITTEE

The members of the committee are Messrs H C Hoare, D J Hoare, R P Baker-Bates, D Hall and Mrs A S Hopewell and the independent chairman, Mr M G Hoare. The committee meets six times per year, it receives reports from the external auditors, reviews the annual financial statements and receives regular reports from the Internal Audit department, Compliance department, Money Laundering Reporting Officer, and the Data Protection and Risk Officer. Additionally, the committee reviews the operation and effectiveness of the Bank's internal financial procedures. The internal audit department liaises with the external auditors and operates to a work programme agreed with the committee based upon risk assessment.

6. MANAGING PARTNERS AND THE BOARD

The Managing Partners of the Bank who held office during the year and comprise the Board of the Bank were as follows -

H C Hoare
D J Hoare
R Q Hoare
A S Hoare
V E Hoare
S M Hoare
A S Hopewell

The Managing Partners also take advice from four independent non-executive Consultants to the Board. During the year these consultants were Lord Wilson of Dinton (who, without a vote, also chairs Board meetings), Mr Rodney Baker-Bates, Mr David Hall, and Mr Michael Graham Hoare.

7. EMPLOYEES

The Bank has 286 employees on a full time equivalent basis as at 31 March 2008. The Bank is an equal opportunities employer, we recruit the most suitable applicant for any given vacancy regardless of race, sex, age or ethnicity. The Bank recognises its obligation to give disabled persons full and fair consideration for all vacancies and to ensure that such persons are not discriminated against on the grounds of their disability. Employees who become disabled during their working life will be retained in employment wherever possible and given help with rehabilitation and training.

The Bank is committed to employee involvement and undertakes regular briefing sessions on the strategy, and performance of the Bank. There is also an Employee Information and Consultation Panel where staff representatives can discuss matters with management.

8. CHARITABLE CONTRIBUTIONS

During the year charitable donations amounted to £1,416,000 (2007 - £612,000) of which £1,410,000 (2007 - £602,000) was paid to the Golden Bottle Trust, a charity established by the Bank.

9. AUDITORS

In accordance with provisions of the Companies Act 1985, the Managing Partners propose to re-appoint KPMG Audit Plc as auditors of the Bank for the forthcoming year.

C HOARE & CO
MANAGING PARTNERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

10. DISCLOSURE OF INFORMATION TO AUDITORS

The Managing Partners who held office at the date of approval of this Managing Partners' report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditors are unaware, and each Managing Partner has taken all the steps that they ought to have taken as a Managing Partner to make themselves aware of any relevant audit information and to establish that the Bank's auditors are aware of that information

By Order of the Board

19th June 2008

A handwritten signature in black ink, appearing to be 'D Green', written in a cursive style.

D GREEN
Secretary

C. HOARE & Co.
STATEMENT OF MANAGING PARTNERS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2008

The Managing Partners are responsible for preparing the Managing Partners' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Managing Partners to prepare financial statements for each financial year. Under that law they have elected to prepare group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these financial statements, the Managing Partners are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The Managing Partners are satisfied that the Group and the Company have adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

The Managing Partners are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF C HOARE & CO**

We have audited the group and parent company financial statements (the "financial statements") of C Hoare & Co for the year ended 31st March 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses 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 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 Managing Partners and auditors

The Managing Partners', who are also directors of C Hoare & Co for the purposes of Company Law, responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Managing Partners' Responsibilities on page 6.

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 in our opinion the information given in the Managing Partners' 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 Managing Partners' remuneration and other transactions is not disclosed.

We read the Managing Partners' 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 judgments made by the Managing Partners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31st March 2008 and of the group's 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 Managing Partners' Report is consistent with the financial statements.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

19th June 2008

8 Salisbury Square
London EC4Y 8BB
United Kingdom

CHOARE & CO AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

Continuing Operations:	Notes	2008 £000	<i>2007</i> <i>£000</i>
Interest income		91,159	<i>71,184</i>
Interest expense		(56,222)	<i>(41,551)</i>
Net interest income	2	34,937	<i>29,633</i>
Other finance cost	3	(176)	<i>(420)</i>
Fees and commissions income		13,268	<i>12,066</i>
Fees and commissions expense		(364)	<i>(318)</i>
Net fees and commissions income		12,904	<i>11,748</i>
Net trading income	4	3,794	<i>3,923</i>
Other operating income	5	5,656	<i>4,567</i>
Total income		57,115	<i>49,451</i>
Operating expenses			
Administrative expenses	6	(38,589)	<i>(31,436)</i>
Depreciation and amortisation		(906)	<i>(1,200)</i>
Total operating expenses		(39,495)	<i>(32,636)</i>
Impairment gains/ (losses) on loans and advances		73	<i>(416)</i>
Impairment losses on available-for-sale assets		(423)	<i>(274)</i>
Profit on ordinary activities before tax		17,270	<i>16,125</i>
Taxation	8	(4,725)	<i>(4,375)</i>
Profit for the financial year	26	12,545	<i>11,750</i>

The notes on pages 15 to 54 form an integral part of these financial statements.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

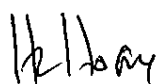
CONSOLIDATED BALANCE SHEET

31 MARCH 2008

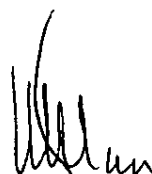
	Notes	2008 £000	2007 £000
ASSETS			
Cash and balances at central banks		427	410
Items in course of collection from banks		6,257	4,685
Derivative financial instruments	11	44	104
Loans and advances to banks	12	391,336	441,045
Loans and advances to customers	13	624,005	624,283
Available-for-sale financial assets	15	594,413	288,428
Tangible fixed assets	17	29,475	26,745
Deferred tax	18	124	289
Other assets	19	1,166	421
Prepayments and accrued income	20	7,335	5,902
		<hr/>	<hr/>
Total assets		1,654,582	1,392,312
		<hr/>	<hr/>
LIABILITIES			
Deposits by banks	21	951	2,261
Customer accounts	22	1,515,931	1,256,023
Derivative financial instruments	11	78	-
Other liabilities	23	7,033	5,301
Accruals and deferred income	24	12,077	10,895
Post-retirement benefit liability net of deferred tax	3	-	11,642
Called-up share capital	25	120	120
Reserve fund	26	22,748	22,748
Revaluation reserves	26	21,382	27,073
Profit and loss account	26	74,262	56,249
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Shareholders' funds		118,512	106,190
		<hr/>	<hr/>
Total liabilities		1,654,582	1,392,312
		<hr/>	<hr/>

These financial statements were approved by the Managing Partners on 19th June 2008 and were signed on their behalf by

H C HOARE



D J HOARE



R Q HOARE



The notes on pages 15 to 54 form an integral part of these financial statements.

C HOARE & CO
BALANCE SHEET
31 MARCH 2008

	Notes	2008 £000	2007 £000
ASSETS			
Cash and balances at central banks		427	410
Items in course of collection from banks		6,257	4,685
Derivative financial instruments	11	44	104
Loans and advances to banks	12	391,336	441,045
Loans and advances to customers	13	624,005	624,283
Available-for-sale financial assets	15	528,999	218,217
Shares in group undertakings	16	10	10
Loans to subsidiary companies	16	30,340	33,106
Tangible fixed assets	17	26,059	24,154
Deferred tax	18	255	446
Other assets	19	1,166	417
Prepayments and accrued income	20	6,593	5,247
		1,615,491	1,352,124
Total assets		1,615,491	1,352,124
LIABILITIES			
Deposits by banks	21	951	2,261
Customer accounts	22	1,515,931	1,256,023
Deposits from subsidiary companies	22	328	274
Derivative financial instruments	11	78	-
Other liabilities	23	6,648	5,291
Accruals and deferred income	24	12,049	8,919
Post-retirement benefit liability net of deferred tax	3	-	11,642
Called-up share capital	25	120	120
Reserve fund	26	21,148	21,148
Revaluation reserves	26	14,925	18,010
Profit and loss account	26	43,313	28,436
		79,506	67,714
Total liabilities		1,615,491	1,352,124

These financial statements were approved by the Managing Partners on 19th June 2008 and were signed on their behalf by

