

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

**Financial statements for the year ended
31 December 2012**

Registered number: 5374635



PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Financial Statements for the year ended 31 December 2012

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PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Directors and Advisers for the year ended 31 December 2012

Directors

I Chimes
R Garmon-Jones
K J McKelvey
J D Punter
J A A Samuels

Secretary

I E Nash

Registered office

11 Strand
London
WC2N 5HR

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Directors' report for the year ended 31 December 2012

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activities

The principal activity of the company is the management of its wholly owned subsidiaries, PSigma unit trust managers Limited ("PUTM") and PSigma Asset Management Limited ("PAM") PUTM and PAM were authorised and regulated by the Financial Services Authority during the period and by the Financial Conduct Authority from 1 April 2013 ("FCA") PUTM is the authorised fund manager of five UK Authorised Collective Investment schemes PSigma Asset Management Limited provides investment management for segregated mandates

Review of the business

On 16 January 2012, the company became a wholly owned subsidiary of Punter Southall Group Limited when that company increased its ownership share from 50% to 100%

The profit and loss account is set out on page 7 and shows turnover for the year of £2.5m (2011 £2.6m)

Future developments

PSigma Asset Management Holdings Limited will continue to manage its wholly owned subsidiaries

Principal risks and uncertainties

The PSigma Asset Management Holdings Limited ("PAM") Risk Management Committee was established in July 2008 for the purposes of identifying and managing the risks faced by PAM and its subsidiaries

The key risks identified by the Committee are as follows

Investment performance

Investment performance is regularly assessed and reviewed by the Executive and Risk Management Committee A regular review of the fund turnover is performed to demonstrate the activity at fund level is in accordance with cash flows

Business continuity

The company has created a business continuity plan that has been produced in line with best practice methodologies The plan has particular regard to the IT requirements of the business and has been communicated to all members of staff

Corporate governance

The Executive and Risk Management Committee meet on a monthly basis Terms of reference exist for both Committees and all meetings are minuted

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Directors' report for the year ended 31 December 2012 (*continued*)

Employment

Employee involvement

Employees are kept as fully informed as possible about the activities of the business. This is achieved through internal publications, the intranet, communication programmes and management and staff meetings.

The company as a subsidiary of the Punter Southall Group ("the group") encourages employee involvement in the financial performance of the business through senior management incentive share schemes and share option schemes.

Disability

The group gives full and fair consideration to applications for employment made by people with disabilities. Where an employee becomes disabled whilst in employment, every effort will be made to look at appropriate and reasonable adjustments and to offer suitable employment together with assistance in retraining.

Equal opportunities

Equal opportunities are offered to all, regardless of gender, race, ethnicity or national origin, sexual orientation, religious belief, colour, disability, marital status or age. All applicants and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and practises. All decisions are based on merit. Reasonable adjustments will be made to accommodate those with special needs. Under no circumstances will discrimination against any individual or group be tolerated. All employees have access to confidential counselling.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

The Directors do not recommend the payment of a dividend.

Directors

The following served as Directors during the year.

I Chimes
R Garmon-Jones
K J McKelvey
J D Punter
J A A Samuels

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Directors' report for the year ended 31 December 2012 (*continued*)

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 group and company 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 group and company and of the profit or loss of the group 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.

Auditors

All Directors have taken all appropriate steps to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at a forthcoming board meeting in accordance with section 487 of the Companies Act 2006.

On behalf of the Board



Director I Chimes

Date 25 April 2013

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Independent auditors' report to the members of PSigma Asset Management Holdings Limited

We have audited the financial statements of PSigma Asset Management Holdings Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2012 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 matters 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.

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Independent auditors' report to the members of PSigma Asset Management Holdings Limited (*continued*)

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

BDO LLP

Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date 25/4/13

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Profit and Loss Account for the year ended 31 December 2012

		2012	2011
		£	£
	Note		restated
Turnover	4	2,531,981	2,591,662
Administrative expenses		<u>(3,103,422)</u>	<u>(2,427,075)</u>
Operating (loss)/profit	5	(571,441)	164,587
Interest received		26	-
Dividend Income		1,500,000	-
		<u>928,585</u>	<u>164,587</u>
Profit on ordinary activities before taxation		928,585	164,587
Taxation on profit on ordinary activities	8	28,518	169,315
		<u>957,103</u>	<u>333,902</u>
Profit on ordinary activities after taxation	13	957,103	333,902

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 9 to 16 form part of these financial statements

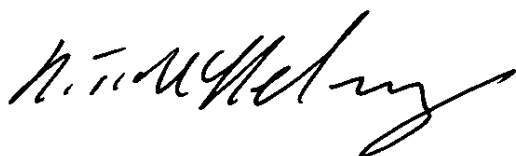
PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Balance sheet as at 31 December 2012

