Annual Report

Year ended 31st December 2013

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Chairman's Statement 2013

From the point of view of the trading, 2013 has been rather uneventful but subsequent to the year end there have been a number of very significant events that will affect IAM as and when they come to fruition.

Trading at both our fund management and our broking businesses have been substantially in line with the previous year with turnover of £323,000 (2013: £354,000) in fund management and £4,416,000 (2013: £4,725,000) in broking; however, contribution to central operating costs by both businesses was down on 2012. As expected consulting produced significantly less income than in 2012 at £239,000 (2012: £3,093,000) although 2012 was increased by the value attributed to fees paid in shares which have so far unfortunately turned out to have no realisable value.

We have considered our investment in Marex Spectron, the commodities broking company in which we are indirectly invested through JRJ Ventures, and have concluded based on its trading results for 2013 that there is no justification for adjusting our carrying value this year. This is principally a decision driven by the lack of growth achieved during 2013 in the fundamental business of the company.

Since the year end we have started on the process of completing a number of significant changes to the Group. Late in 2013 we were approached by a US broking business that wished to start building a presence in Europe. We have agreed terms for them to acquire all of Integrated Financial Products (IFP), our broking subsidiary, to act as the core on which they can build. As part of this transaction we are selling our Milan branch out of IFP. As a whole this transaction will free up cash currently locked up as regulatory capital and also bring in approximately £1.15 million from the sale, which is subject to the usual warranties and indemnities. Completion is subject, amongst other things to FCA approval being given and is expected to take place in August.

For our fund management business we took a decision late last year that the existing structure of two companies, one feeder and one umbrella fund with multiple sub-classes based in the Cayman Islands and British Virgin Islands had ceased to be efficient or an attractive vehicle to new investors. We concluded that a simpler structure based on a Luxembourg fund vehicle would be cheaper to run, more flexible in creating new funds and more attractive if onshore within the EU. We have made significant progress on this, and expect to be able to complete the process by the end of the summer.

On our balance sheet investments, as referred to above we have left the investment in JRJ Ventures at the same value as last year, but we have had to take the decision to write off the value attributed to the shares we received as part of the consulting fee in 2012 since we can no longer reasonably expect a recovery, although we have not given up all efforts.

I would like to extend the Board's thanks to all our employees for their support and hard work during the year.

J D S Booth
Chairman
27 June, 2014

Chief Executive Officer's Review

Overview of 2013

In 2013 we continued to operate our traditional businesses although overall turnover was down slightly and profit contribution was also down on 2012. As was highlighted last year revenue for consulting was down and no new consulting projects were commenced during the period following the end of the previous project. At the same time, central overheads were reduced substantially.

Corporate Transactions

No corporate transactions were completed during the year covered by the financial statements. The possible sale of our broking business through the sale of IFP detailed in Events after the Reporting Period below has meant that the trading results and balance sheet for that company have been separated as being in respect of assets held for resale rather than as a continuing part of the Group.

Asset Management

We saw a slight fall in income from fund management due to the continued slow decline in the funds under management plus the impact of a strengthening of sterling which means that our revenue from dollar and euro assets is less valuable when converted into our reporting currency. Operating costs for fund management decreased year on year as savings were made in line with the fall in income.

Brokerage

Brokerage continued to be conducted predominately from our Milan branch. Brokerage revenue declined slightly in 2013 with £4.4 million of turnover from 2012 with £4.7 million but we also contained operating costs, down to £2.8 million (2012: £3.2 million).

The analysis for broking income by business is set out below:

	2013	2012
Equities	**8.1%**	9.1%
Foreign exchange	**27.9%**	30.2%
Interest rate derivatives	**11.5%**	11.9%
Bonds	**52.5%**	48.8%
	100%	100%

The desk contribution of the business remained similar to the previous year with bonds taking centre stage once again, on the back of the continuing investors' interest in fixed income.