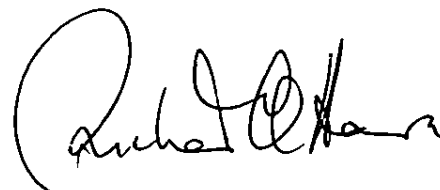
H C HOARE



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R Q HOARE



The notes on pages 15 to 54 form an integral part of these financial statements.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £000	2008 £000	2007 £000	2007 £000
Reconciliation of operating to net cash flows					
Profit on ordinary activities before tax			17,270		16,125
Increase in prepayments and accrued income			(1,433)		(1,591)
Decrease/ (increase) in other assets			(793)		304
Increase in accruals and deferred income			1,182		3,471
Increase in other liabilities			3,545		225
(Decrease)/ increase in provisions for bad debts			(73)		416
Loans and advances written off/(back) net of recoveries			92		2,340
Net charge in respect of defined benefit schemes			1,393		1,971
Contributions to defined benefit schemes			(10,200)		(5,238)
Depreciation			906		1,200
Exchange translation differences on investment securities			(1,277)		3,393
Profit on sale of investment securities			(4,472)		(3,101)
Profit on sale of tangible fixed assets			-		(6)
Increase/(release) of provisions for investment securities			423		274
			<hr/>		<hr/>
Net cash flow from trading activities			6,563		19,783
Net (increase)/decrease in cheques in course of collection			(1,572)		2,075
Net decrease/(increase) in loans and advances to banks			73,231		(42,406)
Net increase in customer accounts			259,908		109,714
Net (decrease)/increase in deposits by banks			(1,310)		2,142
Net decrease/(increase) in loans and advances to customers			259		(30,737)
			<hr/>		<hr/>
Net cash flow from operating activities			337,079		60,571
Taxation					
- United Kingdom corporation tax paid			(2,412)		(4,617)
Capital expenditure and financial investment					
-purchase of investment securities		(1,041,466)		(178,691)	
-sale and maturity of investment securities		732,002		134,149	
-purchase of tangible fixed assets		(1,658)		(1,028)	
-sale of tangible fixed assets		-		29	
			<hr/>		<hr/>
Net cash outflow from capital expenditure and financial investment			(311,122)		(45,541)
Equity dividends paid			(6)		-
			<hr/>		<hr/>
Increase in cash	28		23,539		10,413
			<hr/>		<hr/>

The notes on pages 15 to 54 form an integral part of these financial statements.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £000	2007 £000
Profit for the financial year		12,545	11,750
Change in corporation tax rate	26	(3)	-
Unrealised surplus on revaluation of properties – Land & buildings	26	1,720	-
Unrealised surplus on revaluation of properties – Investment properties	26	258	-
Actuarial gains (loss) recognised in the pension scheme	3	7,825	(5,819)
Deferred tax arising on gain/loss in the pension scheme		(3,908)	766
Tax credit on additional contributions paid		1,560	980
		5,477	(4,073)
Available-for-sale investments			
Valuation losses taken to equity	26	(8,943)	(1,901)
Deferred tax arising on valuation losses taken to equity		1,271	405
Change in corporation tax rate		3	-
		(7,669)	(1,496)
		12,328	6,181
Dividends		(6)	-
Prior year adjustment in respect of the adoption of FRS 26 on 1 April 2006			
Available-for-sale reserve		-	8,384
Profit and loss account		-	699
		-	9,083
Total gains and losses recognised since the last annual report		12,322	15,264

The notes on pages 15 to 54 form an integral part of these financial statements.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

Notes

1. Accounting Policies

Accounting policies have been applied consistently in dealing with amounts which are considered material to the financial statements and are unchanged from 2007 with the exception of

- FRS 29 'Financial instruments Disclosures' – Capital disclosures

This standard was adopted on 1st April 2006 in respect of disclosures of financial instruments. The Bank was permitted to delay the capital disclosures as it had applied the standard for an accounting period beginning before 1 January 2007. These disclosures are now included in the Managing Partners' Report.

(a) Basis of Preparation

The financial statements have been prepared under the historical cost basis, except that the following assets and liabilities are stated at their fair values: land and buildings, investment properties, financial instruments designated as fair value through the profit or loss or as available-for-sale and derivative contracts. The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking groups, applicable accounting standards and Statements of Recommended Accounting Practice.

(b) Basis of Consolidation

The consolidated financial statements include the results of the Bank and its subsidiary undertakings.

Subsidiaries are entities controlled by the Bank. Control is defined where the Bank has power, directly or indirectly, to govern the financial and operating policies of such entities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of such entities are consolidated within the Bank financial statements until the date control ceases.

(c) Foreign Currencies

Transactions in foreign currencies are translated to sterling using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities are revalued daily at the closing exchange rates. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange gains or losses on translation are included in the profit and loss account.

(d) Interest

Interest income and expense are recognised in the profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of that asset or liability. The calculation of the effective interest rate includes all transaction costs (directly attributable to the acquisition or disposal of the instrument) and discounts or premiums that are an integral part of the cash flow of the financial asset or liability.

Interest income and expense presented in the income statement include

- Interest on financial assets and liabilities at amortised cost on an effective rate basis
- Interest on available for sale investment securities on an effective interest basis

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

(e) Fees and commissions

Fees and commissions income and expense that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate

Fees and commissions including loan arrangement fees, servicing fees, investment management fees, and financial service advice fees are recognised when the services are performed

Fees and commissions expense relates mainly to transaction and service fees, which are expensed as the services are received

(f) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences

(g) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividend income is reflected as a component part of other operating income

(h) Pension Costs

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are administered separately from those of the company in a trustee administered fund. This scheme was closed to new members with effect from 1 April 2002, since then new staff have been able to join a money purchase scheme. During the year the scheme was closed to future accrual, a "curtailment", and all remaining members were given the option to commence plans with the money purchase scheme

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus is not recognised on the face of the balance sheet as there is neither an agreed refund of the surplus nor the intent to off-set future contributions against this as a prepayment. The removal of the previous year's deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses, in accordance with FRS17

The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

(i) Tax

The charge for tax is based on the profit for the year and takes into account tax deferred because of timing differences between the treatment of certain items for tax and accounting purposes

Deferred tax is provided in respect of all timing differences that have not reversed at the balance sheet date, other than in respect of revalued land and buildings and equity investments and where transactions result in an obligation to pay more or less tax in the future. Timing differences are differences between taxable profits and the results in the financial statements

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax relating to fair value re-measurement of available-for-sale investments which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the profit or loss when the deferred fair value gain or loss is recognised in the profit or loss

(j) Dividends Payable

In accordance with FRS 21 Events after the balance sheet date, dividends payable are recognised to retained profits once approved by the shareholders

(k) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, balances at the Bank of England and loans and advances to other banks repayable on demand

(l) Classification of financial assets and liabilities

In accordance with FRS26 the Bank classifies issued instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss

Deposits, debt securities and equity shares intended to be held on a continuing basis are classified as available-for-sale. Available for sale securities are initially measured at fair value plus direct and incremental transaction costs. They are subsequently remeasured at fair value, and changes therein are recognised directly in equity until the securities are either sold or impaired

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets and liabilities

(i) Recognition

The Bank initially recognises loans and advances and deposits on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at the fair value through the profit and loss account and equity investments) are initially recognised on the trade date at which the Bank becomes party to the contractual provisions of the instrument.

(ii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset such that the rights to receive the contractual cash flows and substantially all the risk and rewards of ownership of the financial asset are transferred.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as the Bank's foreign exchange dealing activity.

(iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial assets or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by valuation techniques. Valuation techniques applied by the Bank include pricing of net asset values for unquoted investments in venture capital holdings.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

(vi) Identification and measurement of impairment

At each balance sheet date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through the profit and loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, indications or inability to repay or that a borrower or issuer will enter bankruptcy. Equity securities are also considered impaired if there is a sustained fall in the market value of the security with no indication of recovery in the near future.

In assessing collective impairment the Bank uses historical trends of the losses incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the historical trends suggest.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the profit and loss account.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and the current fair value of the available-for-sale investment to profit and loss. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the profit and loss account.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly to the Bank's equity reserves.