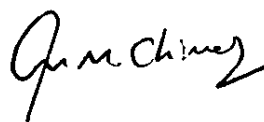
Registered number: 5374635

	Note	2012 £	2011 £ restated
Fixed assets			
Investments	9	163,358	163,358
Current assets			
Debtors	10	336,947	316,477
Cash at bank and in hand		387,528	68,701
		<u>724,475</u>	<u>385,178</u>
Creditors: amounts falling due within one year	11	(1,449,670)	(1,946,837)
Net current liabilities		<u>(725,195)</u>	<u>(1,561,659)</u>
Net liabilities		<u>(561,837)</u>	<u>(1,398,301)</u>
Capital and reserves			
Called up share capital	12	6,001	6,001
Profit and loss account	13	(567,838)	(1,404,302)
Shareholders' deficit	14	<u>(561,837)</u>	<u>(1,398,301)</u>

The financial statements were approved by the board and authorised on 25 April 2013



Director K J McKelvey



Director I Chimes

The notes on pages 9 to 16 form part of these financial statements

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012

1. Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidated Financial Statements

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents consultancy and management fees. Fees are stated net of value added tax. Consultancy and management fees are recognised on an accruals basis.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

Adoption of FRS 25 'Financial Instruments: Disclosure and Presentation'

In accordance with the requirements of FRS 25, the income share has been classified as a liability.

Going concern

The company has net liabilities of £561,837 and is dependant upon the continued support of its immediate parent company, Punter Southall Group Limited. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and will have the continued support of its parent company.

Having considered the adequacy of the undertaking for the provision of financial support by the parent company, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

1. Accounting policies (continued)

Share based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is also charged to the income statement over the remaining vesting period.

2. Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, 'Cash Flow Statements', not to prepare a cash flow statement as it is consolidated in the financial statements of its parent company

3. Prior year adjustment

It was ascertained in the year that £84,991 of MFC Investors LLP share options that were recorded in the year related to 2011.

The prior year adjustment for this item has had the effect of reducing the 2011 profit for the year by £84,991. However the 2011 reserves also increased by £84,991 and so there is no change in the shareholders funds at 31 December 2011

4. Turnover

Turnover is wholly attributable to the principal activities of the company and arises solely within the United Kingdom

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

5. Operating loss

	2012	2011
	£	£
This is stated after charging		restated
Fees payable for the audit of the company's annual accounts	6,180	6,180
Share based payments		
- MFC Investors LLP share options (note 15)	84,951	84,991
- Modification of share options (note 15)	412,187	-
	<u>412,187</u>	<u>-</u>

6. Directors' Emoluments

	2012	2011
	£	£
Aggregate emoluments	250,899	254,827
Company contributions to money purchase pension schemes	10,043	9,656
	<u>260,942</u>	<u>264,483</u>
Highest paid Director		
Aggregate emoluments	250,899	254,827
Company contributions to money purchase pension schemes	10,043	9,656
	<u>260,942</u>	<u>264,483</u>

None of the directors were members of the company's group personal pension arrangement

7. Employee information

	2012	2011
	£	£
Staff costs (including Directors) consist of:		
Wages and salaries	1,505,204	1,444,735
Social security costs	198,800	188,574
Other pension costs	55,677	51,629
	<u>1,759,681</u>	<u>1,684,938</u>
 The average number of persons (including Directors) employed by the company during the year was	 <u>10</u>	 <u>10</u>

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

8. Tax on profit on ordinary activities

	2012 £	2011 £ restated
Current tax		
UK corporation tax on profit for the year	(95)	81,748
Deferred tax		
(Reversal) of timing differences	(48,228)	(288,166)
Adjustment in respect of prior years	19,805	37,103
Tax on profit on ordinary activities	<u>(28,518)</u>	<u>(169,315)</u>
 Profit on ordinary activities before tax	 <u>928,585</u>	 <u>164,587</u>
 Profit on ordinary activities at the effective rate of corporation tax in the UK of 24.5% (2011: 26.5%)	 227,503	 43,616
Effects of:		
Expenses not deductible for tax purposes	36,398	39,820
Transfer pricing adjustments	(8,969)	-
Group relief surrendered for no charge	61,194	-
Short-term timing differences	51,459	128
Depreciation in excess of capital allowances	(85)	(44)
Utilisation of tax losses	-	(1,772)
Income not assessable to tax	(367,500)	-
Adjustment to tax charge in respect of prior years	(95)	-
Current tax charge for year	<u>(95)</u>	<u>81,748</u>

9. Investments

	Group undertakings £
At 1 January 2012/31 December 2012	<u>163,358</u>

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
PSigma Asset Management Limited	England	100%	Investment management for segregated mandates
PSigma unit trust managers Limited	England	100%	Operator of six UK authorised Collective Investment schemes

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

10. Debtors

	2012	2011
	£	£
Other debtors	966	-
Prepayments and accrued income	50,571	59,847
Corporation tax	5,923	-
Tax and social security	-	5,567
Deferred tax (note 16)	279,487	251,063
	<u>336,947</u>	<u>316,477</u>

The deferred tax debtor falls due in greater than one year
All amounts fall due for repayment within one year

11. Creditors: amounts falling due within one year

	2012	2011
	£	£
Amounts due to group undertakings	397,300	747,788
Taxation and social security	37,988	35,525
Corporation tax	-	368,411
Accruals	804,477	795,112
Other creditors	209,904	-
Income share	1	1
	<u>1,449,670</u>	<u>1,946,837</u>