Consulting

We concluded during 2013 the major consulting project that started in 2012 with £239,000 of income being booked. Unfortunately the business we were advising has not thrived and we have therefore had to write down the value of the shares we received as part payment for our services to a nominal value leading to the further impairment to financial assets of £1,486,803. We are continuing to seek to recover value for these. No new consulting mandates were started in 2013, but we expect a new mandate to start later this year.

Cost structure and Balance Sheet

We continue to actively monitor all our costs and seek to achieve best value for money for all the services we use. In 2013 we substantially reduced our central costs to £742,000 from £1,262,000 last year.

We continue to maintain a net positive cash balance even though a substantial part of our cash is used as regulatory capital for our regulated businesses.

Results Summary

Including discontinued operations	**Fund Management £ 000**	**Consultancy £ 000**	**Central Operating Costs £ 000**	**Discontinued Brokerage £ 000**	**2013 Total £ 000**	**2012 Total £ 000**
Turnover	323	239	-	4,416	**4,978**	8,172
Cost of sales	(25)	(2)	-	(1,615)	**(1,642)**	(1,459)
Net Revenue	298	237	-	2,801	**3,336**	6,713
Operating costs	(222)	(161)	(742)	(2,842)	**(3,967)**	(4,714)
Operating (loss)/profit before share-based payment expenses and currency exchange differences	76	76	(742)	(41)	**(631)**	1,999
Share-based payments cost	-	-	-	-	**-**	(1)
Currency exchange differences	-	-	(36)	(11)	**(47)**	(29)
Impairment to goodwill	-		-	(136)	**(136)**	-
Impairment to financial assets	-	-	(1,487)	-	**(1,487)**	(1,024)
Net (loss)/gain on financial assets	(11)	-	(1)	2	**(10)**	5
Operating (loss)/profit	65	76	(2,266)	(186)	**(2,311)**	950
Net finance and other income	72	-	-	(14)	**58**	71
(Loss)/profit on continuing activities before tax	137	76	(2,266)	(200)	**(2,253)**	1,021

Chief Executive Officer's Review

Operating Margins

Operating margins in fund management were positive but showed a loss in brokerage. Consultancy still provided a positive contribution to central overheads. The Group had a net foreign exchange loss of £47,000 which arose from translation of assets held in other currencies, primarily euro. The impairment of goodwill charge arose from the pending sale of IFP where the sale price attributable to the shares owned by IAM is less than the value of the goodwill by £136,000. The impairment to financial assets of £1,487,000 arises from the write down of the shares received as part of the consultancy fees.

Capital and Cash Flow

	2013	2012
	£ 000	£ 000
Net assets	**5,004**	7,230
Net current assets	**1,147**	3,220
Cash at bank and financial assets*	**2,044**	4,454

* Cash at bank excluding cash held under Trust by the EBT.

Net assets declined as a result of the loss through the profit and loss account of £2,248,000, the greater part of which is the write down of the shares received as part of the consultancy fees plus the goodwill write down on the sale of IFP.

Dividends

The Company does not recommend the payment of a dividend (2012: £nil).

Events after the Reporting Period

(A) Sale of IFP

Subject to certain conditions, Integrated Asset Management plc and Argolis Limited (the 24.9% minority shareholder) have agreed to sell all the issued shares in Integrated Financial Products Limited. Completion of the agreement is conditional on the buyer obtaining FCA approvals. The consideration for the sale is £1,500,000 (which is to be divided amongst the sellers in proportion to their shareholdings in the Company), of which £1,000,000 will be paid in cash at Completion and £500,000 12 months after Completion subject to a retention in respect of any outstanding claims under the agreement. IAM has provided warranties which are usual for a transaction of this nature with aggregate liability limited to £1,126,500.

The transaction is expected to close in August 2014.

(B) Sale of Milan Branch

A sale agreement was signed with a third party, under Italian law pursuant to which the Company's subsidiary Integrated Financial Products Ltd has agreed to the sale of the business, currently carried out of its Milan branch for a consideration of €350,000.

Certain assets and contractual liabilities are being taken over by the buyer at their current balance sheet values. The completion of the transaction is dependent upon the approval of the Italian regulators. The net effect of the transaction on the balance sheet of Integrated Financial Products Ltd will be to increase the net assets by £148,000.

