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PHOENIX ASSET MANAGEMENT PARTNERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013



PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

COMPANY INFORMATION

DIRECTORS	Mr G Channon Mr S Tatters Mrs C Maby Mr R T Canham
COMPANY SECRETARY	Mrs S Wooler
REGISTERED NUMBER	03514660
REGISTERED OFFICE	64-66 Glenthams Road Barnes London SW13 9JJ
BANKERS	C Hoare & Co 37 Fleet Street London EC4P 4DQ
SOLICITORS	Clifford Chance 200 Aldersgate Street London EC1A 4JJ

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

The directors present their report and the financial statements for the year ended 31 March 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgments 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of fund management services to the Phoenix UK Fund, an offshore Fund based in the Bahamas, and segregated accounts for a number of UK endowments and pension funds. The investment philosophy is inspired by Warren Buffett and Benjamin Graham. These funds are mainly invested in UK listed companies and cash deposits held in a concentrated portfolio of usually less than 20 companies.

BUSINESS REVIEW

In addition to an annual management fee earned on the Net Assets under management, performance fees are earned only if the Net Asset Value for the Phoenix UK Fund has increased by the CPI UK inflation rate for the year, or in the case for the pension funds annual returns have outperformed the All Share Index.

The principal risks and uncertainties of the company are dependent on the Investment Manager, Gary Channon, continuing to manage the Funds. The price of the shares in the funds can go down as well as up, thereby reducing potential management fees or with persistent underperformance increased risk of losing a pension client or a Phoenix UK Fund investor. The Directors are optimistic about the future.

The company is authorised and regulated by the Financial Conduct Authority, and conducts its business in accordance with those regulations.

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,639,119 (2012 - £400,900)

The dividends for the period were £3,354,068 (2012 £285,006)

DIRECTORS

The directors who served during the year were

Mr G Channon
Mr S Tatters
Mrs C Maby
Mr R T Canham

90,001 shares are owned by Channon Holdings Limited G Channon owns 63% of the share capital of Channon Holdings Limited and all the remainder, bar less than 1%, is owned by Mrs Channon, G Channon's wife

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the charitable donations of £53,400 (2012 £3,450) were paid to educational institutions

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 5TH JULY 2013 and signed on its behalf by

Mr G Channon
Director



PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

We have audited the financial statements of Phoenix Asset Management Partners Limited for the year ended 31 March 2013, set out on pages 5 to 16. 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 on page 1, 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 31 March 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.

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHOENIX ASSET MANAGEMENT
PARTNERS 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


Lorraine Bay (Senior statutory auditor)

for and on behalf of
Moore Stephens LLP

Statutory Auditors

150 Aldersgate Street
London
EC1A 4AB

Date 10 July 2013

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	6,547,515	1,518,890
Administrative expenses		(1,740,743)	(959,690)
OPERATING PROFIT	3	4,806,772	559,200
Interest receivable and similar income		13,535	3,572
Interest payable and similar charges	6	(5,940)	(9,561)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,814,367	553,211
Tax on profit on ordinary activities	7	(1,175,248)	(152,311)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,639,119	400,900
PROFIT BROUGHT FORWARD		340,978	225,084
Dividends Equity capital		(3,354,068)	(285,006)
RETAINED PROFIT CARRIED FORWARD		626,029	340,978

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED
REGISTERED NUMBER. 03514660

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		42,276		56,399
CURRENT ASSETS					
Debtors	9	1,708,869		562,072	
Cash at bank and in hand		1,047,691		37,296	
		<u>2,756,560</u>		<u>599,368</u>	
CREDITORS: amounts falling due within one year	10	<u>(2,072,805)</u>		<u>(185,612)</u>	
NET CURRENT ASSETS			<u>683,755</u>		<u>413,756</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>726,031</u>		<u>470,155</u>
CREDITORS: amounts falling due after more than one year	11		<u>-</u>		<u>(29,175)</u>
NET ASSETS			<u>726,031</u>		<u>440,980</u>
CAPITAL AND RESERVES					
Called up share capital	12		100,002		100,002
Profit and loss account			626,029		340,978
SHAREHOLDERS' FUNDS	13		<u>726,031</u>		<u>440,980</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