(n) Loans and advances to banks and customers

Loans and advances are classified as loans and receivable. They are initially recognised when cash is advanced to borrowers at fair value inclusive of transaction costs and are derecognised when either borrowers repay their obligation or the loans are written off. They are subsequently measured at amortised cost using the effective interest method, less impairment losses.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

(o) Derivative financial instruments

Derivatives are financial instruments that derive their value from changes in response to changes in interest rates, financial instrument prices, foreign exchange rates, credit risk or indices

The Bank enters into derivative contracts in the normal course of business to meet customer requirements and to manage its own exposure to fluctuations in interest, credit and exchange rates

The principal derivatives used by the Bank are interest rate swaps, interest rate caps and forward foreign exchange rate contracts. The fair value of interest rate swaps is the estimated amount that the Bank would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

In accordance with FRS 26 derivatives are recognised as trading and recorded at fair value, with changes in fair value recognised in profit or loss. Fair values are obtained from quoted market prices in active markets or from dealer price quotations.

The Bank has not applied hedge accounting to any derivative financial instruments during the period, nor are any hedge accounting adjustments included in the balance sheet at 31 March 2008.

(p) Fixed Assets and depreciation

(i) Land and buildings and investment properties are included at the latest professional market valuation.

(ii) Depreciation is provided on all operational fixed assets from the date brought into use, other than on land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected life, (3-10 years). No depreciation is charged on land and buildings as the Managing Partners consider the amount to be immaterial. No depreciation is provided in respect of investment properties in accordance with SSAP19.

(q) Investment Property

Investment properties are properties that are held to earn rental income and for capital appreciation. Properties are stated at fair value.

(r) Classification of financial instruments issued by the Bank

The Bank does not issue financial instruments other than the Ordinary Shares arising from the incorporation in 1929.

(s) Investment in subsidiaries

The Bank's investments in subsidiaries are stated at cost less any impairment losses.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

2. NET INTEREST INCOME

	2008	<i>2007</i>
	£000	<i>£000</i>
Interest income		
Available-for-sale investments	22,513	<i>11,592</i>
Loans and advances to customers	45,313	<i>41,532</i>
Loans and advances to banks	23,333	<i>18,060</i>
	<u>91,159</u>	<u>71,184</u>
Interest expense		
Deposits from customers and banks	(56,184)	<i>(41,545)</i>
Derivative liabilities	(38)	<i>(6)</i>
	<u>(56,222)</u>	<u>(41,551)</u>
Net interest income	<u>34,937</u>	<u>29,633</u>

Included within interest income is £199,000 (2007- £172,000) in respect of impaired financial assets

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS

The Bank operates a defined benefit pension scheme. On 1 December 2007 the scheme was closed to further accrual for staff in service and these members were made deferred members, benefits accrued to that date were enhanced and are now preserved. This event is described as a "curtailment" for the purposes of this note. The pension contributions for the period were £10,200,000 (2007 - £5,238,000) of which £1,217,000 (2007 - £1,551,000) has been charged to the profit and loss account. The Bank also operates a replacement money purchase scheme, the cost for the period of that scheme was £968,000 (2007 - £397,000). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term liabilities to past and present employees. The trustee of the fund is required to act in the best interest of the scheme's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The Bank has a policy that one-third of all trustee company directors should be nominated by members of the scheme and includes at least one member who is a current pensioner.

The Bank has applied the recognition and measurement requirements of FRS17 Revised "Retirement benefits" along with the Accounting Standards Board Reporting statement Retirement benefits disclosures, in preparing these financial statements.

The principal actuarial assumptions at the balance sheet date were:

	2008	2007
	%	%
Rate of increase in salaries	<i>n/a</i>	4.20
Rate of increase in pensions in payment and deferred pensions	3.60	3.20
Discount rate at 31 March	6.90	5.40
Expected return on plan assets at 31 March		
- Equities	7.50	7.50
- Bonds	5.25	5.25
- Other property & Cash	5.25	5.25
Inflation assumption	3.60	3.20

Members are assumed to retire uniformly over the period from age 55 until their 60th birthday. No rate for increase in salaries has been included following the curtailment.

The assumed life expectations upon retirement at age 60 are shown below

	2008	2007
Retiring today		
Males	28.5	28.1
Females	31.6	30.0
Retiring in 20 years time		
Males	29.7	29.3
Females	32.7	32.1

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

The key sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

<i>Assumption</i>	<i>Change in Assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	+/- 0.5%	-/+7.9%
Rate of life expectations upon retirement at aged 60	<i>Increase by 1 year</i>	+1.7%

Scheme assets and liabilities

Up until 1 December 2007, the Bank provided retirement benefits to some of its former and many of current employees through a defined benefit scheme, this scheme was closed to further accrual with effect from that date and all current members became deferred members with preserved benefits and enhanced pensionable service. These staff then joined the CHIPP (C Hoare Individual Pension Plan) which is a money purchase scheme which was already in existence for staff not eligible to join the defined benefit scheme. The terms of the CHIPP were enhanced for all staff from December 2007 and this is now the primary pension arrangement for the Bank's staff. The defined benefit scheme provides a pension based upon the final salary at retirement date or preserved rights as at leaving the scheme or upon curtailment, the CHIPP provides a pension from an annuity purchased with the accumulated investment funds, and both permit lump sum withdrawals and reduced pensions thereafter.

The liabilities of the defined scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. This amount is reflected in the scheme surplus or deficit as detailed below. As at 31 March 2008, the valuations of scheme assets less liabilities show a surplus of £2,256,000, however this sum is not deemed recoverable from the scheme nor can it be utilised to off-set future contributions and therefore it has not been recognised in the Bank's balance sheet. There is an adjustment to the actuarial gains passing through the statement of total recognised gains and losses to reflect this treatment.

An alternative method of valuation to the projected unit method is a solvency basis, this is the cost of buying out the existing pensions in payment and the accrued entitlements of the current and deferred members as at the balance sheet date. As at 31 March 2008 this was calculated to be £132m (2007 £111m).

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from the cashflow projections over long periods and thus inherently uncertain, were

	2008	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
	£000	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Equities	24,438	<i>25,209</i>	<i>20,540</i>	<i>15,755</i>	<i>13,059</i>
Bonds	36,124	<i>31,336</i>	<i>32,098</i>	<i>28,822</i>	<i>27,563</i>
Other-property and cash	19,717	<i>17,112</i>	<i>12,949</i>	<i>10,624</i>	<i>8,984</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total market value of assets	80,279	<i>73,657</i>	<i>65,587</i>	<i>55,201</i>	<i>49,606</i>
Present value of scheme liabilities	(78,023)	<i>(90,289)</i>	<i>(79,667)</i>	<i>(69,980)</i>	<i>(66,252)</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus / (Deficit) in scheme	2,256	<i>(16,632)</i>	<i>(14,080)</i>	<i>(14,779)</i>	<i>(16,646)</i>
Related deferred tax (liability) / asset	(631)	<i>4,990</i>	<i>4,224</i>	<i>4,434</i>	<i>4,994</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net pension scheme assets / (liability)	1,625	<i>(11,642)</i>	<i>(9,856)</i>	<i>(10,345)</i>	<i>(11,652)</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Changes in the fair value of the scheme assets	2008	<i>2007</i>
	£000	<i>£000</i>
Opening fair value of scheme assets	73,657	<i>65,587</i>
Expected return	4,630	<i>3,606</i>
Actual less expected gains and (losses)	(4,526)	<i>2,211</i>
Contributions from employer	10,200	<i>5,238</i>
Benefits paid	(3,682)	<i>(2,985)</i>
	<hr/>	<hr/>
Closing fair value of scheme assets	80,279	<i>73,657</i>
	<hr/>	<hr/>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Changes in the present value of the pension obligation	2008 £000	2007 £000
Opening pension obligation	90,289	79,667
Service cost	1,095	1,551
Past service cost	2,624	-
Curtailment	(2,502)	-
Interest cost	4,806	4,026
Actuarial (gains) / losses	(14,607)	8,030
Benefits paid	(3,682)	(2,985)
	<hr/>	<hr/>
Closing pension obligation	78,023	90,289
	<hr/>	<hr/>

Movement in deficit during the year	2008 £000	2007 £000	2006 £000
Deficit as at 1st April	(16,632)	(14,080)	(14,779)
Current service cost	(1,095)	(1,551)	(1,406)
Past service cost	(2,624)	-	(186)
Curtailment	2,502	-	-
Employer contributions	10,200	5,238	3,791
Other financial cost	(176)	(420)	(670)
Actuarial gains and (losses)	10,081	(5,819)	(830)
	<hr/>	<hr/>	<hr/>
Surplus / (deficit) as at 31st March	2,256	(16,632)	(14,080)
	<hr/>	<hr/>	<hr/>