The transaction is expected to close by the end of September 2014.

(C) Restructuring of IAI funds

The shareholders of Integrated Strategic Funds Ltd and Integrated Multi-Strategy Fund Limited have been notified of a plan to restructure whereby each of the funds would swap its assets directly or indirectly for shares in a new Integrated Luxembourg SIF. Following such swap each of the existing funds will effect a redemption in specie of substantially all their issued shares and be wound up. IAI would continue to manage the same pool of assets via the Integrated Luxembourg SIF.

The transaction is expected to close in July 2014.

The Market and Group: 2014 and Beyond

As a result of the several transactions highlighted above, which we expect to close shortly, the Group at the end of 2014 will look very different from the start of this year. We believe that these transactions will result in an opportunity to re-focus the Group and we will be looking for opportunities to invest the proceeds of the sale and the freeing up of regulatory capital in new businesses starting in Q4 2014.

I would like to thank all our staff for their continuing support and commitment.

E M Arbib
Chief Executive Officer
27 June, 2014

Strategic Report

The Directors present the Strategic Report, Directors' Report and the audited financial statements of Integrated Asset Management Plc ("IAM") for the year ended 31st December, 2013

Overview

Integrated Asset Management Plc is the parent company of a broking and asset management group. The principal activities of the group are fund management, broking and consultancy services. A review of IAM's business activities during 2013 along with future developments and risk management is given in the Chairman's Statement and the Chief Executive's Review on pages 1 to 3.

Business review

In 2013 we continued to operate our traditional businesses although overall turnover was down slightly and profit contribution was also down on 2012. As was highlighted last year revenue for consulting was down and no new consulting projects were commenced during the period following the end of the previous project. At the same time, central overheads were reduced substantially.

The following table summarises the key performance indicators used by the directors to assess the performance of the Company as of the dates and periods indicated.

	2013 £000s	2012 £000s	Change
Turnover	4,978	8,172	-39%
Operating costs	4,014	4,743	15%
Operating result	(2,311)	950	
Net assets	5,004	7,230	-31%

Principal risk and uncertainties

Operating in the financial services industry, Integrated faces a number of risks which are inherent to its activities and require active management. The principal risks for the Group have been identified as operational risk and financial risks and in relation to our fund management business and the investment assets held by the Group, investment risk.

Operational Risk

Operational risk is the risk that the Group suffers a loss, either directly or indirectly, from inadequate or failed internal processes and systems or from external events. This risk manifests itself in slightly different ways across our three businesses, fund management, broking and consultancy, but in summary would include:

- Broker error in negotiation of a trade.
- Administrative error either in the settlement of a broking deal or in the instruction of a trade on behalf of a fund.
- Loss of key members from a broking desk or key investment professionals.
- Introduction of new products and related issues in the legal, fiscal, regulatory and accounting domains.

Given the nature of such risks, it is Group policy to review continually the controls in place to manage them, to ensure that such controls are appropriate and adequate for the risks involved and that the controls have evolved and developed to reflect the changes in our underlying businesses and how it is carried out.

Financial Risk

The Group operates in a number of different countries and is exposed to a number of financial risks and particularly currency risk. Details of these and the measures undertaken by the Group to manage them are given in note 20 of the financial statements.

Investment Risk

Poor investment performance in our underlying funds, either absolute or relative to the particular fund's peer group, may result in a decrease in management and performance fees as well as redemptions from the funds by investors with similar effect. Poor investment performance in the investment type assets we hold in our balance sheet, will result in losses for shareholders.

Regulatory Environment

Each of Integrated's principal operating subsidiaries is subject to regulation. In the United Kingdom, Integrated Alternative Investments Limited ("IAI") and Integrated Financial Products Limited ("IFP") are regulated and authorised by the Financial Conduct Authority.

IFP's Milan branch reports to the Italian regulators, Consob for its conduct of business.

The Group seeks to ensure that it maintains full compliance with its regulatory obligations and, with regard to it's regulatory capital to maintain a surplus over and above that required at both an operating company level and at a consolidated group level.

