Company Registration No 05602684 (England and Wales)

A G BISSET ASSOCIATES LIMITED

(FORMERLY A.G BISSET AND COMPANY LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
COMPANY INFORMATION

Directors	A G Bisset C E C Rocco di Torrepadula U J Lindahl S G Singleton (non-executive)
Secretary	H Kavaz
Company number	05602684
Registered office	Devonshire House 1 Devonshire Street London W1W 5DR
Auditors	Citroen Wells Devonshire House 1 Devonshire Street London W1W 5DR

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
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A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business
The company's principal activity is the provision of foreign currency investment management services The company is authorised and regulated by the FSA

The key performance indicator used by the directors to assess the performance of the company is its revenue This is driven by the amount of assets under management (AUM) Turnover for the year amounted to £752,565 (2010 £708,236)

The company and its products performed adequately during 2011 despite going through a period of unprecedented volatility and insecurity in the international markets brought about in part by serious stress within the European Union

Having weathered these conditions leads the directors to conclude that the company is well placed to launch its first higher margin fund product under the UCITS structure in partnership with SE Bank in Luxembourg in the first half of 2012 This will more than compensate the not unexpected higher than normal client turnover in 2011 attributable directly to the uncertain conditions then prevailing

The directors have a reasonable expectation that the combination of higher margin product launch, certain adjustments to its underlying cost base and the continued support of its parent will ensure that it continues to trade profitably and generate sufficient resources to ensure the growth of the business

Principal risks and uncertainties
The directors consider that the key financial exposures faced by the company relate to the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs

Financial risk management policy
The company's principal financial instruments comprise bank balances, trade creditors and trade debtors

The company's financial risk management objectives are to minimise the key financial risks by having clearly defined terms of business with their clients and stringent credit control over transactions with them Achieving these objectives is also assisted by the company having a relatively low fixed overhead base

Interest rate risk
The company's financial assets are not materially exposed to interest rate risk

Price risk
The company does not take positions which expose it to price risk

Liquidity risk
The company is capitalised at a level in excess of the minimum required regulatory level and the directors monitor management accounts on a frequent basis to ensure that this level of capital is maintained at all times

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and making use of money market facilities when funds are available

Creditors liquidity risk is managed by ensuring sufficient funds are available to meet liabilities as they fall due

Pillar 3 Disclosures

Introduction

This disclosure is designed to meet our Pillar 3 obligations We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential In our view, proprietary information is that which, if it were shared, would undermine our competitive position Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties

We have made no omissions on the grounds that it is immaterial, proprietary or confidential

Operational Risk

Our company is an institutional investment manager regulated by the FSA which is authorised to provide services to Professional and Eligible counter-party clients The ultimate parent company of the company, A G Bisset Associates LLC, is incorporated in the United States The company outsources all its investment functions to its US parent, a detail which is always incorporated and highlighted in its IMA with clients

Operational risk, inherent in all businesses, is the potential for financial and reputation loss arising from failures in internal controls, operational processes or systems that support them It includes errors, omissions, disasters and deliberate acts such as fraud

The regulated environment in which the company operates, imposes extensive reporting requirements and regular self assessment and appraisal The company seeks continually to improve its operating efficiencies and standards

Risk Management

The company is governed by its directors who determine its business strategy and risk appetite They are also ultimately responsible for establishing and maintaining the company's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces

The directors also determine how the risks our company faces may be mitigated and assesses the arrangements to manage those risks on an ongoing basis The directors meet both formally and informally on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management The directors manage the company's business and identify risks though a framework of policy and procedures taking account of relevant laws, standards, principles and rules (including FSA principles and rules) with the aim of operating a defined and transparent risk management framework These policies and procedures are updated as required

The directors have identified that business, operational, market risks are the main areas of risk to which the company is exposed Periodically the directors formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness Where the directors identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate

Capital Management

Tier 1 capital consists entirely of permanent share capital and retained audited earnings At 31 December 2011 this was £295,052 (2010 £223,113) and as a comparison Pillar 1 requirement as imposed by GENPRU was £95,313 (2010 £95,633) The company's Internal Capital Adequacy Assessment Process ("ICAAP") did not envisage any further capital requirement under Pillar 2

