

Company Registration No 05602684 (England and Wales)

A G BISSET AND COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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A. G. BISSET AND COMPANY LIMITED

COMPANY INFORMATION

Directors

A G Bisset
C E C Rocco di Torrepadula
U J Lindahl
D G Feeney
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 AND COMPANY LIMITED

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A. G. BISSET AND COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

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 £708,236 (2009: £667,782).

The financial markets recovered in 2009 and that recovery continued in 2010. Sterling declined against the euro and the Japanese yen in 2010 while it fell against the dollar in the first half and then rose in the second half of the year. Bisset's models were successful in identifying the most critical trends and produced positive performance for all its active currency hedging clients that exceeded their benchmark returns while the company's currency alpha program also produced a positive return for 2010.

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 and expansion of AUM during 2011.

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 2010

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 & 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 31 December 2010 this was £223,113 (2009 £144,823) and as a comparison Pillar 1 requirement as imposed by GENPRU was £95,633 (2009 £93,577). The company's Internal Capital Adequacy Assessment Process ("ICAAP") did not envisage any further capital requirement under Pillar 2.

A. G. BISSETT AND COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

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 Bissett and Company 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 Bissett and Company 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 2010 gross salaries and consultancy costs paid to two members of the Senior Management classified as Code Staff totalled £190,353, including commissions of £50,353. 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 (2009: £nil).

Directors

The following directors have held office since 1 January 2010:

A G Bisset

A B Bisset

(Resigned 26 February 2010)

C E C Rocco di Torrepadula

U J Lindahl

D G Feeney

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 AND COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

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

19/4/2011

A. G. BISSET AND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of A G Bisset and Company Limited for the year ended 31 December 2010 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.

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 2010 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

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

Chartered Accountants
Statutory Auditor

21/4/11

Devonshire House
1 Devonshire Street
London
W1W 5DR

A. G. BISSET AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	708,236	667,782
Cost of sales		(170,000)	(170,000)
Gross profit		538,236	497,782
Administrative expenses		(438,629)	(494,035)
Operating profit	3	99,607	3,747
Other interest receivable and similar income	4	1,083	742
Profit on ordinary activities before taxation		100,690	4,489
Tax on profit on ordinary activities	5	(22,400)	(2,750)
Profit for the year	11	78,290	1,739

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 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	6		238		1,287
Current assets					
Debtors	7	256,967		239,541	
Cash at bank and in hand		115,548		192,786	
		<u>372,515</u>		<u>432,327</u>	
Creditors amounts falling due within one year	8	<u>(149,640)</u>		<u>(288,791)</u>	
Net current assets			<u>222,875</u>		<u>143,536</u>
Total assets less current liabilities			<u>223,113</u>		<u>144,823</u>
Capital and reserves					
Called up share capital	10		100,000		100,000
Profit and loss account	11		123,113		44,823
Shareholders' funds	12		<u>223,113</u>		<u>144,823</u>

Approved by the Board and authorised for issue on

19/4/2011



C E C Rocco di Torrepadula
Director

Company Registration No 05602684

A. G. BISSET AND COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	£	2009 £
Net cash (outflow)/inflow from operating activities		(75,278)		11,122
Returns on investments and servicing of finance				
Interest received	1,083		742	
Net cash inflow for returns on investments and servicing of finance		1,083		742
Taxation		(2,750)		(3,708)
Capital expenditure				
Payments to acquire tangible assets	(293)		-	
Net cash outflow for capital expenditure		(293)		-
Net cash (outflow)/inflow before management of liquid resources and financing		(77,238)		8,156
Management of liquid resources				
Bank deposits	175,071		(1,417)	
		175,071		(1,417)
Increase in cash in the year		97,833		6,739

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2010	2009
		£	£
	Operating profit	99,607	3,747
	Depreciation of tangible assets	1,342	2,499
	Increase in debtors	(17,426)	(9,517)
	(Decrease)/Increase in creditors within one year	(158,801)	14,393
	Net cash (outflow)/inflow from operating activities	(75,278)	11,122

