

Registered number: 05133621

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**



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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**COMPANY INFORMATION**

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**Director** Kirill Ilinski (appointed 16 June 2016)

**Registered number** 05133621

**Registered office** 8-10 Great George Street  
London  
SW1P 3AE

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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## **FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MAY 2016**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**  
**REGISTERED NUMBER: 05133621**

**BALANCE SHEET**  
**AS AT 31 MAY 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	4		1,482		3,665
Investments	5		1,039,040		832,040
			<u>1,040,522</u>		<u>835,705</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	6	1,022,889		1,178,109	
Current asset investments	7	300,353		485,307	
Cash at bank and in hand	8	1,184		5,633	
			<u>1,324,426</u>	<u>1,669,049</u>	
Creditors: amounts falling due within one year	9	(1,449,353)		(1,727,484)	
<b>Net current liabilities</b>			<u>(124,927)</u>		<u>(58,435)</u>
<b>Total assets less current liabilities</b>			<u>915,595</u>		<u>777,270</u>
Creditors: amounts falling due after more than one year	10		(687,940)		(687,940)
<b>Net assets</b>			<u><u>227,655</u></u>		<u><u>89,330</u></u>

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**  
**REGISTERED NUMBER: 05133621**

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**BALANCE SHEET (continued)**  
**AS AT 31 MAY 2016**

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	Note	2016 £	2015 £
<b>Capital and reserves</b>			
Called up share capital	13	99	99
Share premium account	14	143,904	143,904
Profit and loss account	14	83,652	(54,673)
		<u>227,655</u>	<u>89,330</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the profit and loss account in accordance with the provisions applicable to companies subject to small companies' regime.

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

**Kirill Ilinski**  
Director



21. February 2017

The notes on pages 4 to 15 form part of these financial statements.

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## **FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016**

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#### **1. General information**

Fusion Asset Management (Services) Limited is a company incorporated in the United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activity are that of acting as the corporate member of Fusion Asset Management LLP, providing various administrative and due diligence services, as well as carrying out various investment activities.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## FUSION ASSET MANAGEMENT (SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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#### 2. Accounting policies (continued)

##### 2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of the lease
Office equipment	- Over 3 years on a straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



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## FUSION ASSET MANAGEMENT (SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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## 2. Accounting policies (continued)

### 2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)**

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Operating leases: the Company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.12 Interest income**

Interest income is recognised in the Profit and loss account using the effective interest method.

**2.13 Borrowing costs**

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)**

**2.14 Taxation**

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2.15 Loans advanced**

Loans advanced are included in the financial statements at cost less provision for diminution in value and are stated net of the limited recourse indebtedness entered into to directly finance those loans.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates include useful economic life of assets when depreciating tangible fixed assets.

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**4. Tangible fixed assets**

	Land and buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 June 2015	10,362	4,303	14,665
Additions	-	417	417
	<hr/>	<hr/>	<hr/>
At 31 May 2016	10,362	4,720	15,082
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 June 2015	7,944	3,056	11,000
Charge owned for the period	2,073	528	2,601
	<hr/>	<hr/>	<hr/>
At 31 May 2016	10,017	3,584	13,601
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2016	345	1,136	1,481
	<hr/>	<hr/>	<hr/>
At 31 May 2015	2,418	1,247	3,665
	<hr/>	<hr/>	<hr/>

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**5. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 June 2015	832,040
Additions	213,000
Disposals	(6,000)
At 31 May 2016	<u>1,039,040</u>
<b>Net book value</b>	
At 31 May 2016	<u>1,039,040</u>
At 31 May 2015	<u>832,040</u>

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**5. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Loyal North Plc (formerly known as Loyal North Limited)	England	Ordinary	100 %	Investment company
Loyal North Online Limited	England	Ordinary	100 %	Other IT services
Fusion Asset Management LLP	England		97 %	Authorised and regulated investment management services

The aggregate of the share capital and reserves as at 31 May 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Loyal North Plc (formerly known as Loyal North Limited)	56,770	616
Loyal North Online Limited	100	-
Fusion Asset Management LLP	373,993	70,385
	<u>430,863</u>	<u>71,001</u>

**6. Debtors**

	<b>2016 £</b>	<b>2015 £</b>
Trade debtors	553,968	154,994
Amounts owed by group undertakings	109,422	-
Other debtors	77,635	96,399
Prepayments and accrued income	281,865	926,716
	<u>1,022,890</u>	<u>1,178,109</u>

In accordance with the company's accounting policy 2.15 loans advanced are stated net of the limited recourse indebtedness entered into to directly finance those loans.