The surplus of £2,256,000 is not deemed recoverable from the scheme nor can it be utilised to off-set future contributions and therefore it has not been recognised on the Bank's balance sheet. There is an adjustment to the actuarial gains passing through the statement of total recognised gains and losses to reflect this treatment.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The following items are recognised in the profit and loss account and the statement of total recognised gains and losses

Analysis of other pension costs charged in arriving at the operating profit	2008	2007
	£000	£000
In respect of defined benefit scheme		
Current service cost	1,095	1,551
Past service cost	2,624	-
Curtailement	(2,502)	-
	<u>1,217</u>	<u>1,551</u>
In respect of money purchase scheme		
Current service cost	968	397
	<u>968</u>	<u>397</u>
Total operating charge	<u>2,185</u>	<u>1,948</u>
Analysis of other finance income/ (cost)		
Expected return on assets	4,630	3,606
Interest on liabilities	(4,806)	(4,026)
	<u>(176)</u>	<u>(420)</u>

The expected return on the scheme assets is arrived at by applying the expected returns on plan assets at 31 March 2007, as detailed above, to the scheme assets at the same date to estimate a full year's income for 2007/08. The expected returns on bonds are an estimate of the yield to redemption for an average portfolio, for equities it is the expected long term return from distributions and capital growth and for property and cash it is the expected long term returns on deposits. These values are provided by the Bank's independent actuaries.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Analysis of statement of total recognised gains and losses (STRGL)	2008 £000	<i>2007 £000</i>	<i>2006 £000</i>	<i>2005 £000</i>	<i>2004 £000</i>
Actual return less expected return on assets	(4,526)	2,211	6,415	1,694	1,669
Experience gains and losses arising on liabilities	2,250	400	427	912	2,511
Changes in assumptions	12,357	(8,430)	(7,672)	(2,199)	923
Actuarial gain / (loss)	10,081	(5,819)	(830)	407	5,103
Restriction on recognition of balance sheet asset	(2,256)	-	-	-	-
Actuarial gain / (loss) recognised in STRGL	7,825	(5,819)	(830)	407	5,103
Actual return less expected return on assets as a percentage of scheme assets	5.64%	3.00%	9.78%	3.07%	3.36%
Experience gains and losses arising on liabilities as a percentage of the present value of scheme liabilities	2.88%	0.44%	0.54%	1.30%	3.79%
Actuarial gain/ (loss) as a percentage of the present value of scheme liabilities	12.92%	6.44%	1.04%	0.58%	7.70%

Future funding obligations

The most recent triennial actuarial valuation was carried out as at 1 April 2007 and then revised to 1 December 2007 in conjunction with the curtailment. Following that review it was agreed regular employer contributions would cease and the Bank would only make further contributions as and when agreed with the trustee. The Bank has made additional contributions in excess of the regular contributions which have increased in recent years. For 2007/08 regular contributions up to 1 December 2007 were £1,238,000 and additional contributions were £3,762,000, 304% of the regular contributions (2006/07 £1,793,000 regular and £3,445,000 additional, 192%). Following the curtailment a further £5,200,000 was also paid to the scheme.

The Bank is working with the trustee to explore ways to stabilise the scheme surplus through an investment strategy to minimise the mismatch between the liabilities and the assets of the scheme.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

3. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Nature and extent of the risks and rewards arising from the financial instruments held by the scheme

The scheme's assets are invested in a range of funds according to the statement of investment principles (SIP) This was developed in conjunction with the trustee and its appointed investment advisors The spread of investments at 31 March 2008 was as follows

% of total scheme assets	Planned 2008/09 SIP	31 March 2008	31 March 2007
Gilts/Bonds	46%	45%	42%
Global Equities	35%	30%	34%
Property	14%	15%	16%
Alternate Investments	5%	4%	5%
Cash	0%	6%	3%
Total	100%	100%	100%

The trustee has appointed Russell Investments to manage the scheme's investment portfolio through unitised funds and OEICs in accordance with the SIP This ensures that the risks are spread across several investment classes and exposures to individual holdings are minimised The trustee receives regular performance reports from the investment manager and monitors these against fund benchmarks

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

4. NET TRADING INCOME

	2008	<i>2007</i>
	£000	<i>£000</i>
Dealing profits	3,932	<i>3,719</i>
Increase/(decrease) in value of derivative contracts	(138)	<i>204</i>
	<hr/> 3,794 <hr/>	<hr/> <i>3,923</i> <hr/>

5. OTHER OPERATING INCOME

	2008	<i>2007</i>
	£000	<i>£000</i>
Rental income	607	<i>570</i>
Profit on sale of fixed assets	-	<i>6</i>
Dividend income on available-for-sale equity investments	577	<i>890</i>
Gains on sale of available-for-sale investments	4,472	<i>3,101</i>
	<hr/> 5,656 <hr/>	<hr/> <i>4,567</i> <hr/>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

6. ADMINISTRATIVE EXPENSES

	2008	2007
	£000	£000
Staff costs		
-wages and salaries	23,040	17,961
-social security costs	1,540	1,393
-pension costs	2,185	1,948
Other administrative expenses	11,824	10,134
	38,589	31,436

The average number of persons employed by the Bank (including managing partners) during the year, analysed by category, was as follows

	2008	2007
Full time	225.6	213.8
Part time	19.0	16.2
Contractors and agency staff	28.6	13.4
	273.2	243.4

All persons are employed by C Hoare & Co , the subsidiaries have no direct employees

AUDITORS' REMUNERATION

	2008	2007
	£000	£000
Fee payable to the Bank's auditor for the audit of the Bank's annual accounts	112	114
Other services relating to tax	13	8
All other services	75	79
	200	201
<i>Total</i>	200	201

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

7. EMOLUMENTS OF MANAGING PARTNERS

	2008	<i>2007</i>
	£000	<i>£000</i>
Total emoluments	4,176	<i>3,094</i>
Pension contributions	526	<i>205</i>
Supplementary pensions paid to former Managing Partners' widows	136	<i>170</i>
	<hr/>	<hr/>
	4,838	<i>3,469</i>
	<hr/>	<hr/>
Highest paid Managing Partner		
- emoluments	876	<i>640</i>
- pension contributions	435	<i>106</i>
- accrued pension entitlement	200	<i>328</i>
	<hr/>	<hr/>
Number of Managing Partners accruing benefits under the Bank's pension scheme at the year end	0	<i>4</i>
	<hr/>	<hr/>

The Bank's pension scheme was closed to further accrual with effect from 1 December 2007, the four Managing Partners who were accruing benefits at that date then became deferred members

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

8. TAX ON GROUP PROFIT ON ORDINARY ACTIVITIES

<u>Current tax</u>	2008	2008	<i>2007</i>	<i>2007</i>
	£000	£000	£000	£000
UK corporation tax on profits of the period	3,463		<i>4,704</i>	
Adjustments in respect of previous periods	14		<i>(32)</i>	
Total current tax (see note 8 (a))		3,477		<i>4,672</i>
Deferred tax (see note 8 (b))		1,248		<i>(297)</i>
Total tax on ordinary activities		4,725		<i>4,375</i>

8(a) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%
The differences are explained below -

	2008	<i>2007</i>
	£000	£000
Profit on ordinary activities before tax	17,270	<i>16,125</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 30%)	5,181	<i>4,838</i>
Effects of		
19% corporation tax on subsidiary company	(8)	<i>(8)</i>
Permanent disallowables	47	<i>54</i>
Timing differences on capital allowances	(105)	<i>13</i>
Pension contributions	(1,082)	<i>-</i>
Indexation allowance	(288)	<i>(120)</i>
Income from post-tax profits Dividends	(43)	<i>(19)</i>
Shares gift aid deduction	(239)	<i>(81)</i>
Foreign currency unrealised investment gains	-	<i>27</i>
Adjustment to tax charge in respect of previous periods	14	<i>(32)</i>
Current tax charge for the period (note 8)	3,477	<i>4,672</i>

8(b) Factors affecting the deferred taxation charge

Timing difference on capital allowances	105	<i>(297)</i>
Prior year adjustment	51	<i>-</i>
Change in rate of corporation tax	10	<i>-</i>
Deferred tax on pension scheme	1,082	<i>-</i>
Deferred tax charge	1,248	<i>(297)</i>

In addition to the tax charge in the profit and loss account detailed above, £3,908,000 (2007 £766,000) has been charged to the statement of total recognised gains and losses in respect of actuarial losses in the pension scheme. Furthermore, as the bank has paid additional pension contributions in excess of the service costs for the scheme (see note 3) a tax credit of £1,560,000 (2007 - £980,000) has been included in the statement of total recognised gains and losses.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

9. GROUP PROFIT DEALT WITH IN THE ACCOUNTS OF C HOARE & CO

£9,416,000 (2007 – £9,247,000) of the group profit attributable to shareholders has been dealt with in the accounts of C Hoare & Co. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of C Hoare & Co has not been presented separately.