5th JULY 2013

Mr G Channon
 Director



The notes on pages 8 to 16 form part of these financial statements

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	15	4,351,801	427,255
Returns on investments and servicing of finance	16	7,595	(5,989)
Taxation		(957,125)	(112,697)
Capital expenditure and financial investment	16	(23,560)	(5,277)
Equity dividends paid		(2,354,023)	(285,006)
CASH INFLOW BEFORE FINANCING		1,024,688	18,286
Financing	16	(14,293)	(12,238)
INCREASE IN CASH IN THE YEAR		1,010,395	6,048

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
Increase in cash in the year	1,010,395	6,048
Cash outflow from decrease in debt and lease financing	14,293	12,238
MOVEMENT IN NET DEBT IN THE YEAR	1,024,688	18,286
Net debt at 1 April 2012	(6,172)	(24,458)
NET FUNDS/(DEBT) AT 31 MARCH 2013	1,018,516	(6,172)

The notes on pages 8 to 16 form part of these financial statements

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**1 ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

1.2 Turnover

Turnover from management fees is earned and recognised on an accruals basis by spreading the income over the year to which it relates. Performance fees are recognised on the date that they crystallise.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	33% per annum
Motor vehicles	-	25% per annum
Office equipment	-	33% per annum
Computer equipment	-	33% per annum

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

1. ACCOUNTING POLICIES (continued)**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. TURNOVER

Turnover is split between that received from within the UK £1,055,699 (2012 £972,064) and that received from outside the UK, being Bahamas based funds £5,491,816 (2012 £546,826)

3. OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	20,978	21,592
- held under finance leases	16,705	16,706
Auditors' remuneration - audit	12,112	7,836
Auditors' remuneration - taxation services	4,063	15,987
Operating lease rentals		
- other operating leases	36,000	36,000
Research and development expenditure written off	-	7,403
	<u> </u>	<u> </u>

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**4 STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	1,000,472	331,020
Social security costs	114,908	28,959
Other pension costs	25,100	53,100
	<u>1,140,480</u>	<u>413,079</u>

At the year end, there were no amounts outstanding (2012 £Nil) due to the pension scheme

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

	2013 No.	2012 No
Administrative/compliance	2	1
Fund management	4	4
	<u>6</u>	<u>5</u>

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Emoluments	<u>633,096</u>	<u>154,359</u>
Company pension contributions to defined contribution pension schemes	<u>25,100</u>	<u>53,100</u>

During the year retirement benefits were accruing to 2 directors (2012 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £419,485 (2012 - £94,059)

6 INTEREST PAYABLE

	2013 £	2012 £
On finance leases and hire purchase contracts	<u>5,940</u>	<u>9,561</u>

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

7. TAXATION

	2013 £	2012 £
UK corporation tax charge on profit for the year	1,175,248	152,311

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	4,814,367	553,211
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	1,155,448	143,835
Effects of		
Expenses not deductible for tax purposes	17,955	2,195
Capital allowances for year less depreciation	1,845	6,281
Current tax charge for the year (see note above)	1,175,248	152,311

8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Other fixed assets £	Total £
Cost					
At 1 April 2012	80,790	66,819	23,788	697	172,094
Additions	6,667	-	16,893	-	23,560
At 31 March 2013	87,457	66,819	40,681	697	195,654
Depreciation					
At 1 April 2012	58,972	34,802	21,630	291	115,695
Charge for the year	15,773	16,705	4,856	349	37,683
At 31 March 2013	74,745	51,507	26,486	640	153,378
Net book value					
At 31 March 2013	12,712	15,312	14,195	57	42,276
At 31 March 2012	21,818	32,017	2,158	406	56,399

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

8. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £	2012 £
Motor vehicles	15,312	32,017

And the depreciation charge for the year thereon was £16,705 (2012 £16,706)

9 DEBTORS

	2013 £	2012 £
Trade debtors	1,253,195	378,997
Other debtors	429,575	155,518
Prepayments and accrued income	26,099	27,557
	<u>1,708,869</u>	<u>562,072</u>

