

**REGISTERED NUMBER 05986176 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011  
FOR  
CATALYST FUND MANAGEMENT LIMITED**

**WEDNESDAY**



\*A1JA2KSJ\*

A33

10/10/2012

#113

COMPANIES HOUSE

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
For The Year Ended 31 December 2011**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Profit and Loss Account</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Cash Flow Statement</b>	<b>9</b>
<b>Notes to the Cash Flow Statement</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**CATALYST FUND MANAGEMENT LIMITED**

**COMPANY INFORMATION**  
**For The Year Ended 31 December 2011**

**DIRECTORS.**

T Roberts  
B J Rayment  
Major Gen T P Toyne Sewell  
Lord E T Razzall  
J H Dale

**SECRETARY:**

A Gil

**REGISTERED OFFICE:**

11 Grosvenor Hill  
London  
W1K 3QA

**REGISTERED NUMBER:**

05986176 (England and Wales)

**AUDITORS:**

Rochesters Audit Services Limited  
Statutory Auditors  
No 3 Caroline Court  
13 Caroline Street  
St Pauls Square  
Birmingham  
West Midlands  
B3 1TR

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**REPORT OF THE DIRECTORS  
For The Year Ended 31 December 2011**

The directors present their report with the financial statements of the company for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of fund management

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are shown in the annexed financial statements

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties it faces.

The company is authorised and regulated by The Financial Services Authority. The principal activity is fund management advisory services and this includes arranging contracts for difference ("CFDs") for clients who are sophisticated investors. The company does not hold trading positions on its own account and does not, therefore, place its capital at risk in this regard.

The directors consider that the key financial indicators for the period are as follows:

	2011	2010
	£	£
Turnover	1,889,762	1,582,184
Gross profit	1,732,508	1,526,772
Net loss before taxation	(18,887)	(16,492)
Shareholder's funds	104,785	123,672

Turnover for the period at £1,889,762 is satisfactory at 19% higher than last year. The gross profit margin is high at 92% but this is 5% lower than last year. The high margin is due to the minimal direct costs. The net loss before taxation of £18,887 (2010: £16,492) was mainly due to exceptional management, consultancy and bad debt charges. Shareholder's equity stood at £104,785 at 31 December 2011, which is slightly down on the previous year's £123,672.

The company is a niche player and operates in a highly competitive and regulated financial services sector. The key risks that the company faces are the ability to attract and retain funds to manage, the retention of key personnel with appropriate fund management experience, the level and volatility of the stock market indices and interest rates, and the retention of key service providers.

One of the company's main sources of income was investment management fees from a related party incorporated in Luxembourg, ARM Asset Backed Securities SA. On 10 November 2011, ARM was placed under the supervision of Ernst & Young by the Luxembourg financial regulator on application to the Luxembourg district court. From 1 November 2011 onwards, the company has agreed with ARM under this supervisory arrangement to reduce its charges and receive a joint monthly fee of £75,000 shared with another related party, Catalyst Investment Group Limited. As a result of this, the directors have made a bad debt write off of £283,884 against outstanding fees and the balance of £100,000 remaining outstanding as at 31 December 2011 is considered to be recoverable during 2012.

The other source of income, CFDs, declined towards the end of the year as a result of the loss of key personnel and trading services have been recently suspended.

The directors have now reduced overheads to take account of the changed circumstances. The directors believe that ARM will continue paying the revised fee arrangement during 2012 and therefore the company will be able to meet its ongoing financial commitments and obligations. On this basis, the directors consider that the company will continue as a going concern.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2011.

**REPORT OF THE DIRECTORS**  
**For The Year Ended 31 December 2011**

**DIRECTORS**

The directors during the year under review were

T Roberts  
B J Rayment  
Major Gen T P Toyne Sewell  
Lord E T Razzall  
J H Dale

The beneficial interests of the directors holding office on 31 December 2011 in the issued share capital of the company were as follows

	31 12 11	1 1 11
<b>Ordinary £1 shares</b>		
T Roberts	5,100	5,100
B J Rayment	-	-
Major Gen T P Toyne Sewell	-	-
Lord E T Razzall	-	-
J H Dale	-	-

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**REPORT OF THE DIRECTORS  
For The Year Ended 31 December 2011**

**AUDITORS**

The auditors, Rochesters Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting

**ON BEHALF OF THE BOARD.**

A handwritten signature in black ink, appearing to read 'B-J Rayment', written in a cursive style.

B J Rayment - Director

25 June 2012

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CATALYST FUND MANAGEMENT LIMITED**

We have audited the financial statements of Catalyst Fund Management Limited for the year ended 31 December 2011 on pages seven to fourteen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 Report of the Directors 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 loss 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.