10. DIVIDENDS

The aggregate of dividends comprises

	2008	<i>2007</i>	2008	<i>2007</i>
	per share	<i>per share</i>	£000	<i>£000</i>
Ordinary shares (declared)	£50	<i>£50</i>	6	<i>6</i>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

11. DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows the notional principal amounts and the fair values, both positive and negative, of the Bank's derivative financial instruments

	2008	2008	<i>2007</i>	<i>2007</i>
	Notional	Fair value	<i>Notional</i>	<i>Fair value</i>
	amount	Group	<i>amount</i>	<i>Group</i>
	Group	and	<i>Group</i>	<i>and</i>
	and	Company	<i>and</i>	<i>Company</i>
	Company	£000	<i>Company</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Derivative assets				
Trading				
Exchange rate contracts:				
Forward foreign exchange contracts	<u>10,118</u>	<u>44</u>	<u>32,447</u>	<u>94</u>
Interest rate contracts:				
Interest rate swaps	-	-	4,000	10
Interest rate caps	-	-	1,000	-
	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>10</u>
Total derivative assets	<u>10,118</u>	<u>44</u>	<u>37,447</u>	<u>104</u>
Derivative liabilities				
Trading				
Interest rate contracts:				
Interest rate swaps	<u>4,000</u>	<u>78</u>	-	-
Total derivative liabilities	<u>4,000</u>	<u>78</u>	-	-

During the year, the fair value of the interest rate swaps changes from an asset to a liability and the interest caps expired and were not replaced

12. LOANS AND ADVANCES TO BANKS

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Repayable on demand	40,753	40,753	17,231	17,231
Other loans and advances				
Remaining maturity				
- over 5 years	3,567	3,567	3,466	3,466
- over 1 year but less than 5 years	-	-	-	-
- 1 year or less but over 3 months	20,085	20,085	5,000	5,000
- 3 months or less	326,931	326,931	415,348	415,348
	<u>391,336</u>	<u>391,336</u>	<u>441,045</u>	<u>441,045</u>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

13. LOANS AND ADVANCES TO CUSTOMERS

	2008	2008	2007	2007
	Group	Company	Group	Company
	£000	£000	£000	£000
Other loans and advances				
Remaining maturity				
-over 5 years	13,831	13,831	8,847	8,847
-5 years or less but over 1 year	15,838	15,838	12,206	12,206
-1 year or less but over 3 months	50,992	50,992	33,265	33,265
-3 months or less	545,984	545,984	572,770	572,770
Allowance for impairment losses (note 14)	(2,640)	(2,640)	(2,805)	(2,805)
	<hr/>	<hr/>	<hr/>	<hr/>
Total loans and advances to customers	624,005	624,005	624,283	624,283
	<hr/>	<hr/>	<hr/>	<hr/>
Of which repayable on demand or at short notice	533,999	533,999	549,092	549,092
	<hr/>	<hr/>	<hr/>	<hr/>

14. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	2008	2007
	£000	£000
Specific allowances for impairment		
Balance at 1 April	2,395	3,972
Re-instatement of amount previously written off	-	150
Impairment loss for the year		
Charge for the year	528	1,070
Recoveries	(601)	(607)
Net Charge/(Recovery)	<hr/>	<hr/>
	(73)	463
Write-offs	(92)	(2,190)
	<hr/>	<hr/>
Balance at 31 March	2,230	2,395
	<hr/>	<hr/>
Collective allowance for impairment		
Balance at 1 April	410	457
Impairment loss for the year		
(Release)/charge	-	(47)
	<hr/>	<hr/>
Balance at 31 March	410	410
	<hr/>	<hr/>
Total specific and collective impairment allowances	<hr/>	<hr/>
	2,640	2,805
	<hr/>	<hr/>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000's	£000's	<i>£000's</i>	<i>£000's</i>
Treasury bills	199,094	199,094	-	-
Government securities	20,346	-	18,870	-
Bank and building society - certificates of deposit	139,866	139,866	24,992	24,992
Bank and building society - other securities	188,444	188,444	191,867	191,867
Equity securities with readily determinable fair values	24,866	-	31,588	-
Unquoted equity securities at cost	1	1	1	1
Debt securities with readily determinable fair values	22,219	1,594	21,420	1,357
Less specific allowances for impairment	(423)	-	(310)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total available-for-sale financial assets	594,413	528,999	<i>288,428</i>	<i>218,217</i>
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 March 2008, a subsidiary company had uncalled subscription monies payable in respect of equity shares of £1,955,000 (2007 - £2,871,000)

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

16. INVESTMENT IN SUBSIDIARIES

The Company has the following investments in subsidiaries

Activity	% Owned	2008 £000	2007 £000
Shares at cost			
Messrs Hoare Trustees 20 shares of No Par Value	Trustee company 100	-	-
Mitre Court Property Holding Company 10,000 Ordinary £1 shares	Property investment 100	10	10
Hoare's Bank Pension Trustees Limited 1 Ordinary £1 share	Pension scheme trustee 100	-	-
Total		<u>10</u>	<u>10</u>
Advances		<u>30,340</u>	<u>33,106</u>

All companies are incorporated in Great Britain and are 100% owned directly by C Hoare & Co. There has been no change in ownership during the financial year

17. TANGIBLE FIXED ASSETS

Group	Land and Buildings £000	Investment Properties £000	Equipment £000	Total £000
Cost or valuation				
1 April 2007	11,100	13,041	15,720	39,861
Additions	-	-	1,658	1,658
Disposals	-	-	-	-
Revaluations	1,720	258	-	1,978
31 March 2008	<u>12,820</u>	<u>13,299</u>	<u>17,378</u>	<u>43,497</u>
Depreciation				
1 April 2007	-	-	13,116	13,116
Charge for year	-	-	906	906
Disposals	-	-	-	-
31 March 2008	<u>-</u>	<u>-</u>	<u>14,022</u>	<u>14,022</u>
Net book value 31 March 2008	<u>12,820</u>	<u>13,299</u>	<u>3,356</u>	<u>29,475</u>
Net book value 31 March 2007	<u>11,100</u>	<u>13,041</u>	<u>2,604</u>	<u>26,745</u>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

17. TANGIBLE FIXED ASSETS (continued)

	Land and Buildings £000	Investment Properties £000	Equipment £000	Total £000
Company				
Cost or valuation				
1 April 2007	11,100	10,450	15,720	37,270
Additions	-	-	1,658	1,658
Disposals	-	-	-	-
Revaluations	1,720	(567)	-	1,153
	<u>12,820</u>	<u>9,883</u>	<u>17,378</u>	<u>40,081</u>
31 March 2008				
Depreciation				
1 April 2007	-	-	13,116	13,116
Charge for year	-	-	906	906
Disposals	-	-	-	-
	<u>12,820</u>	<u>9,883</u>	<u>14,022</u>	<u>14,022</u>
31 March 2008				
Net book value 31 March 2008	<u>12,820</u>	<u>9,883</u>	<u>3,356</u>	<u>26,059</u>
Net book value 31 March 2007	<u>11,100</u>	<u>10,450</u>	<u>2,604</u>	<u>24,154</u>
	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
Land and buildings occupied for own activities				
Net book value	<u>10,800</u>	<u>10,800</u>	<u>9,340</u>	<u>9,340</u>
At cost				
Land and buildings	<u>491</u>	<u>491</u>	<u>491</u>	<u>491</u>
Investment properties	<u>3,465</u>	<u>2,914</u>	<u>3,465</u>	<u>2,914</u>
	<u>3,956</u>	<u>3,405</u>	<u>3,956</u>	<u>3,405</u>
Future capital expenditure				
-contracted but not provided in the accounts	<u>365</u>	<u>365</u>	<u>-</u>	<u>-</u>

All land and buildings and investment properties were valued on the 31 March 2008 by Atisreal, Chartered Surveyors

All valuations are on the basis of open market values. Deferred tax has not been recognised on the potential capital gains arising from the sale of the land and buildings or investment properties as there is no current contract or intention to sell. The latest estimate of capital gains tax is £1.7m on the property portfolio.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

18. DEFERRED TAX

Deferred tax assets are attributable to the following

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
Fixed assets (equipment)	131	131	297	297
Unamortised balance of transition to FRS26 on 1st April 2006	(7)	124	(8)	149
Total deferred tax assets	124	255	289	446

The deferred tax balance at 31 March 2008 does not include any amounts in respect of the Bank's post-retirement scheme which is in surplus and is not recognised on the balance sheet. The previous year's accounts showed a net post-retirement scheme liability net of a deferred tax asset of £4,990,000.

