

Stellar Asset Management Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2013



Registered Number: 06381679

Stellar Asset Management Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Jonathan Gain
Craig Reader
Gordon Pugh
Matthew Steiner

COMPANY SECRETARY

Jonathan Gain

REGISTERED OFFICE

4 Princess Street
London
W1B 2LF

AUDITOR

Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Stellar Asset Management Limited

DIRECTORS' REPORT

31 December 2013

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of fund management. The company's revenues are derived from the sale and distribution of investment products to retail investors and their subsequent investment management.

REVIEW OF THE BUSINESS

The company's result for the year is shown in the profit and loss account on page 5. The results reflect the early stage of development of the business.

FUTURE DEVELOPMENTS

The company has developed a number of core products that offer investors mitigation from inheritance tax and are always open for new investors. In 2014 the company intends to launch a number of tax efficient products that offer different strategies for its client base. At the time of signing these accounts one product has been launched with two more planned for the second quarter of the year. The improvement in the UK economy has helped increase investor appetite and the implementation of the Retail Distribution Review on the financial intermediary community offers a robust framework for the company to work more effectively with its clients and their advisers. The company is well placed to benefit from all these developments.

PRINCIPAL RISKS AND UNCERTAINTIES

The board identifies, assesses and manages risks associated with the company's business objectives and strategy. Risks arising from external sources, those which are inherent commercial risks in the market place and business and from operational risks contained within the systems and processes employed within the business.

External Risks

External risks can arise from changes to the political, legal and regulatory environment. The company runs a number of tax based products and changes to the underlying legislation could make a product more or less appealing. The board ensures that it has a detailed understanding of current tax legislation.

Operational Risk

Operational risk arises from a weakness or failure in a company's systems and controls. The company relies on efficient and well-controlled processes and the potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis. Where these situations are felt to be outside of the directors' appetite for risk, improvements in the controls and processes are identified in order to bring each potential risk back to within acceptable levels.

Business Risk

The majority of the Company's revenues are derived from management fees which depend on the performance of the underlying funds. The company operates in the highly competitive financial services market and issues such as the availability of assets for investment across the industry and reputational issues that affect the sector as a whole.

The reputation of the company is one of the most important assets since it operates in an industry where customer trust and confidence are key. There is a system of internal controls which seek to ensure that events which would damage the reputation of the business are prevented.

Treating customers fairly

Treating customers fairly is part of the company's business ethos and ensures its regulated business complies with the FSA principle that, "A firm must pay due regard to the interests of its customers and treat them fairly". The fair treatment of customers is central to the culture of the company.

Stellar Asset Management Limited

DIRECTORS' REPORT

31 December 2013

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in the financial statements.

PILLAR III DISCLOSURES

The Company has documented the disclosures required by the FSA under BIPRU 11. These are available from the registered office.

DIRECTORS

The directors at the date of this report are as follows:

Jonathan Gain
Craig Reader
Gordon Pugh
Matthew Steiner

No directors were appointed or resigned during 2013.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP was appointed auditor during the year.

A resolution to reappoint Baker Tilly UK Audit LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board

Jonathan Gain

25 April 2014

Stellar Asset Management Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

Stellar Asset Management Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

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Business Risk

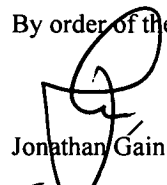
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By order of the board



Jonathan Gain

25 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STELLAR ASSET MANAGEMENT LIMITED

We have audited the financial statements on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on the 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 2013 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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Baker Tilly UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

25 April 2014

Stellar Asset Management Limited

PROFIT AND LOSS

for the year ended 31 December 2013

	<i>Note</i>	2013 £	2012 £
TURNOVER	2	484,358	275,662
Administrative expenses		(470,127)	(374,674)
OPERATING PROFIT/(LOSS)		14,231	(99,012)
Interest payable	3	(1,730)	(644)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	12,501	(99,656)
Taxation	6	(867)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	11,634	(99,656)

Turnover and operating profit are derived from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses have been presented as all such gains and losses have been dealt with in the profit and loss account.