Remuneration Code

The FSA, through CRD3 requires firms to disclose information on their remuneration policies and pay outs on an annual basis under the Pillar 3 disclosures A G Bisset Associates Limited, a Limited Licence firm, falls within the Remuneration Code, as a Tier 4 firm The company maintains remuneration policies and procedures that are consistent with and promote sound and effective risk management

A G Bisset Associates Limited does not have a formal remuneration committee and is not required to establish one under the proportionality provisions available under the Code

For the year ended 31 December 2011 gross salaries and consultancy costs paid to two members of the Senior Management classified as Code Staff totalled £179,000 There are no Code Staff who earn over £500,000 and variable pay does not exceed a third of total pay

Remuneration policy is controlled by the Board and is designed to attract, retain, and motivate the employees needed to run the business of the company in a way which is consistent with the risk Remuneration is considered to be in line with the market rates of pay and there is not a bonus culture which may encourage individuals to take higher risks due to strong links between pay and performance Any commissions are considered to be prudent and do not in any way limit the company's ability to strengthen its capital base

Results and dividends

The results for the year are set out on page 7

The directors do not recommend payment of a dividend (2010 £nil)

Directors

The following directors have held office since 1 January 2011

A G Bisset	
C E C Rocco di Torrepadula	
U J Lindahl	
D G Feeney	(Resigned 2 September 2011)
S G Singleton (non-executive)	

Auditors

The auditors, Citroen Wells, are deemed to be reappointed under section 487(2) of the Companies Act 2006

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

C E C Rocco di Torrepadula
Director
24/04/12

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF A. G. BISSET ASSOCIATES LIMITED

We have audited the financial statements of A G Bisset Associates Limited for the year ended 31 December 2011 set out on pages 7 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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 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 Directors' 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 31 December 2011 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 matter 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

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF A. G. BISSET ASSOCIATES LIMITED

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

Citroen Wells

Mark Bailey FCA CTA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

24/4/12

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	752,565	708,236
Cost of sales		(326,614)	(170,000)
Gross profit		425,951	538,236
Administrative expenses		(336,973)	(438,629)
Operating profit	3	88,978	99,607
Other interest receivable and similar income	4	1,470	1,083
Interest payable and similar charges	5	(9)	-
Profit on ordinary activities before taxation		90,439	100,690
Tax on profit on ordinary activities	6	(18,500)	(22,400)
Profit for the year	12	71,939	78,290

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	7		390		238
Current assets					
Debtors	8	253,215		256,967	
Cash at bank and in hand		257,101		115,548	
		510,316		372,515	
Creditors amounts falling due within one year	9	(215,654)		(149,640)	
Net current assets			294,662		222,875
Total assets less current liabilities			295,052		223,113
Capital and reserves					
Called up share capital	11		100,000		100,000
Profit and loss account	12		195,052		123,113
Shareholders' funds	13		295,052		223,113

Approved by the Board and authorised for issue on 24th April, 2012

C E C Rocco di Torrepadula
Director

Company Registration No 05602684

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

		2011		2010
	£	£	£	£
Net cash inflow/(outflow) from operating activities		162,732		(75,278)
Returns on investments and servicing of finance				
Interest received	1,470		1,083	
Interest paid	(9)		-	
Net cash inflow for returns on investments and servicing of finance		1,461		1,083
Taxation		(22,400)		(2,750)
Capital expenditure				
Payments to acquire tangible assets	(240)		(293)	
Net cash outflow for capital expenditure		(240)		(293)
Net cash inflow/(outflow) before management of liquid resources and financing		141,553		(77,238)
Management of liquid resources				
Bank deposits	-		175,071	
		-		175,071
Increase in cash in the year		141,553		97,833

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2011	2010
	£	£
Operating profit	88,978	99,607
Depreciation of tangible assets	88	1,342
Decrease/(increase) in debtors	3,752	(17,426)
Increase/(decrease) in creditors within one year	69,914	(158,801)
Net cash inflow/(outflow) from operating activities	162,732	(75,278)

2 Analysis of net funds

	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	115,548	141,553	-	257,101
Bank deposits	-	-	-	-
Net funds	115,548	141,553	-	257,101