Acquisitions and investment in subsidiaries

There were no changes in the equity interests in the Company's subsidiaries during the year.

Share Capital

There were no changes to the Company's issued share capital during the year. The Company had 19,969,215 shares in issue throughout the year.

During the year, the trustees of the Integrated Asset Management Employee Share Ownership Trust ("ESOT") did not subscribe for any ordinary shares in the Company (2012: nil). The ESOT's share holding in the Company's ordinary share capital is 1,800,000 shares (2012: 1,800,000).

Strategic Report

Events after the Reporting Period

Sale of IFP - Subject to certain conditions, Integrated Asset Management plc and Argolis Limited (the 24.9% minority shareholder) have agreed to sell all the issued shares in Integrated Financial Products Limited. Completion of the agreement is conditional on the buyer obtaining FCA approvals.

Sale of Milan branch of IFP - A sale agreement was signed with a third party under Italian law pursuant to which the Company's subsidiary Integrated Financial Products Ltd has agreed to the sale of the business, currently carried out of its Milan branch.

Restructuring of IAI funds - The shareholders of Integrated Strategic Funds Ltd and Integrated Multi-Strategy Fund Limited have been notified of a plan to restructure whereby each of the funds would swap its assets directly or indirectly for shares in a new Integrated Luxembourg SIF.

Employees

The Group operates an equal opportunity policy in the recruitment, promotion and training of all its employees. The Group believes that employees play a major role in the long-term success of the business and accordingly it promotes a working environment in which employees feel valued and respected. All employees are kept updated of the Group's performance and progress on a regular basis.

Creditor Payment Policy

The Group does not follow any code or standard on payment practice, but adopts the following policy regarding the payment of its suppliers:

a. To agree payment terms with suppliers in accordance with contractual or other legal obligations;

b. To ensure that suppliers are aware of the terms of payment; and

c. To make payment in accordance with the payment terms.

Average trade creditor days at 31st December 2013 were 38 days (2012: 49 days) for the Group and 45 days for the Company (2012: 31 days).

Going Concern

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future. The Directors confirm that the Company and the Group are going concerns and accordingly continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board

J D S Booth
Director
27 June, 2014

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31st December 2013.

Directors

The Directors of the Company during the year and up to the date of this report were:-

Mr E M Arbib
Mr D Bierbaum
Mr J D S Booth
Mr D Masetti
Mr M B Segall

There were no changes to the Board of Directors during the year. The following Directors will retire by rotation at the next Annual General Meeting and, being eligible, offers themselves for reappointment: Mr J D S Booth and Mr D Masetti.

Results and Dividends

The loss attributable to equity holders for the year ended 31st December 2013 was £2,248,000 (2012: £823,000 Profit). The Directors have not proposed the payment of a dividend for the year ended 31st December 2013 (2012: £nil).

Donations

During the year the Group made charitable donations totalling £508 (2012: £6,321). No political donations were made in 2013 or 2012.

Annual General Meeting ("AGM")

The Company's AGM is expected to be held in August, 2014. A notice of the AGM will be sent to shareholders in due course.

Auditor

BDO LLP have indicated their willingness to continue in office and resolutions will be proposed at the Annual General Meeting to reappoint them as Auditor of the Company.

Each person who was a Director at the date of approving this report confirms that:

a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company's Auditor for that purpose, in order to be aware of any information needed by the Company's Auditor in connection with preparing their report and to establish that the Company's Auditor is aware of that information.

By Order of the Board

J D S Booth
Director
27 June, 2014

Corporate Governance Report

The Board is committed to creating and implementing high corporate governance standards and practices throughout the Group. The Directors recognise the importance that corporate governance plays in the protection and maintenance of Shareholders interests and strive to implement best practice policies to achieve this.

The Board of Directors

The Company is headed by an experienced Board of Directors which consists of two Executive Directors and three Non-Executive Directors.