12. Called up share capital

	2012	2011	2012	2011
	Number	Number	£	£
Authorised				
Income shares of £1 each	1	1	1	1
Ordinary shares of £1 each	900,000	900,000	900,000	900,000
Preference shares of £1 each	99,999	99,999	99,999	99,999
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

The holder of the income share is entitled to a preferential dividend equal to 100 per cent of the post tax distributable profit

	2012	2011	2012	2011
	Number	Number	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>6,001</u>	<u>6,001</u>	<u>6,001</u>	<u>6,001</u>
At 1 January and 31 December	<u>6,001</u>	<u>6,001</u>	<u>6,001</u>	<u>6,001</u>
Income shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

13. Reserves

	Profit and loss account £
At 1 January 2012	(1,404,302)
Profit for the year	957,103
Share based payments	
- MFC Investors LLP share options (note 15)	84,951
- Modification of share options (note 15)	(205,590)
At 31 December 2012	<u>(567,838)</u>

14. Reconciliation of movements in shareholders' funds

	2012 £	2011 £ restated
Profit for the year	957,103	333,902
Share based payments		
- MFC Investors LLP share options (note 15)	84,951	84,991
- Modification of share options (note 15)	(205,590)	-
Shareholders' deficit at 1 January	(1,398,301)	(1,817,194)
Shareholders' deficit at 31 December	<u>(561,837)</u>	<u>(1,398,301)</u>

15. Share based payments

Options were held by staff in PSigma Asset Management Holdings Limited over shares in MFC Investors LLP. There were varying conditions based on the growth of the PSigma Asset Management Holdings Limited group and the performance of the individuals employed in PSigma Asset Management Holdings Limited over a 2-3 year period. Options would have been forfeited if an individual ceased employment before the options were exercised. The options had a contractual life of 10 years.

The number of outstanding options held at the start of 2012 was 840 MFC Investors LLP options (2011-840) being the equivalent of 420 PSigma Asset Management Holdings Limited options (2011-420) at a weighted average exercise price of £2,260.46 (2011 £2,260.46).

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

15. Share based payments (continued)

The exercise price of the equivalent options outstanding at the start of the year and their weighted average contractual life are detailed below

Number outstanding at 31 December 2011	Exercise price	Weighted average contractual life
120	£1,516 41	6 Yrs 1 Mths
90	£1,516,41	6 Yrs 7 Mths
210	£3,004 50	9 Yrs 0 Mths
<u>420</u>		

All MFC Investors LLP share options were modified on the 25 January 2012. The fair value of the original options was £205,590 at the date of modification and the fair value of the modified options was £617,777 resulting in an incremental fair value of £412,187 which impacted the profit and loss account. The modified award consisted of share awards £94,184, deferred shares £184,450 and cash £264,228 on which £74,915 employers national insurance was incurred.

	2012 £	2011 Restated £
The movement in the profit and loss reserve relating to share based payments is analysed as follows		
Share option expense – original options in MFC Investors LLP	84,951	84,991
Share options modification	412,187	-
Total charge	<u>497,138</u>	<u>84,991</u>

The company did not enter into share based payment transactions with parties other than employees during the current or previous year.

In the current year the company awarded Punter Southall Group Limited shares to employees as part of the company's share award scheme. Details of this are given below.

Number of shares	Fair value	Share based payment charge	Company
<u>29,995</u>	£3 14	<u>£94,184</u>	Punter Southall Group Limited

The shares were awarded as part of the modification of the MFC Investors LLP share options.

In the prior year the company did not award any shares to employees.

PSIGMA ASSET MANAGEMENT HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2012
(continued)

16. Deferred tax

	2012 £	2011 £
Accelerated capital allowance	353	166
Short term timing differences	279,134	250,897
Total potential asset	<u>279,487</u>	<u>251,063</u>
Deferred tax asset unrecognised	-	-
Deferred tax asset recognised		
- Accelerated capital allowance	353	166
- Short term timing differences	279,134	250,897
	<u>279,487</u>	<u>251,063</u>

	2012 Deferred taxation
At 1 January 2012	251,063
Adjustment in respect of prior year	(19,805)
Current year movement	48,229
At 31 December 2012	<u>279,487</u>

17. Related party transactions

In 2012 the company became a wholly owned subsidiary and has taken advantage of the exemption available under Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with wholly owned subsidiaries in the consolidated financial statements of its parent company

18. Ultimate parent company

The immediate parent company at 31 December 2012 was Punter Southall Group Limited, a company incorporated in the United Kingdom. Punter Southall Group Limited is the parent company of the smallest group of which the company is a member.

The company's ultimate controlling undertaking at 31 December 2012, as defined in Financial Reporting Standard 8, is Punter Southall Group Limited, an entity incorporated in the United Kingdom. Punter Southall Group Limited is the largest group for which group accounts are prepared.

Copies of the financial statements of Punter Southall Group Limited can be obtained from the Company Secretary.

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