10. CREDITORS

Amounts falling due within one year

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	29,175	14,293
Trade creditors	8,319	13,257
Corporation tax	299,084	80,961
Social security and other taxes	31,134	15,750
Proposed dividend	1,000,045	-
Accruals and deferred income	705,048	61,351
	<u>2,072,805</u>	<u>185,612</u>

11. CREDITORS

Amounts falling due after more than one year

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	-	29,175

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

11. CREDITORS

Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2013 £	2012 £
Between one and five years	-	29,175

12. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
100,002 Ordinary shares of £1 each	100,002	100,002

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	440,980	325,086
Profit for the year	3,639,119	400,900
Dividends (Note 14)	(3,354,068)	(285,006)
Closing shareholders' funds	726,031	440,980

14. DIVIDENDS

	2013 £	2012 £
Dividends declared on equity capital	3,354,068	285,006

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	4,806,772	559,200
Depreciation of tangible fixed assets	37,683	38,297
Increase in debtors	(1,146,796)	(194,477)
Increase in creditors	654,142	24,235
Net cash inflow from operating activities	4,351,801	427,255

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	13,535	3,572
Hire purchase interest	(5,940)	(9,561)
Net cash inflow/(outflow) from returns on investments and servicing of finance	7,595	(5,989)
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(23,560)	(5,277)
	2013 £	2012 £
Financing		
Repayment of finance leases	(14,293)	(12,238)

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	37,296	1,010,395	-	1,047,691
Debt				
Debts due within one year	(14,293)	14,293	(29,175)	(29,175)
Debts falling due after more than one year	(29,175)	-	29,175	-
Net funds	(6,172)	1,024,688	-	1,018,516

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**18. OPERATING LEASE COMMITMENTS**

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
Between 2 and 5 years	36,000	-
After more than 5 years	-	36,000

19. FINANCE LEASE COMMITMENTS

At the period end the company had commitments under a finance lease for motor vehicles set out below

Due within one year £29,175 (2012 £14,293)

Due within two to five years £Nil (2012 £29,175)

20. RELATED PARTY TRANSACTIONS

90,001 £1 Ordinary shares are owned by Channon & Co Limited of which G Channon is a director and majority shareholder. During the year Channon & Co Limited recharged office administration expenses to the company. The amounts are shown in the table below. In addition, the company made various loans during the year totalling £1,126,000 (2012 £176,000 to Channon & Co Limited. The loans were fully repaid during the year. The loans carried interest of 6% p a until 12 March 2013, at which date interest was reduced to 0% p a, and were repayable on demand, subject to one weeks notice.

Mrs C Maby, a director of the company, is the sole owner of Phoenix Asset Management (Bahamas) S Tatters and A Cole are directors of Phoenix Asset Management (Bahamas), which acts as the investment manager of Phoenix UK Fund.

R Canham, a director of the company, is also a director of Easternrose Limited. During the year the company was charged £28,000 (2012 £Nil) by Easternrose Limited for pension contributions due to R Canham.

S Tatters, a director of the company, is also a director of Wedding List Solutions Limited. During the year the company charged £15,384 (2012 £Nil) to Wedding List Solutions Limited relating to S Tatters salary costs.

	2013	2012
	£	£
Channon & Co Limited recharged office administration expenses	254,114	260,268
Loan balance owed by Channon & Co Ltd	-	155,518
Management fees received	773,828	546,826
Performance fees received	4,717,988	-
Owed by Phoenix Asset Management (Bahamas) Limited	1,246,271	55,104

PHOENIX ASSET MANAGEMENT PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

21 CONTROLLING PARTY

In the directors' opinion the parent company at the period end is Channon Holdings Limited a company incorporated in the UK. The ultimate holding party of Channon Holdings Limited is Gary Channon.

22. PILLAR 3 AND REMUNERATION CODE DISCLOSURES

The company's Pillar 3 and Remuneration Code disclosures can be found on the company's website www.phoenixassetmanagement.com