The Board is responsible for ensuring that the Company always acts in the best interests of its Shareholders' while maintaining its ethical values and integrity. The Board monitors decisions that are made by senior management to ensure that they are made with the aim of enhancing long-term shareholder value. The Board is also responsible for ensuring that adequate levels of internal controls are maintained which assist in the efficient and effective operation of the business and to ensure compliance with applicable laws and regulations.

In particular, the Board is responsible for making Group decisions and approvals regarding the following:

- Long-term objectives and strategies.
- Major investments, acquisitions and disposals.
- Annual operating and capital expenditure budgets.
- Annual and interim dividends.
- Treasury policy.
- Risk management strategy.

The roles of the Chairman, John Booth, and Chief Executive Officer, Emanuel Arbib, are clearly divided. John Booth is primarily responsible for the leadership of the Board and for ensuring effective communication with shareholders while Emanuel Arbib is responsible for making and approving senior management decisions which affect the operating and financial performance of the business.

The Board fulfils its duties to the Company's Shareholders through Board meetings or by delegating responsibilities to Board Committees. Details of the Remuneration Committee, Audit Committee and Nomination Committee are shown below.

Appointments to the Board

Any Directors appointed by the Board are subject to re-election by the Shareholders at the Annual General Meeting following their appointment. All Directors are subject to reappointment at intervals of not more than three years. Prior to their appointment, Non-Executive Directors are subject to a review process to assess their independence and to confirm that they have no other relationships that may affect their judgement as a Director of the Company.

All new Directors are provided with appropriate training and briefings which consider their individual qualifications and experience.

Support to the Board

All Directors have access to the advice and services of the Company Secretary, Stephen Goschalk, who is responsible for ensuring that Board procedures and applicable rules are observed. In addition, there is also a procedure that enables any Director to obtain independent professional advice in respect of their duties at the Company's expense. The Company also maintains liability insurance for its Directors and officers, which is reviewed annually to ensure that the appropriate level of cover is held.

Board Meetings

A number of Board and Board Committee meetings were held during the year.

The Nomination Committee did not meet during the year.

Appropriate briefing papers are distributed to Directors in advance of Board meetings.

Any Director who was unable to attend a Board meeting during the year received appropriate and timely information in advance of the meeting so that their views could be taken into consideration.

Audit Committee

The Audit Committee comprises of the Non-Executive Directors. The Directors who served on the Committee during the year were Detlef Bierbaum (Chairman), John Booth and Mark Segall. The Committee is primarily responsible for the following:

- Monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial activities.
- Reviewing the Group's internal financial controls and risk management systems.
- Making recommendations for the appointment, reappointment and removal of the external Auditors and approving their remuneration and terms of engagement.

Remuneration Committee

The Remuneration Committee comprises of the Non Executive Directors. The Directors who served on the Committee during the year were Mark Segall (Chairman), John Booth and Detlef Bierbaum. The Committee is primarily responsible for the following:

- The review and approval of the Company's remuneration strategy and policies;
- The approval of any new remuneration schemes; and
- The design and review of performance targets and conditions that are attached to performance-related remuneration schemes.

Corporate Governance Report

Nomination Committee

The Nomination Committee is responsible for identifying, assessing and nominating individuals for Board positions as and when they arise. This includes consideration of the reappointment of Non-Executive Directors at the conclusion of their specified term of office. It is also responsible for considering succession planning for both the Board and senior management positions.

The Committee comprised John Booth (Chairman), Mark Segall and Detlef Bierbaum, all of which are Non-Executive Directors.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and risk management. While acknowledging that no system of internal control can provide absolute assurance against material loss or misstatement, the Board believes the Group's current systems of internal control and risk management are effectively designed to manage the risks which are inherent in the Group's business.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks that are faced by the Group. The key components of these are outlined in the Risk Management section of the CEO's Review.

Investor Relations

The Company updates its Investors Relations section of its website (www.integratedam.com) to provide investors with important information regarding the Company's activities. This includes information such as annual financial statements as well as press releases the Company issues on important events in its development.

Going Forward

The Board believes that good corporate governance is a key contributor to the Group's long-term growth and will continue to invest time and resources to ensure the maintenance and improvement of its high standards.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report, the strategic 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 financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 the financial statements have been prepared in accordance with IFRS as adopted by the European Union, 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.