### **Emphasis of matter- Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 15 to the financial statements. The matters explained in this note indicate the existence of a material uncertainty regarding future income which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

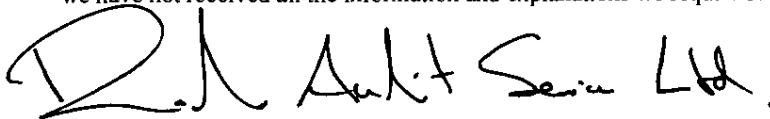
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CATALYST FUND MANAGEMENT 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

A handwritten signature in black ink, appearing to read 'P. Hewston Audit Services Ltd.', is written over the list of matters.

Peter Hewston (Senior Statutory Auditor)  
for and on behalf of Rochesters Audit Services Limited  
Statutory Auditors  
No 3 Caroline Court  
13 Caroline Street  
St Pauls Square  
Birmingham  
West Midlands  
B3 1TR

25 June 2012



**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**PROFIT AND LOSS ACCOUNT**  
**For The Year Ended 31 December 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>	2	1,889,762	1,582,184
Cost of sales		<u>157,254</u>	<u>55,412</u>
<b>GROSS PROFIT</b>		1,732,508	1,526,772
Administrative expenses		<u>1,751,093</u>	<u>1,543,264</u>
<b>OPERATING LOSS</b>	4	(18,585)	(16,492)
Interest payable and similar charges	5	<u>302</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(18,887)	(16,492)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(18,887)</u>	<u>(16,492)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year

The notes form part of these financial statements

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER. 05986176)**

**BALANCE SHEET  
31 December 2011**

	Notes	2011 £	2010 £
<b>CURRENT ASSETS</b>			
Debtors	7	108,653	93,270
Cash at bank		23,421	71,585
		<u>132,074</u>	<u>164,855</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	27,289	41,183
		<u>104,785</u>	<u>123,672</u>
<b>NET CURRENT ASSETS</b>			
		<u>104,785</u>	<u>123,672</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>104,785</u>	<u>123,672</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	5,100	5,100
Share premium	10	144,900	144,900
Profit and loss account	10	(45,215)	(26,328)
		<u>104,785</u>	<u>123,672</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>104,785</u>	<u>123,672</u>

The financial statements were approved by the Board of Directors on 25 June 2012 and were signed on its behalf by



B J Rayment - Director

The notes form part of these financial statements

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**CASH FLOW STATEMENT  
For The Year Ended 31 December 2011**

	Notes	2011 £	2010 £
<b>Net cash outflow from operating activities</b>	1	(75,862)	(38,990)
<b>Returns on investments and servicing of finance</b>	2	(302)	-
		<u>(76,164)</u>	<u>(38,990)</u>
<b>Financing</b>	2	28,000	(28,000)
<b>Decrease in cash in the period</b>		<u>(48,164)</u>	<u>(66,990)</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Decrease in cash in the period		<u>(48,164)</u>	<u>(66,990)</u>
Change in net funds resulting from cash flows		<u>(48,164)</u>	<u>(66,990)</u>
<b>Movement in net funds in the period</b>		<u>(48,164)</u>	<u>(66,990)</u>
<b>Net funds at 1 January</b>		<u>71,585</u>	<u>138,575</u>
<b>Net funds at 31 December</b>		<u>23,421</u>	<u>71,585</u>

The notes form part of these financial statements

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**NOTES TO THE CASH FLOW STATEMENT  
For The Year Ended 31 December 2011**

**1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating loss	(18,585)	(16,492)
Increase in debtors	(43,383)	(62,681)
(Decrease)/increase in creditors	(13,894)	40,183
<b>Net cash outflow from operating activities</b>	<b>(75,862)</b>	<b>(38,990)</b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(302)	-
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(302)</b>	<b>-</b>
 <b>Financing</b>		
Amount introduced by directors	28,000	-
Amount withdrawn by directors	-	(28,000)
<b>Net cash inflow/(outflow) from financing</b>	<b>28,000</b>	<b>(28,000)</b>

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 1 11 £	Cash flow £	At 31 12 11 £
Net cash			
Cash at bank	71,585	(48,164)	23,421
	<u>71,585</u>	<u>(48,164)</u>	<u>23,421</u>
 Total	 <u>71,585</u>	 <u>(48,164)</u>	 <u>23,421</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended 31 December 2011

**1 ACCOUNTING POLICIES**

**Accounting convention**

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

**Turnover**

Turnover represents commissions and fees charged. The revenue is recognised on the date the relevant service is provided

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**2 TURNOVER**

The total turnover of the company for this and the previous year has been derived from its principal activity, wholly undertaken in the United Kingdom

**3 STAFF COSTS**

	2011 £	2010 £
Wages and salaries	278,943	266,832
Social security costs	32,338	21,985
	<u>311,281</u>	<u>288,817</u>

The average monthly number of employees during the year was as follows

	2011	2010
Administration	<u>10</u>	<u>8</u>

**4 OPERATING LOSS**

The operating loss is stated after charging

	2011 £	2010 £
Auditors' remuneration	<u>6,000</u>	<u>6,000</u>
Directors' remuneration	<u>2,774</u>	<u>58,898</u>

During the year, there was a bad debt charge of £323,764 (2010 £2,691) relating to amounts due from companies which were no longer recoverable

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Loan	<u>302</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 December 2011

6 TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(18,887)</u>	<u>(16,492)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 21%)	(3,777)	(3,463)
Effects of Expenses not deductible for tax purposes	2,174	4,957
Utilisation of tax losses	<u>1,603</u>	<u>(1,494)</u>
Current tax charge	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

At the year end, there were losses of £10,700 to be relieved against future taxable income. No deferred tax asset has been recognised in respect of these losses.