19. OTHER ASSETS

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
Settlement balances	1,160	1,160	415	415
Other assets	6	6	6	2
	1,166	1,166	421	417

20. PREPAYMENTS AND ACCRUED INCOME

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
Interest receivable	6,017	5,300	4,464	3,809
Other debtors and prepayments	1,318	1,293	1,438	1,438
	7,335	6,593	5,902	5,247

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

21. DEPOSITS BY BANKS

	2008 Group £000	2008 Company £000	<i>2007</i> <i>Group</i> <i>£000</i>	<i>2007</i> <i>Company</i> <i>£000</i>
Repayable on demand	951	951	2,261	2,261

22. CUSTOMER ACCOUNTS

	2008 Group £000	2008 Company £000	<i>2007</i> <i>Group</i> <i>£000</i>	<i>2007</i> <i>Company</i> <i>£000</i>
With agreed maturity dates or periods of notice				
By remaining maturity				
-1 year or less but over 3 months	4,432	4,432	6,078	6,078
-3 months or less but not repayable on demand	1,009,327	1,009,327	797,719	797,719
	1,013,759	1,013,759	<i>803,797</i>	<i>803,797</i>
Repayable on demand	502,172	502,172	452,226	452,226
	1,515,931	1,515,931	<i>1,256,023</i>	<i>1,256,023</i>
Including amount due to the Pension Fund	184	184	309	309
Amount due to Subsidiary Companies		328		274

23. OTHER LIABILITIES

	2008 Group £000	2008 Company £000	<i>2007</i> <i>Group</i> <i>£000</i>	<i>2007</i> <i>Company</i> <i>£000</i>
Corporation tax	(636)	(1,015)	1,176	1,180
Settlement balances	7,427	7,427	4,016	4,016
Other liabilities	242	236	109	95
	7,033	6,648	<i>5,301</i>	<i>5,291</i>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

24. ACCRUALS AND DEFERRED INCOME

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Interest payable	1,997	1,997	1,895	1,895
Other creditors and accruals	10,080	10,052	9,000	7,024
	<u>12,077</u>	<u>12,049</u>	<u>10,895</u>	<u>8,919</u>

25. CALLED UP SHARE CAPITAL

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Authorised, allotted, called-up and fully paid				
120 Ordinary shares of £1,000	120	120	120	120
	<u>120</u>	<u>120</u>	<u>120</u>	<u>120</u>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

26. RESERVES	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
(i) Reserve fund				
At 1 April	22,748	21,148	22,748	21,148
Movement for the year	-	-	-	-
31 March	<u>22,748</u>	<u>21,148</u>	<u>22,748</u>	<u>21,148</u>

The Managing Partners are authorised under the Articles of Association to set aside such profits as they think proper in the form of a Reserve Fund. This Reserve Fund can be applied in any purpose to which the profits of the Bank may be properly applied.

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
(ii) Property revaluation reserve				
At 1 April	10,609	10,609	10,609	10,609
Movement for the year	1,720	1,720	-	-
31 March	<u>12,329</u>	<u>12,329</u>	<u>10,609</u>	<u>10,609</u>
(iii) Investment property revaluation reserve				
At 1 April	9,576	7,536	9,576	7,536
Movement for the year	258	(567)	-	-
31 March	<u>9,834</u>	<u>6,969</u>	<u>9,576</u>	<u>7,536</u>
(iv) Available-for-sale reserve				
At 1 April	6,888	(135)	8,384	(5)
Movement for the year	(7,672)	(4,238)	(1,496)	(130)
Change in corporation tax rate	3	-	-	-
31 March	<u>(781)</u>	<u>(4,373)</u>	<u>6,888</u>	<u>(135)</u>
Total revaluation reserves	<u>21,382</u>	<u>14,925</u>	<u>27,073</u>	<u>18,010</u>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

26. RESERVES (CONTINUED)

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
(v) Profit and loss account				
At 1 April	56,249	28,436	48,572	23,262
Gains/(losses) recognised under FRS 17	5,477	5,477	(4,073)	(4,073)
Retained profit for the year	12,545	9,410	11,750	9,247
Dividends	(6)	(6)	-	-
Change in corporation tax rate	(3)	(4)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March	74,262	43,313	56,249	28,436
	<hr/>	<hr/>	<hr/>	<hr/>
(iv) Total reserves	118,392	79,386	106,070	67,594
	<hr/>	<hr/>	<hr/>	<hr/>

	2008	<i>2007</i>
	£000	<i>£000</i>
Reconciliation of movement in shareholders' funds		
Opening shareholders' funds	106,190	100,009
Profit for the financial year	12,545	11,750
Dividends	(6)	-
Available-for-sale reserve losses	(8,943)	(1,901)
Deferred tax thereon	1,271	405
Property revaluation reserve gains	1,978	-
Actuarial gains and losses	7,825	(5,819)
Deferred tax and tax credits thereon	(2,348)	1,746
	<hr/>	<hr/>
Closing shareholders' funds	118,512	106,190
	<hr/>	<hr/>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

27. CONTINGENT LIABILITIES AND COMMITMENTS

The table below discloses the nominal principal amounts of contingent liabilities and commitments undertaken for customers as at 31 March 2008

Guarantees include those given on behalf of a customer to stand behind the current obligations of the customer and to carry out those obligations should the customer fail to do so

Performance bonds and other transaction related contingencies (which include HMRC VAT bonds) are undertakings where the requirement to make payment under the guarantee depends on the outcome of a future event

Where guarantees are issued on behalf of customers, the Bank usually holds collateral against the exposure and has a right of recourse to the customer

The Bank's maximum exposure is represented by the nominal principal amounts detailed in the table, should contracts be fully drawn upon and customers default. Consideration has not been taken of any possible recoveries from customers for payments made in respect of such guarantees under recourse provisions or from collateral held

Contingent obligations and commitments are managed in accordance with the Bank's credit risk management policies

	2008	2008	<i>2007</i>	<i>2007</i>
	Group	Company	<i>Group</i>	<i>Company</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Guarantees	<u>23,583</u>	<u>23,583</u>	<u>25,402</u>	<u>25,402</u>
Letters of credit	5,020	5,020	5,434	5,434
Performance bonds and other transaction-related contingencies	1,624	1,624	39	39
	<u>6,644</u>	<u>6,644</u>	<u>5,473</u>	<u>5,473</u>
	<u>30,227</u>	<u>30,227</u>	<u>30,875</u>	<u>30,875</u>
Commitments				
Undrawn formal standby facilities, credit lines and other commitments to lend				
Less than 1 year maturity	<u>171,326</u>	<u>171,326</u>	<u>175,152</u>	<u>175,152</u>

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

27. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

The Bank has leased two premises on long leases from the Pension Fund for operational use, these run to 2008 in respect of the Fleet Street property and 2018 for Lowndes Street

Annual commitments under non-cancellable operating leases are as follows

	2008	<i>2007</i>
	Land and Buildings	<i>Land and buildings</i>
	£000	<i>£000</i>
Group		
Operating leases which expire		
Within one year	237,774	-
In the second to fifth years inclusive	-	237,774
Over five years	129,367	130,459
	<hr/>	<hr/>
	367,141	<i>368,233</i>
	<hr/>	<hr/>

