

COMPANY REGISTRATION NUMBER 00890308

AVEBURY ASSET MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2012



BREBNERS
Chartered Accountants & Statutory Auditor
The Quadrangle
180 Wardour Street
London
W1F 8LB

AVEBURY ASSET MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

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AVEBURY ASSET MANAGEMENT LIMITED

COMPANY INFORMATION

The board of directors	M J W Daley M S Carter
Company secretary	E J Daley
Registered office	The Quadrangle 180 Wardour Street London W1F 8FY
Auditor	Brebners Chartered Accountants & Statutory Auditor The Quadrangle 180 Wardour Street London W1F 8LB
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
Solicitors	Speechly Bircham 6 St Andrew Street London EC4A 3LX

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st MARCH 2012

The directors present their report and the financial statements of the company for the year ended 31st March 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the provision of investment advice for institutional clients and regulated investment management companies

The directors continue to seek to take advantage of the global demand for alternative products and to seek to advise for other regulated investment managers who require exposure to these markets

The company is authorised and regulated by the Financial Services Authority (FSA) in the United Kingdom

Financial Key Performance Indicators

The directors consider the Financial Key Performance Indicators to be the following

	2012	2011
Turnover (£)	Nil	37,502
Increase/(Decrease) in turnover	(100%)	(26.6%)
Operating profit/(loss) (£)	43,312	1,575

Non-Financial Key Performance Indicators

Management believe that building investment businesses is a long term activity and that in the initial years it is difficult to achieve profits given the dynamics of the market place for investment services (which do not favour relatively new businesses). The key values imbedded in an investment business are the staff and the investment performance they create, the ability of the company's processes to continually produce competitive performance and the reputation of the company achieves by being fully compliant with the rules and requirements of its regulators across varying jurisdictions

The company will be judged successful if in a compliant manner it can achieve better than average investment performance for its clients while experiencing a below average turnover in its professional staff

In a company this size the directors consider there are collectively other numerous non-financial performance indicators but none individually are key

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2012

RESULTS AND DIVIDENDS

The profit for the year amounted to £43,312. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company had no hedging arrangements at 31st March 2012.

As the company is a regulated company, management gives continuous attention to the company's financial position especially in terms of its net regulatory capital position (NRCP). The NRCP is calculated by the company annually following the annual audit, using the current rules set down by the company's regulator. In achieving NRCP compliance, the company identifies and provides for financial risks it may encounter and, for example, it seeks to allocate capital in excess of NRCP to cover exposures, if any, to illiquid assets, prepayments, foreign exchange exposures and debtors in excess of one month.

As the company's income may be denominated in foreign currency, management's normal policy is to hedge back into sterling expected future foreign exchange receivables. Such transactions are unlikely to involve sales with a tenure of more than six months. However, as foreign exchange management is a key component of the company, management may in the light of the company's analysis of future foreign exchange movements leave receivables denominated in foreign currency un-hedged in anticipation of a fall in the external value of Sterling.

The company, pursuing its new business plan (which could extend to a further ten years) seeks to gain and retain a small number of clients and anticipates that their investment needs are likely to be similar. The company may therefore be exposed to, for example, a market-driven switch in investment product by a significant number of clients simultaneously, or alternatively, may under-perform other managers leading over time to the loss simultaneous of clients.

The company monitors all cash, debtors, creditors and foreign exchange rate fluctuations on an ongoing basis to ensure that it has sufficient cash flows and funds for its working capital requirements.

