

Company Registration No. 07223330 (England and Wales)

TRUESTONE ASSET MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

THURSDAY



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TRUESTONE ASSET MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A Branfield M I Kenner N Sandy P N Szkiler J Boyle	(Appointed 14 December 2012)
Company number	07223330	
Registered office	Dixon House 72 - 75 Fenchurch Street London EC3M 4BR	
Auditors	Beavis Morgan Audit Limited 82 St John Street London EC1M 4JN	

TRUESTONE ASSET MANAGEMENT LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 15

TRUESTONE ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and financial statements for the year ended 30 June 2013

Principal activities and review of the business

The principal activity of the company continued to be that of wealth management consultancy

The directors are pleased with the performance of the company. Whilst the market environment in recent years has hindered some competitors, our long-term strategic goals remain consistent and effective. The company continues to be highly regarded for its professionalism, fund performance, financial planning skills, and an expertise in the emerging asset class of Impact Investing. Together with Truestone Impact Investment Management Limited, the company is increasingly gaining a competitive advantage in emerging and frontier market investment capabilities.

Exciting opportunities are being developed, not only through offering innovative products to existing and new clients, but also in acquiring client portfolios from other financial advisers which has brought increased scale to the business. The company's client base was significantly strengthened in September 2012, when the parent company, Truestone Financial Management (Holdings) Limited, acquired Argent. Group funds under management now total well in excess of £400m. Consequently, profitability is growing through leveraging distribution strengths, deepening client relationships, continuing cost management and investment in effective technology. The board ensured that the company was well-placed to respond to the Retail Distribution Review (RDR) from January 2013 as, in 2010/11, all clients transferred to service models that anticipated RDR.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 July 2012:

A Branfield
M I Kenner
N Sandy
P N Szkiler
J Boyle

(Appointed 14 December 2012)

Charitable donations	2013 £	2012 £
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During the year the company made the following payments:

Charitable donations	28,774	14,270
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Charitable donations of £22,869 have been made in the period to A Call to Business, an organisation which provides support to Christian business people to enable them to bring their faith into their daily working lives. The remaining donations of £5,905 comprise a number of small contributions to charities with which Truestone has links or which serve our local communities.

Financial instruments and Pillar 3 disclosures

The company's principal financial instruments comprise trade debtors. The company's approach to managing the risks applicable to the financial instruments concerned is to monitor these debtors for the uncertainty of recovery and where necessary write-off doubtful debts.

Pillar 3 disclosure

Pillar 3 disclosure will be made available upon request to Truestone Asset Management Limited.

TRUESTONE ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

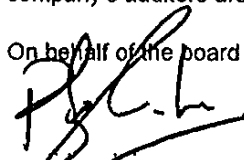
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P N Szklir

Director

21/10/2013

TRUESTONE ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TRUESTONE ASSET MANAGEMENT LIMITED

We have audited the financial statements of Truestone Asset Management Limited for the year ended 30 June 2013 set out on pages 5 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Directors' Report 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 30 June 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

TRUESTONE ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF TRUESTONE ASSET 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



Richard Thacker (Senior Statutory Auditor)
for and on behalf of Beavis Morgan Audit Limited

21/10/13

Chartered Accountants
Statutory Auditor

82 St John Street
London
EC1M 4JN

TRUESTONE ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2013

		2013	13 Months Period ended 30 June 2012
	Notes	£	£
Turnover	2	2,430,200	2,468,815
Cost of sales		(213,097)	(173,256)
Gross profit		2,217,103	2,295,559
Administrative expenses		(2,093,324)	(2,261,693)
Operating profit	3	123,779	33,866
Interest payable and similar charges	4	(538)	(468)
Profit on ordinary activities before taxation		123,241	33,398
Tax on profit on ordinary activities	5	(4,604)	-
Profit for the year	14	118,637	33,398

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


TRUESTONE ASSET MANAGEMENT LIMITED

BALANCE SHEET

AS AT 30 JUNE 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Intangible assets	6	237,574		256,082	
Tangible assets	7	22,172		18,951	
		<u>259,746</u>		<u>275,033</u>	
Current assets					
Debtors	8	1,107,410		538,620	
Cash at bank and in hand		91,759		22,655	
		<u>1,199,169</u>		<u>561,275</u>	
Creditors: amounts falling due within one year	9	<u>(595,198)</u>		<u>(129,832)</u>	
Net current assets		<u>603,971</u>		<u>431,443</u>	
Total assets less current liabilities		<u>863,717</u>		<u>706,476</u>	
Provisions for liabilities	10	-		(23,077)	
		<u>863,717</u>		<u>683,399</u>	
Capital and reserves					
Called up share capital	13	700,001		650,001	
Other reserves	14	11,681		-	
Profit and loss account	14	152,035		33,398	
Shareholders' funds	15	<u>863,717</u>		<u>683,399</u>	

Approved by the Board and authorised for issue on 21/10/2013


P N Szklér
Director

Company Registration No. 07223330

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a 100% subsidiary of a company where a group cash flow statement is published

Going concern

The directors have prepared financial forecasts for the three years ending 30 June 2016. Taking into account reasonably foreseeable changes in the principal assumptions on which the forecasts are prepared, the directors consider that the company will have sufficient resources available to enable it to continue as a going concern for the foreseeable future. Accordingly the going concern basis continues to be applied.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied as investment intermediaries. Revenue is calculated on the basis of commissions and fees earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax. A provision is made against commission to account for any potential clawback.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over 15 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows.

Computer equipment	33% Reducing Balance
Fixtures, fittings & equipment	25% Reducing Balance

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Share-based payments

The company's parent undertaking has issued share options to certain directors and employees, which rest on the occurrence of certain events. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity representing a contribution from the parent. The fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

2 Turnover

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

3 Operating profit	2013 £	2012 £
Operating profit is stated after charging		
Amortisation of intangible assets	18,508	20,042
Depreciation of tangible assets	7,233	6,462

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

Accountancy	13,500	19,000
Tax	1,500	15,205
Other	3,750	3,000
	2,659	2,700
	21,409	39,905

4 Interest payable	2013 £	2012 £
On bank loans and overdrafts	538	468

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

5	Taxation	2013 £	2012 £
	Domestic current year tax		
	U K corporation tax	4,604	-
	Total current tax	<u>4,604</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>123,241</u>	<u>33,398</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 20.00%)	<u>24,648</u>	<u>6,680</u>
	Effects of		
	Non deductible expenses	9,520	3,261
	Depreciation add back	5,148	4,994
	Capital allowances	(2,581)	(2,419)
	Group relief	(32,131)	(12,518)
		<u>(20,044)</u>	<u>(6,680)</u>
	Current tax charge for the year	<u>4,604</u>	<u>-</u>
6	Intangible fixed assets		Goodwill £
	Cost		
	At 1 July 2012 & at 30 June 2013		<u>276,124</u>
	Amortisation		
	At 1 July 2012		20,042
	Charge for the year		<u>18,508</u>
	At 30 June 2013		<u>38,550</u>
	Net book value		
	At 30 June 2013		<u>237,574</u>
	At 30 June 2012		<u>256,082</u>

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2012	87,145	171,764	258,909
Additions	7,528	2,926	10,454
At 30 June 2013	94,673	174,690	269,363
Depreciation			
At 1 July 2012	73,407	166,551	239,958
Charge for the year	5,450	1,783	7,233
At 30 June 2013	78,857	168,334	247,191
Net book value			
At 30 June 2013	15,816	6,356	22,172
At 30 June 2012	13,738	5,213	18,951

8 Debtors

	2013 £	2012 £
Trade debtors	168,473	160,001
Amounts owed by parent undertaking	908,005	350,427
Other debtors	5,628	17,587
Prepayments and accrued income	25,304	10,605
	<u>1,107,410</u>	<u>538,620</u>

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

9	Creditors: amounts falling due within one year	2013 £	2012 £
	Trade creditors	45,380	38,277
	Amounts owed to fellow subsidiary company	420,927	-
	Corporation tax	4,604	-
	Other taxes and social security costs	44,829	33,688
	Other creditors	9,670	3,757
	Accruals and deferred income	69,788	54,110
		<u>595,198</u>	<u>129,832</u>

10 Provisions for liabilities

	Provision for insurance excess £	Provision for clawbacks £	Total £
Balance at 1 July 2012	20,000	3,077	23,077
Unused amounts reversed	(20,000)	(3,077)	(23,077)
Balance at 30 June 2013	<u>-</u>	<u>-</u>	<u>-</u>

11 Pension and other post-retirement benefit commitments Defined contribution

	2013 £	2012 £
Contributions payable by the company for the year	<u>12,575</u>	<u>20,374</u>

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

12 Share-based payment transactions

During the year ended 30 June 2013, the company had one share-based payment arrangement, which is described below.

Type of arrangement	Share Option "A"
Date of grant	14 October 2012
Number granted	534,352
Contractual life	10 years
Vesting conditions	(a) Optionholder holds employment with any member of the Group until occurrence of (b) Occurrence of exit event as defined

The estimated fair value of each share option granted in the general employee share plan is £0.33

The estimated fair value was calculated by applying a Black-Scholes option pricing model

The model inputs were:

share price at grant date of £0.54,
exercise price of £0.54,
expected volatility of 50 per cent,
no expected dividends,
contractual life of 10 years, and
a risk-free interest rate of 1.90 per cent

Volatility has been determined with reference to the change in share price of a listed company that the directors feel offers a similar range of products and services as the company

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

12 Share-based payment transactions

(continued)

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2013	2013 £	2012	2012 £
Granted	534,352	0.54	-	-
Outstanding at 30 June 2012	534,352	0.54	-	-

No options were exercised during the year

	2013 £	2012 £
Expense arising from share-based payment transactions (Refer to note 14)	11,681	-

13 Share capital

	2013 £	2012 £
Allotted, called up and fully paid 700,001 Ordinary Shares of £1 each	700,001	650,001

During the year 50,000 ordinary shares of £1 each were allotted and fully paid at par in order to provide additional working capital

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

14 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2012	-	33,398
Profit for the year	-	118,637
Movement during the year	11,681	-
Balance at 30 June 2013	11,681	152,035

Other reserves

Share option reserve

Contribution from parent on grant of share options (Refer to note 12)

	11,681
Balance at 30 June 2013	11,681

15 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	118,637	33,398
Proceeds from issue of shares	50,000	-
Movements on other reserves	11,681	-
Net addition to shareholders' funds	180,318	33,398
Opening shareholders' funds	683,399	650,001
Closing shareholders' funds	863,717	683,399

16 Directors' remuneration

	2013 £	2012 £
Remuneration for qualifying services	441,281	370,166
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	156,073	173,333

TRUESTONE ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

17 Employees

Number of employees

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

	2013 Number	2012 Number
Administrative and selling	20	22

Employment costs

	2013 £	2012 £
Wages and salaries	1,553,251	1,386,384
Social security costs	141,237	108,297
Other pension costs	12,575	20,374
Costs of share option scheme	11,681	-
	1,718,744	1,515,055

18 Control

The ultimate parent company is Truestone Financial Management (Holdings) Limited, a company registered in England and Wales. Truestone Financial Management (Holdings) Limited prepares group financial statements and copies can be obtained from Dixon House, 72-75 Fenchurch Street, London, EC3M 4BR.

The ultimate controlling party is P N Szkiler, by way of his majority shareholding in Truestone Financial Management (Holdings) Limited.

19 Related party relationships and transactions

The company has taken advantage of the exemption in the Financial Reporting Standard 8 Paragraph 3(c) from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned subsidiary and that consolidated financial statements are prepared by the ultimate parent company.

At year end, the company was owed £908,005 (2012 £350,427) by Truestone Financial Management (Holdings) Limited. The company owed £420,927 (2012 £Nil) to Argent Personal Finance Managers Limited.

During the year the company donated £22,869 to A Call to Business, a charity which P N Szkiler, a director, founded. Sales were also made to A Call to Business amounting to £2,345.

Sales amounting to £9,140 were made to Giving Works, a charity which Neil Sandy, a director, is a Trustee.