Independent Auditor's Report to the members of Integrated Asset Management plc

We have audited the financial statements of Integrated Asset Management plc for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Shareholders Equity, the Consolidated and Company Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are requires 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Neil Fung-On, senior statutory auditor
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
30 June, 2014

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

Consolidated Income Statement

for the year ended 31 December 2013

	Note	Continuing operations 2013 £000s	Discontinued operations 2013 £000s	Total 2013 £000s	Continuing operations 2012 £000s	Discontinued operations 2012 £000s	Total 2012 £000s
Revenue		562	4,416	4,978	3,447	4,725	8,172
Cost of sales		(27)	(1,615)	(1,642)	(24)	(1,435)	(1,459)
Net revenue		535	2,801	3,336	3,423	3,290	6,713
Operating costs		(1,161)	(2,853)	(4,014)	(1,539)	(3,204)	(4,743)
Share-based payments cost		-	-	-	(1)	-	(1)
Impairment of goodwill	7	-	(136)	(136)	-	-	-
Impairment of financial assets	11	(1,487)	-	(1,487)	(1,024)	-	(1,024)
Net (loss)/gain on financial assets	11	(12)	2	(10)	5	-	5
Operating (loss)/profit		(2,125)	(186)	(2,311)	864	86	950
Finance income		49	14	63	64	15	79
Finance expense		23	(28)	(5)	10	(18)	(8)
(Loss)/profit before taxation	3	(2,053)	(200)	(2,253)	938	83	1,021
Taxation	5	-	(15)	(15)	(5)	(230)	(235)
(Loss)/profit for the year		(2,053)	(215)	(2,268)	933	(147)	786
Attributable to :							
Total							
Owners of the parent		(2,053)	(195)	(2,248)	933	(110)	823
Non controlling interests		-	(20)	(20)	-	(37)	(37)
		(2,053)	(215)	(2,268)	933	(147)	786
Earnings per share	6						
Total							
Basic		-11.30p	-1.07p	-12.37p	5.14p	-0.61p	4.53p
Diluted		-11.30p	-1.07p	-12.37p	5.14p	-0.61p	4.53p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
(Loss)/profit for the year		(2,268)	786
Currency translation differences on overseas operations		37	(43)
Net loss on available for sale financial assets	11	-	(1,300)
Total comprehensive income for the year		(2,231)	(557)
Total comprehensive income attributable to :			
Owners of the parent		(2,211)	(520)
Non controlling interests		(20)	(37)
		(2,231)	(557)

Consolidated Statement of Financial Position

as at 31 December 2013

	Note	Before the reclassification 2013 £000s	Disposal Group 2013 £000s	After the reclassification 2013 £000s	As at 31 December 2012 £000s
Assets					
Non-current assets					
Intangible assets	7	-	-	-	1,154
Property, plant and equipment	8	206	122	84	218
Financial assets	11	2,610	-	2,610	2,638
Available for sale investment	12	1,041	-	1,041	-
		3,857	122	3,735	4,010
Current assets					
Trade and other receivables	9	14,777	14,552	225	28,102
Cash and cash equivalents	10	1,177	1,102	75	1,583
Other financial assets	11	875	-	875	2,879
		16,829	15,654	1,175	32,564
Assets classified as held for sale		-	(15,776)	15,776	-
		16,829	(122)	16,951	32,564
Total assets		20,686	-	20,686	36,574
Current liabilities					
Trade and other payables	15	(15,653)	(15,353)	(300)	(29,320)
Tax payable		(29)	(29)	-	(24)
		(15,682)	(15,382)	(300)	(29,344)
Liabilities directly associated with disposal group classified as held for sale		-	15,382	(15,382)	-
		(15,682)	-	(15,682)	(29,344)
Net assets		5,004	-	5,004	7,230
Capital and Reserves					
Called up share capital	16			998	998
Share Premium Account				1,029	1,029
Capital redemption reserve				672	672
Share options reserve				25	47
Exchange difference reserve				146	109
Investment in own shares				(2,519)	(2,519)
Available for sale financial assets reserve				(1,252)	(1,252)
Retained earnings				5,767	7,993
Equity attributable to equity owners of the parent		-	-	4,866	7,077
Equity attributable to non controlling interests				138	153
Total equity		-	-	5,004	7,230