DIRECTORS

The directors who served the company during the year were as follows:

M J W Daley
M S Carter

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2012

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



M J W Daley
Director

Approved by the directors on

18/7/12

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED
YEAR ENDED 31st MARCH 2012

We have audited the financial statements of Avebury Asset Management Limited for the year ended 31st March 2012 on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED *(continued)*

YEAR ENDED 31st MARCH 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



JOHN CHAMBERLAIN (Senior
Statutory Auditor)
For and on behalf of
BREBNERS
Chartered Accountants
& Statutory Auditor

The Quadrangle
180 Wardour Street
London
W1F 8LB

20th July 2012

AVEBURY ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2012

	Note	2012 £	2011 £
TURNOVER	2	–	37,502
Administrative expenses		(42,928)	35,927
Other operating income	3	(380)	–
OPERATING PROFIT	4	<u>43,308</u>	<u>1,575</u>
Interest receivable	7	4	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>43,312</u>	<u>1,575</u>
Tax on profit on ordinary activities	8	–	–
PROFIT FOR THE FINANCIAL YEAR		<u><u>43,312</u></u>	<u><u>1,575</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

AVEBURY ASSET MANAGEMENT LIMITED

BALANCE SHEET

31st MARCH 2012

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Tangible assets	9		819		795
CURRENT ASSETS					
Debtors	10	81,099		17,411	
Cash at bank		<u>32,002</u>		<u>54,221</u>	
		113,101		71,632	
CREDITORS: Amounts falling due within one year	11	<u>7,806</u>		<u>9,625</u>	
NET CURRENT ASSETS			105,295		62,007
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>106,114</u>		<u>62,802</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		195,140		195,140
Share premium account	14		1,678		1,678
Profit and loss account	15		<u>(90,704)</u>		<u>(134,016)</u>
SHAREHOLDERS' FUNDS	16		<u>106,114</u>		<u>62,802</u>

These financial statements were approved by the directors and authorised for issue on 18/7/12, and are signed on their behalf by

M J W Daley
Director

Company Registration Number: 00890308

The notes on pages 9 to 15 form part of these financial statements.

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The profit and loss account for the year shows a profit before tax of £43,412 which is after an exceptional credit of £58,445 in respect of the writeback of a provision against a debtor from a related entity. The balance sheet shows shareholders funds of £106,114. The company has £32,002 cash at bank and no bank borrowings. The company, and the group of which it is a member, finances its activities via the support of M J W Daley (director/shareholder) who has confirmed his continued support.

In addition the company received substantial funds in respect of a VAT claim subsequent to the year end (see Note 17).

Avebury Asset Management Limited is regulated by the FSA and has complied and continues to comply with the FSA's funding requirements.

The directors continue to seek to refocus the company's activities to take advantage of the global demand for alternative products and to seek to advise for other regulated investment managers and others who require exposure to these markets.

The company maintains positive cash balances to enable it to meet its liabilities as they fall due. The directors continue to seek further opportunities in its regulated market and has reduced its overheads, which are considered controllable, to enable it to continue to trade for the foreseeable future. The directors do not expect to have to renegotiate any bank facilities or extend support from the directors in the forthcoming 12 months and as a consequence they believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents management performance fees received and receivable on portfolios managed and investment advisory services provided during the year. All amounts are stated net of attributable value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures & Fittings - 25 - 33 3% straight line

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

1 ACCOUNTING POLICIES *(continued)*

Pension costs

Pension costs charged against profits represent the amount of the contributions payable to employee pension schemes in respect of the accounting period

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or an agreed forward contract rate. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2012 £	2011 £
United Kingdom	-	37,502

3 OTHER OPERATING INCOME

	2012 £	2011 £
Other operating income	380	-

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of owned fixed assets	459	678
Net (profit)/loss on foreign currency translation	(37)	42
Auditor's remuneration - audit of the financial statements	4,500	3,500
Auditor's remuneration - other fees	<u>4,500</u>	<u>9,375</u>
	2012 £	2011 £
Auditor's remuneration - audit of the financial statements	<u>4,500</u>	<u>3,500</u>
Auditor's remuneration - other fees		
- Taxation services	500	2,275
- Accountancy	<u>4,000</u>	<u>7,100</u>
	<u>4,500</u>	<u>9,375</u>

5. PARTICULARS OF EMPLOYEES

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

	2012 No	2011 No
Number of management staff	<u>2</u>	<u>2</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	-	8,289
Social security costs	-	185
Other pension costs	<u>-</u>	<u>400</u>
	<u>-</u>	<u>8,874</u>