28. CONSOLIDATED CASH FLOW STATEMENT

	2008	<i>2007</i>	<i>Change</i>
	£000	<i>£000</i>	<i>in year</i>
			<i>£000</i>
Cash and Cash Equivalents			
Analysis of the balances of cash as shown in the consolidated cash flow statement			
Cash and balances at the Bank of England	427	410	
Loans and advances to banks repayable on demand	40,753	17,231	
	<hr/>	<hr/>	<hr/>
	41,180	<i>17,641</i>	<i>23,539</i>
	<hr/>	<hr/>	<hr/>

29. SEGMENTAL INFORMATION

All income and profits arise from the business of banking conducted in the United Kingdom. Full details of the profit and loss account for this business are disclosed in other parts of these financial statements

30. MANAGING PARTNERS' LOANS

The aggregate amounts outstanding from the Managing Partners (including connected persons) of C Hoare & Co at 31 March 2008 were as follows

	Aggregate amount outstanding	Number of Persons
	£000	
Loans and credit transactions	3,321	7

These loans are fully secured on normal business margins

31. ASSETS PLEDGED TO SECURE LIABILITIES

At 31 March 2008 the amount of assets pledged to secure liabilities in respect of Lloyd's Guarantees, was £3,315,000 (2007 – £3,315,000) The secured liabilities outstanding amounted to £3,315,000 (2007 - £3,315,000)

32. RELATED PARTY TRANSACTIONS

The Bank has made payments to its Pension Fund in respect of rents on premises occupied by the Bank, the amount for the period was £388,000 (2007 - £382,000)

33. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

The primary risks affecting the Bank are explained in the Managing Partner's Report on pages 2 to 4

This note presents information about the Bank's exposure to each of the above risks and the Bank's approach to the management of each risk

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Bank's risk management The Board has developed a risk management framework and established a risk register to monitor significant, identified risks within the organisation

The asset/liability committee (ALCO) meets on a monthly basis and is charged with overseeing the matching of the Bank's assets and liabilities, to review financial market activity and manage liquidity

The Credit Policy Committee oversees customer pricing, security and overall exposure guidelines and sets lending parameters for approval by the Managing Partners

The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

The Audit & Compliance Committee is responsible for monitoring compliance with, and effective operation of, the risk framework Internal Audit undertake regular and ad-hoc reviews of risk management controls and procedures, the results of which are presented to the Audit & Compliance Committee, senior management, and the Board

The Bank has a number of other committees to oversee operational risk areas such as Information Security and Disaster Recovery

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and to other banks and investment securities

33. FINANCIAL RISK MANAGEMENT (Continued)

Management of credit risk

Responsibility for credit risk on customer lending resides with the lending department, monitored by the Credit Committee. Responsibility for credit risk relating to banks lies with Treasury, and that relating to investments lies with Investment Management, both these departments are overseen by the ALCO.

It is the Bank's policy to lend to customers against security. Unsecured lending is only entered into where, in the Managing Partners' view, the customer's circumstances make it prudent to do so. Limits are placed on the aggregate lending to any one customer in accordance with regulatory guidelines. Lending is monitored against individual credit limits. All exposures are subject to an annual account review.

Interest payments and any capital repayments are generally serviced through a related current account. Therefore, past due events such as late payment or missed interest rarely occur and are thus not monitored as part of the credit risk management process.

Lending to banks is controlled by a restricted list of financial institutions with the main criteria for selection being the stability and reputation of the institution. These are mainly UK incorporated and authorised by the Financial Services Authority. All lending is undertaken within limits, which are regularly reviewed by the ALCO and approved by the Managing Partners.

The Bank's investment portfolio (equity and fixed interest) are held as part of a balanced portfolio. The asset allocation is agreed by the Board and the performance of the portfolio is reviewed monthly by the ALCO.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

33. FINANCIAL RISK MANAGEMENT (Continued)

Exposure to credit risk

The following table analyses the lending assets and investment securities by default categories

<i>In thousands of pounds</i>	Loans and advances to customers		Loans and advances to banks		Investment securities	
	2008	2007	2008	2007	2008	2007
Balance sheet:						
Carrying amount	624,005	624,283	391,336	441,045	65,414	70,211
Individually Impaired	2,317	2,507	-	-	2,804	607
Allowance for impairment	(2,230)	(2,395)	-	-	(423)	(310)
Carrying Amount	87	112	-	-	2,381	297
Assets not subject to impairment or on watch list	474,930	495,680	391,336	441,045	63,033	69,914
Watch list loans						
• High risk	21,259	4,765	-	-	-	-
• Medium risk	92,740	87,638	-	-	-	-
• Low risk	35,399	36,498	-	-	-	-
Allowance for collective Impairment	(410)	(410)	-	-	-	-
Carrying amount	624,005	624,283	391,336	441,045	65,414	70,211
Off balance sheet:						
Guarantees	23,583	25,402	-	-	-	-
Letters of credit and performance bonds	6,644	5,473	-	-	-	-
Commitments	171,326	175,152	-	-	1,955	2,871
Total credit risk exposure	825,558	830,310	391,336	441,045	67,369	73,082

33. FINANCIAL RISK MANAGEMENT (Continued)

Given the deterioration in the UK economy experienced during the year, the Bank has taken a more rigorous approach in assessing potential risk in the customer loan book, which has led to an increase in the number of accounts classified as "watch list" over the previous year. The credit risk classifications used in the preceding table are

Impaired loans and securities

The Bank regularly assesses whether there is objective evidence that any loans or securities are impaired. Loans and securities are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Bank does not perform any further analysis or grading of impaired loans.

Watch list loans

Watch list loans are loans where there is doubt as to the certainty of future principal and interest but there has not been objective evidence of a loss event that warrants a full impairment assessment to be made. These are assessed by the relationship managers and graded high, medium and low to highlight exposures which require closer management attention because of their greater probability of default and potential loss.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to identified exposures, and a collective loan impairment allowance in respect of losses that have been incurred but have not been identified at the reporting date.

Impairment losses on the securities portfolio are established when there has been a sustained decrease in value over an extended period, or where it is expected that a fixed income investment will not meet its future cash flow obligations.

Write-off policy

Bad debts are usually written off in the event of bankruptcy/insolvency of a customer. However, as it is always possible that a customer may acquire assets in the future, debts are often left, fully provisioned, as an aide memoire of the position. Bad debts will then be written off when there is absolute certainty that the residual sums are uncollectible.

Collateral

The Bank holds collateral against loans and advances to customers in the form of charges over property, investment securities, other assets and guarantees. Estimates of fair value are based upon the value of collateral assessed at the time of borrowing, and generally are not updated except when further lending is required or a loan is assessed as impaired. Collateral is not held against loans to other banks or investment securities. At 31 March 2008, the value of property collateral recorded against customer facilities was £2,177m (2007 £2,026m). The estimated value of collateral against the impaired customer lending is £0.3m (2007 £0.3m).

Renegotiated Lending

The Bank maintains direct contact with all borrowers through the Relationship Manager. Over the life of a loan, should the customer's ability to service or repay become compromised in any way the loan is placed on a watch-list as low, medium or high risk depending upon the degree of stress as determined by the Relationship manager and/or Credit Committee. Where the Bank believes the ability to repay is in doubt, the account will be treated as doubtful and a provision raised. The Bank does not renegotiate terms in the normal course of business. Accordingly, there is no separate disclosure in the accounts for "Renegotiated loans".

