

Company Registration No. 05602684 (England and Wales)

**A G. BISSET AND COMPANY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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26/03/2010  
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# A. G. BISSET AND COMPANY LIMITED

## COMPANY INFORMATION

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

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# **A. G. BISSET AND COMPANY LIMITED**

## **CONTENTS**

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	<b>Page</b>
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 16
 <b>The following pages do not form part of the statutory financial statements</b>	
Detailed profit and loss statement	17 - 18

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# **A. G. BISSET AND COMPANY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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The directors present their report and financial statements for the year ended 31 December 2009

#### **Principal activities and review of the business**

The company's principal activity is the provision of currency investment management services to a pension fund and an investment fund. 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 funds under management. Turnover for the year amounted to £667,782 (2008: £685,236).

After a distressful 2008, the financial markets recovered in 2009. Initially dropping steeply in early 2009, equity markets began to recover in March. The dollar, which had been strong against most currencies in 2008, declined in the first half of 2009 but then stabilized and began to rise in December. Bisset's currency models were not as successful in 2009 as in 2008 in identifying all of the shorter-term trends that developed in currencies. As a result, the currency overlay and currency alpha programs underperformed their benchmarks. However, for the two-year period, Bisset protected its clients against significant currency losses and added value to their accounts.

A G Bisset & Co. was named "Currency Manager of the Year" by both Professional Pensions and Global Pensions magazines.

The company's results for the year were satisfactory and at the year end the state of affairs of the company were satisfactory. The directors anticipate further progress during 2010.

There have been no significant events affecting the company since the year end.

#### **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.

# **A. G. BISSET AND COMPANY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **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 Financial Services Authority which is authorised to provide services to Professional and Eligible counter-party clients. The ultimate parent company of the company, A G Bisset & Co, Inc 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 through 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 31st December 2009 this was £144,823 (2008 £143,084) and as a comparison Pillar 1 requirement as imposed by GENPRU as at 31st December 2009 stood at £93,577 (2008 Euros 50,000). The company's Internal Capital Adequacy Assessment Process ("ICAAP") did not envisage any further capital requirement under Pillar 2.

# **A. G. BISSET AND COMPANY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **Results and dividends**

The results for the year are set out on page 6

The directors do not recommend payment of a dividend (2008 £nil)

### **Directors**

The following directors have held office since 1 January 2009

A G Bisset  
A B Bisset  
C E C Rocco Di Torrepadula  
U J Lindahl  
S G Singleton (non-executive)  
D G Feeney

### **Auditors**

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

### **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



A G Bisset

Director

12/03/2010

# **A. G. BISSET AND COMPANY LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF A. G. BISSET AND COMPANY LIMITED**

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We have audited the financial statements of A G Bisset and Company Limited for the year ended 31 December 2009 set out on pages 6 to 16. 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 sections 495 and 496 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 3, 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 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.

#### **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 2009 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 AND COMPANY LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF A. G. BISSET AND COMPANY LIMITED**

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#### **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

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

25/3/10

**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
1 Devonshire Street  
London  
W1W 5DR



# A: G. BISSET AND COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009 £	2008 £
	Notes		
Turnover	2	667,782	685,236
Cost of sales		(170,000)	(175,000)
Gross profit		497,782	510,236
Administrative expenses		(494,035)	(508,282)
Operating profit	3	3,747	1,954
Other interest receivable and similar income	4	742	9,260
Profit on ordinary activities before taxation		4,489	11,214
Tax on profit on ordinary activities	5	(2,750)	(3,708)
Profit for the year	11	1,739	7,506

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 AND COMPANY LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
<b>Fixed assets</b>					
Tangible assets	6		1,287		3,786
<b>Current assets</b>					
Debtors	7	239,541		230,024	
Cash at bank and in hand		192,786		184,630	
		<u>432,327</u>		<u>414,654</u>	
<b>Creditors amounts falling due within one year</b>	8	<u>(288,791)</u>		<u>(275,356)</u>	
<b>Net current assets</b>			<u>143,536</u>		<u>139,298</u>
<b>Total assets less current liabilities</b>			<u>144,823</u>		<u>143,084</u>
<b>Capital and reserves</b>					
Called up share capital	10		100,000		100,000
Profit and loss account	11		44,823		43,084
<b>Shareholders' funds</b>	12		<u>144,823</u>		<u>143,084</u>

Approved by the Board and authorised for issue on 12/03/2010



A/G Bisset

Director

Company Registration No 05602684

# A. G. BISSET AND COMPANY LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	£	2009 £	£	2008 £
Net cash inflow/(outflow) from operating activities		11,122		(15,715)
Returns on investments and servicing of finance				
Interest received	742		9,260	
Net cash inflow for returns on investments and servicing of finance		742		9,260
Taxation		(3,708)		(6,495)
Net cash inflow/(outflow) before management of liquid resources and financing		8,156		(12,950)
Management of liquid resources				
Bank deposits	(1,417)		(14,319)	
Increase/(decrease) in cash in the year		6,739		(27,269)

# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

<b>1</b>	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>				<b>2009</b>
					£
	Operating profit				3,747
	Depreciation of tangible assets				2,499
	(Increase)/decrease in debtors				(9,517)
	Increase/(decrease) in creditors within one year				14,393
	<b>Net cash inflow from operating activities</b>				<b>11,122</b>
<b>2</b>	<b>Analysis of net funds</b>	<b>1 January 2009</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2009</b>
		£	£	£	£
	Net cash				
	Cash at bank and in hand	10,976	6,739	-	17,715
	Liquid resources				
	Bank deposits	173,654	1,417	-	175,071
	<b>Net funds</b>	<b>184,630</b>	<b>8,156</b>	<b>-</b>	<b>192,786</b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>				<b>2009</b>
					£
	Increase/(decrease) in cash in the year				6,739
	Cash outflow from increase in liquid resources				1,417
	<b>Movement in net funds in the year</b>				<b>8,156</b>
	Opening net funds				184,630
	<b>Closing net funds</b>				<b>192,786</b>

# **A. G. BISSET AND COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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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

#### **1.2 Revenue recognition**

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
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#### **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.

#### **1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 2 Turnover

#### Geographical market

	Turnover 2009 £	2008 £
UK	657,837	685,236
Caribbean	9,945	-
	<u>667,782</u>	<u>685,236</u>

### 3 Operating profit

Operating profit is stated after charging  
Depreciation of tangible assets  
Operating lease rentals

2009 £	2008 £
2,499	2,499
47,280	46,128
<u>49,779</u>	<u>48,627</u>

#### Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's  
annual accounts  
Accounting, taxation and other services

7,000	10,800
23,700	14,950
<u>30,700</u>	<u>25,750</u>

### 4 Interest receivable

Bank interest  
Other interest

2009 £	2008 £
667	9,195
75	65
<u>742</u>	<u>9,260</u>

# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	2,750	3,708
	<b>Current tax charge</b>	<b>2,750</b>	<b>3,708</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	4,489	11,214
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 21.00%)	943	2,355
	Effects of		
	Non deductible expenses	1,447	1,095
	Depreciation add back	525	525
	Capital allowances	(149)	(200)
	Other tax adjustments	(16)	(67)
		1,807	1,353
	<b>Current tax charge</b>	<b>2,750</b>	<b>3,708</b>
6	<b>Tangible fixed assets</b>		<b>Fixtures, fittings &amp; equipment £</b>
	<b>Cost</b>		
	At 1 January 2009 & at 31 December 2009		9,996
	<b>Depreciation</b>		
	At 1 January 2009		6,210
	Charge for the year		2,499
	At 31 December 2009		8,709
	<b>Net book value</b>		
	At 31 December 2009		1,287
	At 31 December 2008		3,786

# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Debtors	2009	2008
	£	£
Trade debtors	193,045	177,621
Other debtors	19,957	31,196
Prepayments and accrued income	26,539	21,207
	<u>239,541</u>	<u>230,024</u>
8 Creditors: amounts falling due within one year	2009	2008
	£	£
Trade creditors	6,333	9,955
Amounts owed to parent undertaking	170,000	175,000
Corporation tax	2,750	3,708
Other taxes and social security costs	26,046	42,256
Other creditors	63,359	24,739
Accruals and deferred income	20,303	19,698
	<u>288,791</u>	<u>275,356</u>
9 Pension and other post-retirement benefit commitments Defined contribution	2009	2008
	£	£
Contributions payable by the company for the year	<u>10,000</u>	<u>10,000</u>
10 Share capital	2009	2008
	£	£
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>



# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2009	43,084
Profit for the year	1,739
	<hr/>
Balance at 31 December 2009	44,823
	<hr/>

#### 12 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	1,739	7,506
Opening shareholders' funds	143,084	135,578
	<hr/>	<hr/>
Closing shareholders' funds	144,823	143,084
	<hr/>	<hr/>

#### 13 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings	
	2009 £	2008 £
Operating leases which expire		
Within one year	23,640	-
Between one and two years	-	47,280
	<hr/>	<hr/>
	23,640	47,280
	<hr/>	<hr/>

# A. G. BISSET AND COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

14 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	224,264	252,623
Company pension contributions to money purchase schemes	10,000	10,000
	<u>234,264</u>	<u>262,623</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2008 - 1)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	214,265	246,819
Company pension contributions to money purchase schemes	10,000	5,000
	<u>224,265</u>	<u>251,819</u>

## 15 Employees

### Number of employees

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

	2009 Number	2008 Number
Management, administration and sales	<u>7</u>	<u>7</u>

### Employment costs

	2009 £	2008 £
Wages and salaries	258,772	285,053
Social security costs	34,417	32,188
Other pension costs	10,000	10,000
	<u>303,189</u>	<u>327,241</u>

## 16 Control

The company is a wholly owned subsidiary of A G Bisset & Co Inc , a company incorporated in the USA

# **A. G. BISSET AND COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2009***

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### **17 Related party transactions**

During the year the company was charged management services fees of £170,000 by its parent, A G Bisset & Co Inc (2008 £175,000) At the year end the company owed £170,000 to its parent (2008 £175,000)

At the year end the company owed £62,507 (2008 £nil) to C C E Rocco Di Torrepadula, one of its directors, for deferred commission payments