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	-	8,289
Value of company pension contributions to money purchase schemes	<u>-</u>	<u>400</u>
	<u>-</u>	<u>8,689</u>

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

6 DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

7. INTEREST RECEIVABLE

	2012 £	2011 £
Interest received on HMRC repayment	<u>4</u>	<u>-</u>

8. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2011 - 21%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>43,312</u>	<u>1,575</u>
Profit on ordinary activities by rate of tax	8,662	331
Expenses not deductible for tax purposes	(11,677)	607
Depreciation in excess of capital allowances	(5)	105
Tax losses carried forward	3,020	-
Brought forward tax losses utilised	<u>-</u>	<u>(1,043)</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has available tax losses of £57,614 to be carried forward which can be utilised against future profits

No deferred tax has been provided on the above tax losses due to the uncertainty of the timing of the recovery of these losses

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1st April 2011	16,088
Additions	483
At 31st March 2012	<u>16,571</u>
DEPRECIATION	
At 1st April 2011	15,293
Charge for the year	459
At 31st March 2012	<u>15,752</u>
NET BOOK VALUE	
At 31st March 2012	<u>819</u>
At 31st March 2011	<u>795</u>

10 DEBTORS

	2012 £	2011 £
Amounts owed by group undertakings	76,643	12,708
Other debtors	3,874	4,254
Directors' current accounts	–	41
Prepayments and accrued income	582	408
	<u>81,099</u>	<u>17,411</u>

11. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	33	3,832
Other creditors	2,649	1,971
Directors' current accounts	21	–
Accruals and deferred income	5,103	3,822
	<u>7,806</u>	<u>9,625</u>

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

12. RELATED PARTY TRANSACTIONS

Included within debtors is an amount of £61,548 (2011 £58,445) due from Avebury Asset Management Group Limited, the immediate parent undertaking. A provision of £Nil (2011 £58,445) has been made against this balance resulting in a credit of £58,445 (2011 £2,265 charge).

Included within debtors is an amount of £15,095 (2011 £12,708) due from Strategic Value Management Limited, the ultimate parent undertaking.

Included within debtors is a balance of £Nil (2011 £41) due from M J W Daley, director. During the year, advances of £Nil and repayments of £41 were made. No interest has been charged in the year. There are no set terms in place.

Included within creditors is an amount of £21 (2011 £Nil) due to M J W Daley, director. There are no set terms in place.

Control

Control of the company vests with the immediate parent undertaking as disclosed in note 18 and ultimate control vests with M J W Daley, director.

13. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
195,140 Ordinary shares of £1 each	<u>195,140</u>	<u>195,140</u>	<u>195,140</u>	<u>195,140</u>

14. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

15. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	(134,016)	(135,591)
Profit for the financial year	<u>43,312</u>	<u>1,575</u>
Balance carried forward	<u>(90,704)</u>	<u>(134,016)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	<u>43,312</u>	<u>1,575</u>
Opening shareholders' funds	<u>62,802</u>	<u>61,227</u>
Closing shareholders' funds	<u>106,114</u>	<u>62,802</u>

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2012

17 POST BALANCE SHEET EVENTS

Subsequent to the year end the company received a sum of of £541k in respect of a claim for historical overpaid VAT arising as a result of interpretations of EC VAT directives, and are awaiting a further receipt in respect of interest thereon. The certainty of these receipts were not assured until this time and hence was a contingent asset at the year end. In accordance with FRS 12 this asset, less associated costs, will be recognised in the financial statements for the year ended 31st March 2013.

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Avebury Asset Management Group Limited, a company registered in England and Wales. The directors consider the company's ultimate parent undertaking to be Strategic Value Management Limited, a company registered in England and Wales.

The results of Avebury Asset Management Limited have been included within the Strategic Value Management Limited consolidated financial statements and are available from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ.