

**Company Number 06381679**

**STELLAR ASSET MANAGEMENT LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**STELLAR ASSET MANAGEMENT LIMITED**

**DIRECTORS AND OFFICERS**

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**DIRECTORS**

Jonathan Gain  
Craig Reader  
Matthew Steiner  
Daryl Hine  
Claire Taylor

**COMPANY SECRETARY**

Jonathan Gain

**COMPANY NUMBER**

06381679

**REGISTERED OFFICE**

Kendal House  
1 Conduit Street  
London  
W1S 2XA

**AUDITOR**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

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**BANKERS**

Royal Bank of Scotland Plc  
28 Cavendish Square  
London  
W1G 0DB

**SOLICITORS**

CMS Cameron McKenna Nabarro Olswang LLP  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

# **STELLAR ASSET MANAGEMENT LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their strategic report and financial statements for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITIES**

The principal activity of Stellar Asset Management Limited ("the Company") is that of fund management. The Company's revenues are derived from the origination and distribution of investment products to retail investors and their subsequent investment management.

#### **FAIR REVIEW OF THE BUSINESS**

The Company's result for the year is shown in the Statement of Income and Retained Earnings account on page 7. The results reflect the continued growth of the business and the reinvestment of additional revenue in new product development, staffing and marketing initiatives.

#### **FUTURE DEVELOPMENTS**

The Company has four core discretionary managed services that offer investors mitigation from inheritance tax and are always open for business. These services are available for investment on multiple investment platforms and in the year the Company rebranded these services and modified its charging structure to improve transparency for clients and pass on cost savings that platform investing affords. In addition, the Company continues to distribute the services to new audiences and has a number of new strategic alliances which should create long term benefit for the business. The Company continues to invest its increased revenues both in additional human resources and back office systems to support growing funds under management whilst maintaining appropriate regulatory capital.

#### **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 sponsors and manages many tax based services and changes to the underlying legislation could make a service more or less appealing. The board ensures that it has a detailed understanding of current tax legislation.

##### **Operational Risks:**

Operational risk arises from a weakness or failure in a Company's system 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 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 asset for investment across the industry and reputational issues that affect the sector as a whole.

##### **Reputation Risk:**

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 could damage the reputation of the business are prevented.

##### **Treating Customers Fairly:**

Treating customers fairly is part of the Company's business ethos and ensure its regulated business complies with the FCA 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**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **KEY PERFORMANCE INDICATORS**

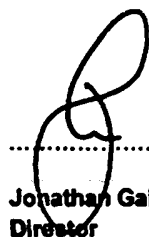
The Company considers its key performance indicator is consistent revenue in comparison to prior year. In addition, profitability is now expected to increase 10% per annum as the Company will benefit from political certainty within the United Kingdom.

### **NARRATIVE REPORTING**

The company proactively fosters its business relationships with clients and service providers to ensure a substantial amount of repeat business and uninterrupted and efficient service as needed. The company seeks to have a favourable impact on the community and the environment and desires to maintain its reputation for high standards of business conduct.

There are current uncertainties in the global economy related to the COVID-19 outbreak that emerged since early 2020, which has led to increased market volatility. The directors have considered the uncertainties and impact on the business in the going concern accounting policy and post balance sheet events note 21 forming part of these financial statements. As at the date of signing the Covid-19 virus had begun to impact the environment in which the Company operates. This has been considered in the Post Balance Sheet Events note to the Financial Statements.

Approved by



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Jonathan Gain  
Director

13 June 2020

**STELLAR ASSET MANAGEMENT LIMITED**

**DIRECTORS REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

**GOING CONCERN**

The directors have considered the use of the going concern basis in the preparation of the financial statements and have concluded that it is appropriate (see note 1 to the accounts).

**PILAR III DISCLOSURES**

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

**DIRECTORS:**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jonathan Gain  
Craig Reader  
Matthew Steiner  
Daryl Hine – Appointed 10 July 2019  
Claire Taylor – Appointed 1 September 2019  
Christopher Mills - Resigned 30 September 2019

**RESULTS AND DIVIDENDS**

The results for the year are set out on page 7.  
No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

**AUDITOR**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

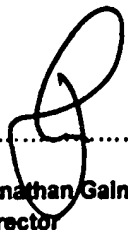
**STATEMENT OF DISCLOSURE TO AUDITOR**

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.

**STRATEGIC REPORT**

In accordance with S414C (11) of the Companies Act, included in the Strategic Report is the review of the business and principal risks. This information would have otherwise been required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors Report.

Approved by

  
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Jonathan Gain  
Director

13 June 2020

**STELLAR ASSET MANAGEMENT LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the Strategic Report and 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; and
- 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.

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

### Opinion

We have audited the financial statements of Stellar Asset Management Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the statements of financial position, the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.



DAVID BLACHER (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor,  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

30 June 2020



**STELLAR ASSET MANAGEMENT LIMITED****STATEMENT OF INCOME AND RETAINED EARNINGS**  
**For the year ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER	3	2,571,442	2,499,504
Administrative expenses		(2,559,733)	(2,308,730)
OPERATING PROFIT		11,709	190,774
Interest Payable	4	(1,047)	(5,071)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	10,662	185,703
Taxation	7	(-)	(57,945)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		10,662	127,758
RETAINED EARNINGS AT 1 JANUARY		73,432	(54,326)
RETAINED EARNINGS AT 31 DECEMBER		84,094	73,432

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

All gains and losses have been dealt with in the statement of income and retained earnings.

**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 31 December 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	8	46,356	57,531
<b>CURRENT ASSETS</b>			
Debtors	9	1,052,602	841,981
Cash at bank and in hand		123,499	232,490
		<u>1,222,457</u>	<u>1,074,471</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	10	(673,363)	(577,602)
<b>NET CURRENT ASSETS</b>		549,094	496,869
Creditors: amounts falling due after more than one year	11	( - )	(15,968)
<b>NET ASSETS</b>		<u>549,094</u>	<u>538,432</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	232,500	232,500
Share Premium		232,500	232,500
Profit and loss account		84,094	73,432
<b>TOTAL EQUITY</b>		<u>549,094</u>	<u>538,432</u>

The financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on 15 June 2020 and are signed on its behalf by:



Jonathan Gain  
Director

**Stellar Asset Management Limited****STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2019**

	Notes	2019 £	2018 £
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	13	(66,794)	101,035
Income taxes paid			
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u>(66,794)</u>	<u>101,035</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		<u>(26,229)</u>	<u>(18,353)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(26,229)</u>	<u>(18,353)</u>
<b>FINANCING ACTIVITIES</b>			
Repayments of obligations under finance lease		<u>(15,968)</u>	<u>(24,186)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>(15,968)</u>	<u>(24,186)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(108,991)</u>	<u>58,496</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>232,490</u>	<u>173,994</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>123,499</u>	<u>232,490</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES**

**GENERAL INFORMATION**

Stellar Asset Management Limited ("the Company") is a Company limited by shares and is domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Kendal House, 1 Conduit Street, London, W1S 2XA. The Company's principal activities are detailed in the Directors' Report.

**BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**GOING CONCERN**

The directors have prepared the financial statements on a going concern basis. They have carried out a detailed review of the trading position and cash flow projections for the foreseeable future, including stress testing of the business considering recent uncertainty created by the COVID-19 virus. No scenario where the Company was stressed resulted in an inability to meet its medium-term cash requirements. At the time of signing the Company was in line with expectations, allowing for the market drawdown, and customers continued to invest. The Company maintains significant cash reserves and the directors are therefore confident that sufficient financial resources will be available to enable the Company to meet the cash requirements as set out in the relevant projections.

**FOREIGN CURRENCIES**

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

**TURNOVER**

Turnover represents the invoiced value of fees charged to UK funds under the Company's management and administration net of VAT. Some elements of turnover are subject to performance conditions and these are only recognised once the income can be measured reliably, typically at the end of the performance period.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Depreciation is calculated to write off the cost of all tangible fixed assets in equal annual instalments over their estimated useful lives at the following rates:

Office equipment	33%	Straight Line
Web development	50%	Straight Line

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**TAXATION**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**LEASES**

***Operating Leases***

The annual rentals are charged to profit and loss on a straight-line basis over the lease term.

***Finance Leases***

An asset and corresponding liability are recognised for leasing agreements that transfer to the Company substantially all of the risks and rewards incidental to ownership. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease.

**FINANCIAL INSTRUMENTS**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

***Other financial assets***

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indications of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised.

The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction; where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

**Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**EMPLOYEE BENEFITS**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**RETIREMENT BENEFITS**

For defined contribution schemes the amount charged to profit or loss 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.

**2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

*Critical areas of judgement*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

**3. TURNOVER**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**4. INTEREST PAYABLE**

	2019	2018
	£	£
Finance leases and hire purchase contracts	1,047	5,071
Other	-	-
	<u>1,047</u>	<u>5,071</u>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2019	2018
	£	£
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	15,802	9,084
Depreciation of leased assets	21,802	21,802
Operating lease rentals	<u>108,997</u>	<u>107,183</u>

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2019	2018
	£	£
Audit services - statutory audit of the Company	17,000	13,000
Taxation services	-	-
	<u>17,000</u>	<u>13,000</u>

**STELLAR ASSET MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**6. EMPLOYEES**

	2019 No.	2018 No.
The average monthly number of persons (including directors) employed by the Company during the year was:	<u>19</u>	<u>18</u>
	2019 £	2018 £
Staff costs for the above persons:		
Wages and salaries	913,690	849,182
Social security costs	108,049	100,868
Pension costs	<u>28,657</u>	<u>22,568</u>
	<u>1,048,396</u>	<u>972,618</u>

**DIRECTORS**

In respect of the directors of Stellar Asset Management Limited:

	2019 £	2018 £
Highest paid director:		
- emoluments	125,000	128,563
- pension contributions	<u>-</u>	<u>-</u>
Other directors		
- emoluments	283,436	252,181
- pension contributions	<u>20,000</u>	<u>19,042</u>

Members of money purchase pension schemes	<u>3</u>	<u>3</u>
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**7. TAXATION**

	2019 £	2018 £
Current tax		
UK corporation tax	-	26,009
Adjustments in respect of prior year	<u>-</u>	<u>-</u>
Total current tax		26,009
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	31,936
Total deferred tax	<u>-</u>	31,936
Total tax on profit on ordinary activities	<u>-</u>	<u>57,945</u>

Factors affecting the tax charge for the year.



**STELLAR ASSET MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019****7. TAXATION (Continued)**

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2019 £	2018 £
Company profit on ordinary activities before tax	10,662	185,703
Company profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).	2,026	35,283
Effects of:		
Expenses that are not deductible in determining taxable profit	3,731	1,949
Difference between depreciation and capital allowances	2,132	2,304
Losses (utilised)/carried forward	(7,889)	(13,527)
Deferred tax not recognised previously	-	31,936
Adjustments in respect of prior year	-	-
Tax expense	-	57,945

The company has tax losses of £29,671 (2018: £nil) which will be carried forward and used against profits of the same trade. The deferred tax asset, after the offset of advanced capital allowances, would amount to £nil at future tax rate of 19% (2018: £nil).

**8. TANGIBLE FIXED ASSETS**

	Office equipment £	Web development £	Total £
Cost			
1 January 2019	110,404	41,800	152,204
Additions	8,030	18,199	26,229
31 December 2019	118,434	59,999	178,433
Depreciation			
1 January 2019	58,332	38,341	94,673
Depreciation charged in the year	28,031	9,373	37,404
31 December 2019	86,363	45,714	132,077
Carrying amount:			
31 December 2019	32,071	14,285	46,356
31 December 2018	52,072	5,459	57,531

Included in office equipment are assets held under finance lease agreements at a cost of £65,407 (2018: £65,407), accumulated depreciation of £46,376 (2018: £24,573), and net book value of £19,031 (2018: £40,834).

**STELLAR ASSET MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**9. DEBTORS**

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	210,381	66,460
Other debtors	226,286	135,791
Prepayments and accrued income	602,428	639,730
Deferred tax asset	13,527	-
	<u>1,052,602</u>	<u>841,981</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	177,872	77,148
Other tax and social security	91,007	113,913
Other creditors	66,502	65,220
Finance leases	5,340	22,223
Accruals and deferred income	332,642	273,089
Corporation tax	-	26,009
	<u>673,363</u>	<u>577,602</u>

**11. CREDITORS: AMOUNTS FALLING AFTER ONE YEAR**

	2019 £	2018 £
Finance leases	-	15,968
	<u>-</u>	<u>15,968</u>

**12. SHARE CAPITAL & RESERVES**

	2019 £	2018 £
Allotted, issued and fully paid		
• 265,000 (2018: 265,000) Ordinary shares of 50p each	132,500	132,500
• 200,000 (2018: 200,000) "B" Ordinary shares of 50p each	100,000	100,000
	<u>232,500</u>	<u>232,500</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. During the year there was the issue of 100,000 Ordinary 'B' shares at a value of 50p each. The amount paid for these was £1 per share, giving rise to a share premium of £50,000.