(c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

33. FINANCIAL RISK MANAGEMENT (Continued)

Management of liquidity risk (continued)

The treasury department prepares projected daily cash flows and then seeks to maintain a portfolio of short-term liquid assets largely made up of liquid securities, short-term loans and advances to banks to broadly match the timing of the predicted cash flows

Exposure to liquidity risk

The Bank's exposure to liquidity risk is summarised in the following tables which show the contractual maturity of obligations to repay monies to other banks and to customers

	Carrying Amount	Next day	Less than 1 month	1 to 3 months	3 months to 1 year
As at 31 March 2008	£000	£000	£000	£000	£000
Balance sheet					
Deposits from banks	951	951	-	-	-
Deposits from customers	1,515,931	706,551	729,563	75,385	4,432
Off balance sheet					
Undrawn customer facilities	171,326	171,326	-	-	-
Guarantees, Letters of Credit and Performance Bonds	30,227	30,227	-	-	-
Total Liabilities	1,718,435	909,055	729,563	75,385	4,432

	Carrying Amount	Next day	Less than 1 month	1 to 3 months	3 months to 1 year
As at 31 March 2007	£000	£000	£000	£000	£000
Balance sheet					
Deposits from banks	2,261	2,261	-	-	-
Deposits from customers	1,256,023	635,975	578,115	35,855	6,078
Off balance sheet					
Undrawn customer facilities	175,152	175,152	-	-	-
Guarantees, Letters of Credit and Performance Bonds	30,875	30,875	-	-	-
Total Liabilities	1,464,311	844,263	578,115	35,855	6,078

The previous tables show the undiscounted cash flows on the Bank's financial liabilities and undrawn customer facilities on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance, undrawn loan commitments are not all expected to be drawn down immediately nor are all guarantees, letters of credit or performance bonds likely to be called at once

33. FINANCIAL RISK MANAGEMENT (Continued)Exposure to liquidity risk (continued)

The key measure for liquidity risk is the Stock Liquidity Ratio (SLR) of liquid assets against short-term customer deposits. This is calculated daily and reported to the ALCO each month. The minimum permitted level is 100%. The recorded ratios over the last year are as follows:

	2008	2007
31 March	758.0%	127.6%
Average month end ratio	136.4%	128.3%
Maximum month end ratio	145.5%	138.7%
Minimum month end ratio	126.7%	120.6%

During March 2008, the Bank invested £200m of money market funds into Treasury Bills in response to uncertainties in the world financial markets. These instruments are included in the SLR calculation and increased the ratio to 758.0% (131.5% excluding the £200m treasury bills). The average, maximum and minimum values above have been calculated excluding the sudden rise in the ratio in the latter part of the year to provide better comparative to last year and to normal liquidity levels.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the residual risk taken.

Management of market risk

Interest rate risk arising from the mismatching of the Bank's lending and deposits is actively managed. The majority of the advances and deposits are priced off bank base rate and margins are closely monitored and evaluated. The sensitivity to interest rate changes in terms of interest cash flows and effects on fixed interest stock values is computed and reported to the ALCO.

Cash flows from active derivative instruments are spread over the period to which the cashflow relates. The Bank accrues up the differential payment/receipt on the Interest Rate swap for the current quarter adjusting fair values accordingly.

Equity and other investment prices are monitored and the investment portfolio is revalued monthly and reported to the ALCO. The portfolio is managed in defined segments and decisions on profit taking or stop-loss are taken by the investment manager.

Foreign currency balances are driven by customer demand. As with sterling there are surplus currency deposits over currency lending, although this does not form a significant part of the balance sheet. Currency positions are managed in treasury by lending surplus funds to other banks and/or taking forward foreign exchange agreements to cover expected future cash flows.

Exposure to market risks

The principal market risk to which the Bank is exposed is the risk of loss from fluctuations in the future cash flows because of a change in market interest rates. Interest rate risk is managed by the Bank's treasury department principally through monitoring interest rate gaps with assets and liabilities based upon the next interest re-fixing date as against the contractual maturity of the instruments. The ALCO oversees management of this risk.

C HOARE & CO AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

33. FINANCIAL RISK MANAGEMENT (Continued)

A summary of the Bank's interest rate gap position is as follows

<i>Thousands of pounds</i>	Carrying Amount	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 March 2008						
Assets:						
Loans and advances to banks	391,336	391,084	-	-	-	252
Loans and advances to customers	624,005	600,950	200	4,655	13,788	4,412
Interest bearing available for sale financial assets	569,970	457,405	46,594	25,000	10,837	30,134
Total assets	1,585,311	1,449,439	46,794	29,655	24,625	34,798
Liabilities						
Deposits by banks	951	951	-	-	-	-
Customer accounts	1,515,931	1,511,499	3,140	1,292	-	-
Total liabilities	1,516,882	1,512,450	3,140	1,292	-	-
Derivatives		4,000			(4,000)	
Interest rate gap	68,429	(59,011)	43,654	28,363	20,625	34,798

<i>Thousands of pounds</i>	Carrying Amount	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 March 2007						
Assets:						
Loans and advances to banks	441,045	435,894	5,000	-	-	151
Loans and advances to customers	624,283	601,053	1,100	7,725	11,015	3,390
Debt securities	256,186	202,988	1,357	1,953	23,143	26,745
Total assets	1,321,514	1,239,935	7,457	9,678	34,158	30,286
Liabilities						
Deposits by banks	2,261	2,261	-	-	-	-
Customer accounts	1,256,023	1,249,945	4,696	1,382	-	-
Total liabilities	1,258,284	1,252,206	4,696	1,382	-	-
Derivatives	-	4,000	-	-	(4,000)	-
Interest rate gap	63,230	(8,271)	2,761	8,296	30,158	30,286

33. FINANCIAL RISK MANAGEMENT (Continued)Exposure to market risk (continued)

The impact of a potential 0.25% change in base rates is assessed at the end of each month and reported to the ALCO. Using the interest repricing dates for the sterling interest bearing assets and liabilities, the impact of a 0.25% rise, or fall depending upon perceived market direction, is calculated on annualised interest flows.

At the same time the impact upon the market value fixed rate bonds and government securities from a 0.25% rise/fall in rates is assessed using a modified duration calculation. This value is normally the opposite of the interest flow impact.

The reported interest rate sensitivity on the year end balance sheet and fixed interest instrument holdings was as follows:

<i>Effect of a 0.25% rise in UK Bank Base Rates</i>	31 March 2008 £000	<i>31 March 2007 £000</i>
Short term interest flows, profit and loss impact	99	<i>111</i>
Change in bond market value	(631)	<i>(658)</i>

The interest rate sensitivities set out above are illustrative only and are based on simplified scenarios. The figures represent the effect on net interest income and fixed interest security values arising from a parallel fall or rise in the yield curve and do not take into account the effect of any further actions to mitigate the effect.

Exposure to currency risk

The table below shows the Bank's currency exposures that give rise to the net currency gains and losses recognised in the profit and loss account and the exposure to foreign currency risk. Such exposures comprise the monetary assets and liabilities of the Bank that are not denominated in sterling.

	2008 £000	<i>2007 £000</i>
US dollar	180	<i>305</i>
Euro	130	<i>160</i>
Other	481	<i>87</i>
	<hr/>	<hr/>
Total	791	<i>552</i>
	<hr/>	<hr/>

The Bank's treasury department is responsible for managing currency risk within intra-day and overnight limits established by ALCO.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

33. FINANCIAL RISK MANAGEMENT (Continued)

Management of operational risk

The Board revised the Bank's risk framework during the year. This framework establishes the process through which operational risks are identified and evaluated. Further work on risk awareness is in hand and the Bank is now in the process of implementing an enhanced risk register. Historic experience losses from operational risk are low. Through training and general staff awareness, the Board's objective is to minimise operational losses wherever possible.

(f) Fair values of financial assets and liabilities

Financial instruments include financial assets, financial liabilities and derivatives. The fair value of a financial instrument is the amount the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of financial instruments is based on market prices where available and for unlisted investment securities they are based upon the net asset valuations provided by the Fund Managers. Financial instruments which are short term in nature or re-price frequently, their fair values approximate to the carrying value.

The following sets out the Bank's basis of establishing fair values for each category of financial instruments

- Cash and balances at central banks. The fair value is their carrying value.
- Treasury bills and other eligible bills. The fair value is determined using market prices.
- Derivatives. The fair value is their carrying value. For interest rate swaps and interest rate caps, market valuations are used in determining the fair value. For forward exchange contracts, the fair value is estimated by discounting the contractual forward price and deducting the current spot rate.
- Loans and advances to banks. The fair value of floating rate placements and overnight deposits is their carrying value.
- Loans and advances to customers. The majority of loans are variable rate and re-price in response to changes in market rates and hence the fair value has been estimated as the carrying value. For fixed rate loans, the fair value is their amortised cost at the fixed rate applicable to each loan and this equates to their carrying value.
- Debt securities and equity shares. The fair values of listed investment securities are based upon quoted market prices where available. Unlisted investment securities are based upon net asset valuations provided by the Fund Managers.
- Available-for-sale financial assets. The fair values of listed investment securities are based upon quoted market prices where available. Unlisted investment securities are based upon net asset valuations provided by the Fund Managers.
- Deposits from banks and customers. The estimated fair value of deposits with no stated maturity, which includes non interest bearing deposits, is the amount repayable on demand.