The annual financial statements were approved and authorised for issue by the Board on 27 June 2014 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Company Statement of Financial Position

as at 31 December 2013

	Note	As at 31 December 2013 £000s	As at 31 December 2012 £000s
Assets			
Non-current assets			
Property, plant and equipment	8	84	89
Investment in subsidiaries	13	5,514	5,626
Financial assets	11	2,610	2,638
		8,208	8,353
Current assets			
Trade and other receivables	9	508	298
Cash and cash equivalents	10	33	66
Other financial assets	11	12	1,556
		553	1,920
Total assets		8,761	10,273
Current liabilities			
Trade and other payables	15	(4,193)	(3,411)
		(4,193)	(3,411)
Net assets		4,568	6,862
Capital and Reserves			
Called up share capital	16	998	998
Share Premium Account		1,029	1,029
Capital redemption reserve		671	671
Share options reserve		25	46
Available for sale financial assets reserve		(1,252)	(1,252)
Retained earnings		3,097	5,370
Total equity		4,568	6,862

The annual financial statements were approved and authorised for issue by the Board on 27 June 2014 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2013

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2013	998	1,029	7,993	(2,943)	153	7,230
Currency translation adjustments	-	-	-	37	-	37
Net loss on available for sale financial assets	-	-	-	-	-	-
Total other comprehensive income	-	-	-	37	-	37
Loss for the year	-	-	(2,248)	-	(20)	(2,268)
Total comprehensive income for the year	-	-	(2,248)	37	(20)	(2,231)
Share-based payments	-	-	-	-	-	-
Cancelled/forfeited share options	-	-	22	(22)	-	-
Movement in non controlling interests	-	-	-	-	5	5
Balance 31 December 2013	998	1,029	5,767	(2,928)	138	5,004

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non controlling interests £000s	Total £000s
Balance at 1 January 2012	998	1,029	7,172	(1,603)	195	7,791
Currency translation adjustments	-	-	-	(43)	-	(43)
Net loss on available for sale financial assets	-	-	-	(1,300)	-	(1,300)
Total other comprehensive income	-	-	-	(1,343)	-	(1,343)
Profit for the year	-	-	823	-	(37)	786
Total comprehensive income for the year	-	-	823	(1,343)	(37)	(557)
Share-based payments	-	-	-	1	-	1
Cancelled/forfeited share options	-	-	(2)	2	-	-
Movement in non controlling interests	-	-	-	-	(5)	(5)
Balance 31 December 2012	998	1,029	7,993	(2,943)	153	7,230

Company Statement of Changes in Shareholders' Equity

for the year ended 31 December 2013

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserves £000s	Total £000s
Balance at 1 January 2013	998	1,029	5,370	46	(581)	6,862
Currency translation adjustments	-	-	-	-	-	-
Net loss on available for sale financial assets	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Loss for the year	-	-	(2,294)	-	-	(2,294)
Total comprehensive income for the year	-	-	(2,294)	-	-	(2,294)
Share-based payments	-	-	(1)	1	-	-
Cancelled/forfeited share options	-	-	22	(22)		-
Balance 31 December 2013	998	1,029	3,097	25	(581)	4,568

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserve £000s	Total £000s
Balance at 1 January 2012	998	1,029	4,803	45	719	7,594
Currency translation adjustments	-	-	-	-	-	-
Net loss on available for sale financial assets	-	-	-	-	(1,300)	(1,300)
Total other comprehensive income	-	-	-	-	(1,300)	(1,300)
Profit for the year	-	-	567	-	-	567
Total comprehensive income for the year	-	-	567	-	(1,300)	(733)
Share-based payments	-	-	-	1	-	1
Cancelled/forfeited share options	-	-	-	-	-	-
Balance 31 December 2012	998	1,029	5,370	46	(581)	6,862