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	103,653	49,770
Directors' current accounts	-	28,000
Prepayments and accrued income	<u>5,000</u>	<u>15,500</u>
	<u>108,653</u>	<u>93,270</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	13,157	35,183
Social security and other taxes	8,007	-
Accrued expenses	<u>6,125</u>	<u>6,000</u>
	<u>27,289</u>	<u>41,183</u>

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
5,100	Ordinary	£1	<u>5,100</u>	<u>5,100</u>

**CATALYST FUND MANAGEMENT LIMITED (REGISTERED NUMBER: 05986176)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 December 2011**

**10 RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 January 2011	(26,328)	144,900	118,572
Deficit for the year	(18,887)		(18,887)
At 31 December 2011	<u>(45,215)</u>	<u>144,900</u>	<u>99,685</u>

**11 TRANSACTIONS WITH DIRECTORS**

The following loan to directors subsisted during the years ended 31 December 2011 and 31 December 2010

	2011 £	2010 £
<b>T Roberts</b>		
Balance outstanding at start of year	28,000	-
Amounts advanced	-	28,000
Amounts repaid	(28,000)	-
Balance outstanding at end of year	<u>-</u>	<u>28,000</u>

**12 RELATED PARTY DISCLOSURES**

T Roberts, a director, controls the company by virtue of his majority shareholding

T Roberts, a director, was also a director of ARM Asset Backed Securities SA. During the year, sales were made to this company of £1,548,927 (2010 £1,504,290) and a bad debt of £283,884 (2010 £nil) was incurred. The amount due from this company at the year end was £100,000 (2010 £nil).

T Roberts, B J Rayment, Major General T P Toyne Sewell, Lord E T Razzall and J H Dale, directors, were also directors of Catalyst Investment Group Limited. During the year, expenses were recharged from this company of £431,394 (2010 £535,722) and the amount due to this company at the year end was £nil (2010 £28,971).

T Roberts, a director, was also a director of Catalyst Financial Services SA. During the year, management fees were incurred with this company of £557,858 (2010 £478,572) and a bad debt of £29,722 (2010 £nil) was incurred. The amount due from this company at the year end was £nil (2010 £29,722).

T Roberts and B Rayment, directors, were also directors of Catalyst Investment Group (Europe) SA. During the year, management fees were incurred with this company of £44,715 (2010 £274,993) and the amount due to this company at the year end was £nil (2010 £nil).

B Rayment, a director, was also a director of Mudslinger Limited. During the year, director fees of £2,774 (2010 £58,898) were charged by this company and the amount due to this company at the year end was £nil (2010 £nil).

T Roberts, a director, was also an officer of Fiducia Services LLC. During the year, loans of £8,105 (2010 £nil) made to this company were written off. The amount due from this company at the year end was £nil (2010 £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 December 2011

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the financial year	(18,887)	(16,492)
<b>Net reduction of shareholders' funds</b>	<b>(18,887)</b>	<b>(16,492)</b>
Opening shareholders' funds	123,672	140,164
<b>Closing shareholders' funds</b>	<b>104,785</b>	<b>123,672</b>

14 PILLAR 3

Pillar 3 disclosures are available on the company website ([www.catalystmarkets.com](http://www.catalystmarkets.com))

15 GOING CONCERN

One of the company's main sources of income was investment management fees from a related party incorporated in Luxembourg, ARM Asset Backed Securities SA. On 10 November 2011, ARM was placed under the supervision of Ernst & Young by the Luxembourg financial regulator on application to the Luxembourg district court. From 1 November 2011 onwards, the company has agreed with ARM under this supervisory arrangement to reduce its charges and receive a joint monthly fee of £75,000 shared with another related party, Catalyst Investment Group Limited. As a result of this, the directors have made a bad debt write off of £283,884 against outstanding fees and the balance of £100,000 remaining outstanding as at 31 December 2011 is considered to be recoverable during 2012.

The other source of income, CFDs, declined towards the end of the year as a result of the loss of key personnel and trading services have been recently suspended.

The directors have now reduced overheads to take account of the changed circumstances. The directors believe that ARM will continue paying the revised fee arrangement during 2012 and therefore the company will be able to meet its ongoing financial commitments and obligations. On this basis, the directors consider that the company will continue as a going concern.