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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	2016 £	2015 £
Loans advanced	61,362,347	60,149,779
Limited recourse indebtedness	(61,362,347)	(60,149,779)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>7. Current asset investments</b>		
	2016 £	2015 £
Other investments	300,353	485,307
	<u>300,353</u>	<u>485,307</u>
	<u><u>300,353</u></u>	<u><u>485,307</u></u>
Market valuation of listed investments	<u>300,756</u>	<u>442,816</u>
	<u><u>300,756</u></u>	<u><u>442,816</u></u>
<b>8. Cash and cash equivalents</b>		
	2016 £	2015 £
Cash at bank and in hand	1,184	5,633
	<u>1,184</u>	<u>5,633</u>
	<u><u>1,184</u></u>	<u><u>5,633</u></u>

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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**9. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank overdraft	479,803	661,497
Trade creditors	1,663	6,202
Amounts owed to group undertakings	109,853	20,384
Corporation tax	21,952	39,376
Taxation and social security	9,554	-
Other creditors	582,747	431,379
Accruals and deferred income	243,781	568,646
	<u>1,449,353</u>	<u>1,727,484</u>

The overdraft is secured on the current asset investments and cash held by a related party, FGH Limited which is included within other debtors.

**10. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Amount owed to related company	687,940	687,940
	<u>687,940</u>	<u>687,940</u>

**11. Loans**

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Bank overdraft	479,803	661,497
	<u>479,803</u>	<u>661,497</u>
<b>Amounts falling due 1-2 years</b>		
Other loans	687,940	687,940
	<u>687,940</u>	<u>687,940</u>



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**FUSION ASSET MANAGEMENT (SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**12. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,040,224	5,633
Financial assets that are debt instruments measured at amortised cost	1,041,380	1,297,066
	<u>2,081,604</u>	<u>1,302,699</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(2,105,680)	(2,376,049)
	<u>(2,105,680)</u>	<u>(2,376,049)</u>
Financial assets measured at amortised cost comprise of current asset investments, trade debtors, amounts owed by group undertakings and other debtors.		
Financial liabilities measured at amortised cost comprise of creditors due within one year less tax payable and creditors due after more than one year.		

**13. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
99 Ordinary shares of £1 each	<u>99</u>	<u>99</u>

**14. Reserves**

**Share premium**

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

**Profit and loss account**

"Profit and loss account" represents retained profits and losses.

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## FUSION ASSET MANAGEMENT (SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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#### 15. Transactions with directors

During the year A Zherebtsov charged consultancy fees to Fusion Asset Management (Services) Limited totalling £7,500 (2015: £Nil). At the year end the company owed the director £3,036 (2015: £Nil) in respect of distributions from Fusion Asset Management LLP.

#### 16. Related party transactions

Included within turnover is an amount of £584,396 (2015: £506,573) representing recharge of expenses incurred on behalf of Fusion Asset Management LLP. Included in administrative expenses is an amount charged by Fusion Asset Management LLP of £Nil (2015: £30,000) for consultancy services. Fusion Asset Management LLP is a related party by the virtue of the fact that Fusion Asset Management (Services) Limited is a corporate member of Fusion Asset Management LLP. At the year end Fusion Asset Management LLP was owed £109,853 (2015: £20,384) by the company. During the year the company received a partnership profit share from Fusion Asset Management LLP totalling £106,386 (2015: £Nil).

During the year the company paid for computer support services of £90,271 (2015: £109,929) to Fusion Investment Advisors Limited, both companies are under the control of K Ilinski. At the year end, included in creditors due within 1 year is a balance of £431,279 (2015: £431,279) and included in creditors due more than 1 year is a balance of £687,940 (2015: £687,940) due to Fusion Investment Advisors Limited. The company has accrued interest of £212,383 (2015: £137,082) during the year on the non trade creditor element of the balance. In debtors is a balance of £7,563 (2015: £Nil) due from Fusion Investment Advisors Limited in respect of reimbursed expenses.

Included within creditors is £Nil (2015: £100) due to Loyal North Plc (formerly known as Loyal North Limited), a 100% owned subsidiary of the company in respect of unpaid share capital. Included within debtors is £95 (2015: £Nil) in respect of reimbursed expenses.

Included within creditors is £100 due to Loyal North Online Limited, a 100% owned subsidiary of the company in respect of unpaid share capital.

Included within trade debtors is £546,309 and within other debtors is £50,000 due from FGH Limited in respect of the Discretionary Investment Management Agreement. FGH Limited is a company incorporated in the Cayman Islands and is controlled by K Ilinski. At the year end, included in creditors is the balance of £479,803 due to FGH Limited.

#### 17. Controlling party

Throughout the year the company was under the control of Mr K Ilinski.