3 Reconciliation of net cash flow to movement in net funds

	2011	2010
	£	£
Increase in cash in the year	141,553	97,833
Cash (outflow)/inflow from (increase)/decrease in liquid resources	-	(175,071)
Movement in net funds in the year	141,553	(77,238)
Opening net funds	115,548	192,786
Closing net funds	257,101	115,548

A. G. BISSET ASSOCIATES LIMITED
(FORMERLY A.G. BISSET AND COMPANY LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

The company has performed soundly in 2011 and has a sound, secure asset base with high levels of liquidity These factors leave the directors to conclude that the company is well placed to manage its business risks successfully and continue to trade profitability

The directors have a reasonable expectation that with the continued support of its parent entity, the company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing financial statements

1 2 Turnover

Fee income represents revenue earned from services performed derived entirely from the company's principal activity Revenue is recognised as earned, when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under mandates It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients but excluding VAT

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations For such contracts the amount of revenue reflects the accrual of the right to consideration Revenue not billed to clients is included in debtors

1 3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	25% on cost

1 4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1 5 Pensions

The company makes contributions to the personal pension schemes of certain employees Contributions payable are charged to the profit and loss account in the year they are payable

1 6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

2 Turnover

Geographical market

	Turnover 2011 £	2010 £
UK	726,099	682,123
Caribbean	26,466	26,113
	752,565	708,236

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	88	1,342
Operating lease rentals	48,467	47,280

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	8,800	7,700
Accounting, taxation and other services	21,980	20,025
	30,780	27,725

4 Investment income

	2011 £	2010 £
Bank interest	1,468	1,083
Other interest	2	-
	1,470	1,083

5 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	9	-

6	Taxation	2011	2010
		£	£
	Domestic current year tax		
	U K corporation tax	18,500	22,400
	Total current tax	18,500	22,400
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	90,439	100,690
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20 00% (2010 - 21 00%)	18,088	21,145
	Effects of		
	Non deductible expenses	358	742
	Depreciation add back	18	282
	Capital allowances	(140)	(180)
	Other tax adjustments	176	411
		412	1,255
	Current tax charge for the year	18,500	22,400

7 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2011	10,290
Additions	240
At 31 December 2011	10,530
Depreciation	
At 1 January 2011	10,052
Charge for the year	88
At 31 December 2011	10,140
Net book value	
At 31 December 2011	390
At 31 December 2010	238

8 Debtors

	2011	2010
	£	£
Trade debtors	201,821	220,878
Other debtors	41,463	23,670
Prepayments and accrued income	9,931	12,419
	253,215	256,967

9 Creditors amounts falling due within one year

	2011	2010
	£	£
Trade creditors	5,768	8,318
Amounts owed to parent and fellow subsidiary undertakings	134,777	42,500
Corporation tax	18,500	22,400
Other taxes and social security costs	38,476	43,503
Other creditors	833	833
Accruals and deferred income	17,300	32,086
	215,654	149,640

10 Pension and other post-retirement benefit commitments
Defined contribution

	2011	2010
	£	£
Contributions payable by the company for the year	10,000	10,000

11 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2011	123,113
Profit for the year	71,939
Balance at 31 December 2011	195,052

13	**Reconciliation of movements in shareholders' funds**	**2011**	**2010**
		£	**£**
	Profit for the financial year	71,939	78,290
	Opening shareholders' funds	223,113	144,823
	Closing shareholders' funds	295,052	223,113

14 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings	
	2011	**2010**
	£	**£**
Operating leases which expire		
Within one year	24,840	23,640

15	**Directors' remuneration**	**2011**	**2010**
		£	**£**
	Remuneration for qualifying services	140,000	190,353
	Company pension contributions to defined contribution schemes	10,000	10,000
		150,000	200,353

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 1)

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Management, administration and sales	3	3

Employment costs	2011 £	2010 £
Wages and salaries	179,000	225,505
Social security costs	22,005	27,179
Other pension costs	10,000	10,000
	211,005	262,684

17 Control

The company is a wholly owned subsidiary of A G Bisset Associates LLC, an entity incorporated in the USA

18 Related party relationships and transactions

During the year the company was charged management services fees of £326,614 (2010 £170,000) by its parent, A G Bisset Associates LLC, and the parent's predecessor, A G Bisset & Co Inc At the year end the company owed £134,777 to its parent (2010 £42,500)