Stellar Asset Management Limited

BALANCE SHEET

31 December 2013

Registered Number: 06381679

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	7		5,428		11,198
CURRENT ASSETS					
Debtors	8	260,476		166,883	
Cash at bank and in hand		59,845		46,814	
		<u>320,321</u>		<u>213,697</u>	
CREDITORS: amounts falling due within one year	9	(180,528)		(88,593)	
NET CURRENT ASSETS			<u>139,793</u>		<u>125,104</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>145,221</u>		<u>136,302</u>
CREDITORS: amounts falling due after more than one year	10		(4,070)		(6,785)
NET ASSETS			<u>141,151</u>		<u>129,517</u>
CAPITAL AND RESERVES					
Called up equity share capital	11		182,500		182,500
Share premium account	12		182,500		182,500
Profit and loss account	12		(223,849)		(235,483)
SHAREHOLDERS' FUNDS	13		<u>141,151</u>		<u>129,517</u>

The financial statements on pages 6 to 15 were approved and authorised for issue by the directors on 25 April 2014.

Jonathan Gain
Director

Stellar Asset Management Limited

CASH FLOW STATEMENT

for the year ended 31 December 2013

	<i>Notes</i>	2013 £	2012 £
CASH FLOW FROM OPERATING ACTIVITIES	14a	15,628	(192,362)
Returns on investments and servicing of finance	14b	(1,730)	(644)
Taxation		(867)	-
Capital expenditure	14b	-	-
NET CASH FLOW BEFORE FINANCING		<u>13,031</u>	<u>(193,006)</u>
Financing	14b	-	218,642
INCREASE/(DECREASE) IN CASH		<u>13,031</u>	<u>25,636</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash in the year		13,031	25,636
Cashflow from change in debt and lease financing		1,758	1,358
Change in net funds resulting from cash flows		<u>14,789</u>	<u>26,994</u>
New finance leases		-	(10,858)
Net funds at 1 January 2013	14c	<u>37,314</u>	<u>21,178</u>
Net funds at 31 December 2013	14c	<u>52,103</u>	<u>37,314</u>

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention and in accordance with applicable United Kingdom Accounting Standards.

Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Turnover

Turnover represents the invoiced value of fees charged to UK funds under the company's management and administration.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives as follows:

Office Equipment	33%	Straight line
Web development	50%	Straight line

Going Concern

The financial statements have been prepared on a going concern basis. The directors have considered the operating loss for the year and balance sheet at the accounting date and reviewed forecasts and are satisfied that the company is in a position to meet its liabilities as they fall due for the twelve months following approval of the financial statements.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

2 TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. Turnover arises wholly in the United Kingdom.

3	INTEREST PAYABLE	2013 £	2012 £
	Finance leases and hire purchase contracts	1,730	644

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 £	2012 £
	The loss on ordinary activities before taxation is after charging:		
	Auditor's remuneration	9,000	9,000
	Depreciation - owned assets	2,150	2,150
	- leased assets	3,620	1,810
	Operating leases - land and buildings	11,000	11,000

5 PARTICULARS OF EMPLOYEES

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

	2013 No	2012 No
Directors	4	4
Other	3	2
	<u>7</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	147,803	119,040
Social security costs	4,766	19,814
Pension costs	4,800	4,400
	<u>157,369</u>	<u>143,254</u>

Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2013 £	2012 £
Emoluments	105,075	55,805

There were no directors receiving retirement benefits (2012: Nil).

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax		
UK corporation tax based on the results	-	-
Adjustments in respect of previous periods	867	-
Total current tax	<u>867</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u>867</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed for the year is lower than the small companies rate of corporation tax in the UK of 20% (2012: 20%). The differences are explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	12,501	(99,656)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20% (2012: 20%)	2,500	(19,931)
Expenses not deductible for tax purposes	1,063	1,724
Capital allowances less than/(in excess of) depreciation	932	(1,660)
Losses (utilised)/carried forward	(4,495)	19,867
Adjustments in respect of previous periods	867	-
Total current tax	<u>867</u>	<u>-</u>

The company has tax losses of £213,560 (2012: £218,055) which will be carried forward and used against profits of the same trade. No deferred tax has been recognised due to the uncertainty of timing and utilisation of losses. The unprovided deferred tax asset, after the offset of advanced capital allowances, would amount to £42,712 (2012: £43,000).

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

7	TANGIBLE FIXED ASSETS	Office equipment £	Web development £	Total £
	Cost			
	1 January 2013 and 31 December 2013	10,858	4,300	15,158
	Depreciation			
	1 January 2013	1,810	2,150	3,960
	Charge for year	3,620	2,150	5,770
	Disposals	-	-	-
	31 December 2013	5,430	4,300	9,730
	Net book value			
	31 December 2013	5,428	-	5,428
	31 December 2012	9,048	2,150	11,198

Included in office equipment are assets held under finance lease agreements at a cost of £10,858 (2012: £10,858), accumulated depreciation of £5,430 (2012: £1,810) and net book value of £5,428 (2012: £9,048).