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

**RESERVES**

Reserves of the Company represent the following:

*Retained earnings*

Cumulative profit and loss net of distributions to owners.

*Share Premium*

The premium paid per share on issued equity shares.

**STELLAR ASSET MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019****13. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS**

	2019 £	2018 £
Profit after tax	10,662	127,758
Adjustments for:		
Income tax expense	-	57,945
Depreciation of tangible fixed assets	37,404	30,888
Operating cash flows before movements in working capital	<u>48,068</u>	<u>216,588</u>
Increase in trade and other debtors	(210,621)	(295,713)
Increase in trade and other creditors	95,761	180,159
Cash generated from operations	<u>(66,794)</u>	<u>101,035</u>

**14. COMMITMENTS UNDER OPERATING LEASES**

The total future minimum lease payments under non-cancellable operating leases for land and buildings are as follows:

	2019 £	2018 £
Amounts due:		
Within one year	93,346	103,774
Between one and five years	-	93,346
	<u>93,346</u>	<u>197,120</u>

**15. COMMITMENTS UNDER FINANCE LEASES**

The total future minimum lease payments under non-cancellable finance leases for office equipment are as follows:

	2019 £	2018 £
Amounts due:		
Within one year	21,670	25,123
Between one and five years	-	21,673
	<u>21,670</u>	<u>46,796</u>

**16. FINANCIAL INSTRUMENTS**

	2019 £	2018 £
Carrying amount of financial assets		
Measured at amortised cost	<u>1,039,075</u>	<u>762,121</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>582,356</u>	<u>444,124</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**17. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its related parties are disclosed below:

	Transactions with directors		Other related parties	
	2019	2018	2019	2018
	£	£	£	£
Loans repaid in the year	-	-	-	-
Owed by related parties at 31 December	-	-	-	-
Other related party transaction	-	-	-	5,000

There were no amounts outstanding at 31 December 2019 (2018: £nil). The amounts outstanding are unsecured, repayable on demand and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2018: £nil) in respect of bad debts from related parties.

The related parties of the company are controlled by Jonathan Gain, who is the ultimate controlling party.

**18. REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The total remuneration of the directors, who are considered to be the key management personnel of the Company, was £408,436 (2018: £326,418).

**19. PENSION SCHEMES**

During the year £28,657 (2018: £22,568) has been charged to profit and loss account in respect of the defined contribution pension scheme. There was £370 outstanding at the balance sheet date (2018: £4,986).

**20. CONTROLLING PARTY**

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

**21. POST BALANCE SHEET EVENTS**

As at the Statement of Financial Position date (31 December 2019), a limited number of cases of an unknown virus had been reported to the World Health Organization. There was no explicit evidence of human-to-human transmission at that date. Subsequent to 31 December 2019, the virus was identified as a new coronavirus (COVID-19) and there has been fast and widespread transmission through the human population.

In response to the COVID-19 virus, the UK introduced social distancing measures which resulted in the Company closing its office and moving all operations to work remotely. Having offered flexible working with many staff regularly working from home, the Company was able to uphold the highest standards of client service, security and transparency as it continued to manage clients' investments.

As a result of the uncertainty created by the COVID-19 virus, there has been significant volatility in global financial markets and significant uncertainties are expected to remain for the medium term. As at the date of signing the accounts, the full impact of the COVID-19 virus is unknown and the consequences very difficult to project.

**21. POST BALANCE SHEET EVENTS (Continued)**

This uncertainty will impact the environment in which the Company operates and could impact the future financial results of the Company. However, given the Company's strong cash position, the directors are confident that sufficient resources are available to the Company to enable it to deal with the current level of volatility and uncertainty.