
PILLAR 3 DISCLOSURE & POLICY

BIPRU 11.5.1 R

- DISCLOSURE ON RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's operations expose it to certain financial risk. This includes liquidity, credit, operational and market risk. As a general risk management objective, the Company seeks to limit any adverse effects of these risks by developing appropriate policies and monitors operations to ensure that adequate capital resources are held at all times.

Given the size of the Company, the directors have not formally delegated the responsibility of monitoring financial risk management to a sub committee of the board. However, the Company does have an Investment Risk Committee and a Business Risk Committee. The policies set by the Board of Directors are implemented by the risk committees and the Company's finance department.

The Board of Directors has management and oversight responsibility. It meets quarterly and is composed of:

- Chief Executive Officer and Executive Director – T G Sheridan
- Chief Financial Officer and Executive Director – C E Sparrow
- Executive Director – J A Urquhart Stewart
- Executive Director – G A Stott
- Chairman and Non-executive Director – I N Lovett
- Non-Executive Director – I S Black
- Non-Executive Director - S Foster
- Non-Executive Director - A C Gillies

The Board decides the Company's risk appetite and ensures that the Company has implemented an effective, ongoing process to identify risks, to measure potential impact and to ensure that those risks are actively managed.

- The Company has a conservative attitude to risk and accepts certain risks inherent to the business model.
- These risks are mitigated and managed through systems and controls.
- The Company has identified material risks and has undertaken scenario analysis and stress tests on these risks as detailed in the ICAAP.
- Overall, the level of risk is low and the Board therefore reviews the ICAAP on an annual basis.

BIPRU 11.5.2 R

- DISCLOSURE ON THE SCOPE OF THE APPLICATION OF DIRECTIVE REQUIREMENTS

Seven Investment Management Limited submits reports for accounting and prudential purposes to the FSA on an unconsolidated basis as it is not part of a group. It is a BIPRU €125k limited licence UCITS investment firm and is therefore not required to calculate an operational risk capital requirement under BIPRU 6, but instead it is required to calculate a fixed overhead requirement in accordance with GENPRU 2.1.53 R.

BIPRU 11.5.3 R

- DISCLOSURE ON CAPITAL RESOURCES

PILLAR 1 CAPITAL

Tier 1 capital comprises called up share capital, share premium, non-cumulative irredeemable preference share capital and the audited profit and loss account. The carrying value of the goodwill recognised on the balance sheet is deducted in arriving at Tier 1 capital. Profits for the 2010 year are not included (they will be recognised within the audited reserves of the company with effect from 31 May 2011).

Tier 2 capital comprises the long term subordinated loan that the company has drawn down up to the value of 50% of Tier 1 Capital less deductions. This subordinated loan facility is provided by Allied Zurich Holdings Ltd and Aegon plc. A total of £2,600,000 is available for drawdown at 10 business days notice and there is no security for this loan. Interest of 8% is payable on any amount of loan drawn down and a fee of 0.19% p.a. is charged on the undrawn balance. The loan outstanding falls due for repayment each year on 31 December but is available for drawdown again immediately thereafter.

£'000**Tier 1 capital resources:**

Permanent share capital 8
 Share premium account 11,515
 Non-cumulative preference shares 3,650
 Profit and loss account and other reserves (3,265)

Total tier 1 capital before deductions: 12,161

Less: Intangible assets – goodwill (9,774)

Total tier 1 capital after deductions: 2,134

Tier 2 capital resources:

Subordinated loan 450

Total tier 2 capital: 450

Total tier 1 plus tier 2 capital after deductions 2,584

Total capital resources after deductions 2,584

Regulatory Capital as at 31st December 2008	GBP '000
Total Tier 1 capital after deductions	2,134
Total Tier 2 capital	450
Total Tier 3 capital	0
FSA Capital Resource Requirement (CRR)	2,176
Surplus	408
Solvency Ratio (%)	118.75%