2	Analysis of net (debt)/funds	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	17,715	97,833	-	115,548
	Liquid resources				
	Bank deposits	175,071	(175,071)	-	-
	Net funds/(debt)	192,786	(77,238)	-	115,548

3	Reconciliation of net cash flow to movement in net (debt)/funds	2010	2009
		£	£
	Increase in cash in the year	97,833	6,739
	Cash inflow/(outflow) from decrease/(increase) in liquid resources	(175,071)	1,417
	Movement in net (debt)/funds in the year	(77,238)	8,156
	Opening net funds	192,786	184,630
	Closing net (debt)/funds	115,548	192,786

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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 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	
	2010	2009
	£	£
UK	682,123	657,837
Caribbean	26,113	9,945
	<u>708,236</u>	<u>667,782</u>

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

3	Operating profit	2010	2009
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	1,342	2,499
	Operating lease rentals	47,280	47,280
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	7,700	7,000
	Accounting, taxation and other services	20,025	23,700
		<u> </u>	<u> </u>
		27,725	30,700
		<u> </u>	<u> </u>
4	Investment income	2010	2009
		£	£
	Bank interest	1,083	667
	Other interest	-	75
		<u> </u>	<u> </u>
		1,083	742
		<u> </u>	<u> </u>

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	22,400	2,750
	Total current tax	<u>22,400</u>	<u>2,750</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>100,690</u>	<u>4,489</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 21.00%)	<u>21,145</u>	<u>943</u>
	Effects of		
	Non deductible expenses	742	1,447
	Depreciation add back	282	525
	Capital allowances	(180)	(149)
	Other tax adjustments	411	(16)
		<u>1,255</u>	<u>1,807</u>
	Current tax charge for the year	<u>22,400</u>	<u>2,750</u>

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2010	9,996
Additions	293
	<hr/>
At 31 December 2010	10,289
	<hr/>
Depreciation	
At 1 January 2010	8,709
Charge for the year	1,342
	<hr/>
At 31 December 2010	10,051
	<hr/>
Net book value	
At 31 December 2010	238
	<hr/>
At 31 December 2009	1,287
	<hr/>

7 Debtors	2010 £	2009 £
Trade debtors	220,878	193,045
Other debtors	23,670	19,957
Prepayments and accrued income	12,419	26,539
	<hr/>	<hr/>
	256,967	239,541
	<hr/>	<hr/>

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

8 Creditors amounts falling due within one year	2010	2009
	£	£
Trade creditors	8,318	6,333
Amounts owed to parent and fellow subsidiary undertakings	42,500	170,000
Corporation tax	22,400	2,750
Other taxes and social security costs	43,503	26,046
Other creditors	833	63,359
Accruals and deferred income	32,086	20,303
	<u>149,640</u>	<u>288,791</u>
9 Pension and other post-retirement benefit commitments		
Defined contribution		
	2010	2009
	£	£
Contributions payable by the company for the year	<u>10,000</u>	<u>10,000</u>
10 Share capital		
	2010	2009
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
11 Statement of movements on profit and loss account		
		Profit and
		loss
		account
		£
Balance at 1 January 2010		44,823
Profit for the year		<u>78,290</u>
Balance at 31 December 2010		<u>123,113</u>

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

12 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Profit for the financial year	78,290	1,739
Opening shareholders' funds	144,823	143,084
Closing shareholders' funds	223,113	144,823

13 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Land and buildings	
	2010 £	2009 £
Operating leases which expire Within one year	23,640	23,640

14 Directors' remuneration	2010 £	2009 £
Remuneration for qualifying services	190,353	224,264
Company pension contributions to defined contribution schemes	10,000	10,000
	200,353	234,264

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2009 - 1)

A. G. BISSET AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

15 Employees

Number of employees

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

	2010 Number	2009 Number
Management, administration and sales	7	7

Employment costs

	2010 £	2009 £
Wages and salaries	225,505	258,772
Social security costs	27,179	34,417
Other pension costs	10,000	10,000
	262,684	303,189

16 Control

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

17 Related party relationships and transactions

During the year the company was charged management services fees of £170,000 by its parent, A G Bisset & Co Inc (2009 £170,000) At the year end the company owed £42,500 to its parent (2009 £170,000)