8	DEBTORS	2013 £	2012 £
	Trade debtors	90,573	873
	Other debtors	66,454	86,790
	Prepayments and accrued income	103,449	79,220
		260,476	166,883

9	CREDITORS: amounts falling due within one year	2013 £	2012 £
	Finance leases and hire purchase contracts	2,715	2,715
	Taxation and social security	61,436	29,959
	Other creditors	40,570	12,772
	Accruals and deferred income	75,807	43,147
		180,528	88,593

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

10	CREDITORS: Amounts falling due after more than one year	2013 £	2012 £
	Finance lease and hire purchase	4,070	6,785

Obligations under finance leases and hire purchase contracts are secured by related assets. All amounts shown are repayable with five years.

11	SHARE CAPITAL	2013 £	2012 £
	Allotted, issued and fully paid		
	265,000 (2012: 265,000) ordinary shares of 50p each	132,500	132,500
	100,000 (2012: 100,000) "B" Ordinary shares of 50p each	50,000	50,000
		<u>182,500</u>	<u>182,500</u>

"B" Ordinary Shares are non voting ordinary shares of 50p each and are entitled to dividends ahead of Ordinary Shares and a fixed amount in the event of any winding up.

12	RESERVES	Share premium account £	Profit and loss account £
	At 1 January 2013	182,500	(235,483)
	Profit for the year	-	11,634
	At 31 December 2013	<u>182,500</u>	<u>(223,849)</u>

13	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2013 £	2012 £
	Profit/(loss) for the financial year	11,634	(99,656)
	Share issues	-	220,000
	Increase in funds	<u>11,634</u>	<u>120,344</u>
	Opening shareholders' equity funds	129,517	9,173
	Closing shareholders' equity funds	<u>141,151</u>	<u>129,517</u>

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

14	CASH FLOWS	2013 £	2012 £		
a	Reconciliation of operating loss to net cash outflow from operating activities				
	Operating profit/(loss)	14,231	(99,012)		
	Depreciation	5,770	3,960		
	Decrease/(increase) in debtors	(93,593)	37,200		
	(Decrease)/increase in creditors	89,220	(134,510)		
	Net cash outflow from operating activities	15,628	(192,362)		
		2013 £	2012 £		
b	Analysis of cash flows for headings netted in the cash flow statement				
	Returns on investments and servicing of finance				
	Interest element of finance lease rental payments	(1,064)	(644)		
	Other interest paid	(666)	-		
	Net cash outflow for returns on investments and servicing of finance	(1,730)	(644)		
	Capital expenditure				
	Purchase of tangible fixed assets	-	-		
	Net cash outflow for capital expenditure	-	-		
		2013 £	2012 £		
	Financing				
	Capital element of finance lease rental payments	(1,758)	(1,358)		
	Issue of ordinary share capital	-	220,000		
	Net cash inflow from financing	(1,758)	218,642		
c	Analysis of net funds	At 1 January 2013 £	Cash flow £	Non cash transactions £	At 31 December 2013 £
	Cash in hand	46,814	13,031	-	59,845
		46,814	13,031	-	59,845
	Finance lease and hire purchase contracts	(9,500)	1,758	-	(7,742)
		37,314	14,789	-	52,103

Stellar Asset Management Limited

NOTES ON FINANCIAL STATEMENTS

31 December 2013

15 OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases will result in the following payments falling due within one year of the balance sheet date:

	2013	2012
	£	£
Number of years from the balance sheet date in which leases expire:		
Land and buildings		
Between two and five years	11,000	11,000

16 PENSION SCHEME

During the year £4,800 (2012: £4,400) has been charged to profit and loss account in respect of the defined contribution pension scheme. There were no amounts outstanding at the balance sheet date (2012: £Nil).

17 RELATED PARTY TRANSACTIONS

1. During the year the company charged administration fees to Stellar EPS Limited, a company with common directors and shareholders, amounting to £35,840 (2012: £35,840). At the year-end £873 was outstanding (2012: £873).

2. Two directors have loan accounts with the company.

	G Pugh	M Steiner
Balance at start of year	£34,411	£43,171
Repaid in year	£(34,447)	£(36,143)
Loaned during the year	£33,000	£39,750
Balance at end of year	£32,964	£46,778

The balances at the end of the year, which are included within other debtors, reflect the maximum amount outstanding. There is no interest due with respect to these balances.

18 CONTROLLING PARTY

Jonathan Gain, a director, is considered to be the controlling party given that he holds a majority of the voting share capital.