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Cash flows from operating activities		
Cash used from operations	(846)	(423)
Income tax paid	(83)	(363)
Cash flows from operating activities - total Group	(929)	(786)
Cash flows from investing activities		
Purchase of property, plant and equipment	(43)	(102)
Sale of property, plant and equipment	2	50
Purchase of non-current financial assets	(5)	(128)
Purchase of other financial assets	-	(3)
Sale of non-current financial assets	80	55
Sale of other financial assets	431	693
Interest received	63	79
Cash flows from investing activities - total Group	528	644
Cash flows from financing activities		
Interest paid	(5)	(8)
Cash flows from financing activities - total Group	(5)	(8)
Net decrease in cash and cash equivalents	(406)	(150)
Cash and cash equivalents at beginning of year	1,583	1,733
Cash and cash equivalents at end of year	1,177	1,583
Cash and cash equivalents at end of year-discontinued operation	(1,102)	-
Net cash and cash equivalents at end of year	75	1,583

Reconciliation of Operating (Loss)/Profit to Net Cash Outflow from Operating Activities

for the year ended 31 December 2013

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Operating (loss)/profit on ordinary activities	(2,311)	950
Share options cost	-	1
Depreciation	57	61
Corporate finance fees received by way of shares	-	(2,559)
Impairment to financial assets	1,487	1,024
Movement in fair value on financial assets	10	(5)
Impairment of goodwill	136	-
Foreign currency translation	43	5
Decrease/(increase) in trade and other receivables	13,399	(18,860)
(Decrease)/increase in trade and other payables	(13,667)	18,960
Net cash outflow from operating activities	(846)	(423)

Company Cash Flow Statement

for the year ended 31 December 2013

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Cash flows from operating activities		
Cash used from operations	(130)	(692)
Income tax paid	-	-
Net cash used in operating activities	(130)	(692)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(11)
Purchase of non-current financial assets	(5)	(128)
Purchase of other financial assets	-	(3)
Sale of non-current financial assets	80	55
Sale of other financial assets	-	704
Purchase of subsidiary	-	-
Return of capital from subsidiary	-	-
Proceeds from disposal of subsidiaries	-	-
Interest received	22	31
Net cash generated/(used) in investing activities	97	648
Cash flows from financing activities		
Interest paid	-	-
Net cash generated in financing activities	-	-
Net decrease in cash and cash equivalents	(33)	(44)
Cash and cash equivalents at beginning of Year	66	110
Cash and cash equivalents at end of Year	33	66

Reconciliation of Operating (Loss)/Profit to Net Cash Outflow from Operating Activities

for the year ended 31 December 2013

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Operating (loss)/profit on ordinary activities	(2,319)	535
Share options cost	-	1
Depreciation	5	7
Corporate finance fees received by way of shares	-	(2,559)
Impairment to financial assets	1,487	1,024
Movement in fair value on financial assets	(19)	15
Impairment in investments	113	153
Foreign currency translation	29	26
(Increase)/decrease in trade and other receivables	(209)	112
Increase/(decrease) in trade and other payables	783	(6)
Net cash outflow from operating activities	(130)	(692)

Notes to the Financial Statements

1 Principal accounting policies

Integrated Asset Management plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom.

The principal accounting policies applied in the presentation of these group financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union (“EU”).

The group financial statements have been prepared on the going concern basis under the historical cost convention, except for the measurement of certain financial assets that are held at fair value. The directors are confident that for the foreseeable future, the Group will continue to meet its liabilities as they fall due.

The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the financial statements.

(b) New IFRS's and interpretations

Standards effective in 2013:

There were no new standards during the year which had a material impact on the Group. The Group has continued to apply the accounting policies used for its 2012 financial statements.

Standards and interpretations which become effective in future periods:

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations with an effective date after the date of these financial statements. The Group has not decided to early adopt the following and as such the new standards are not applicable to these financials statements. Although relevant, they are not expected to have a material impact on the Group’s results:

	Effective Date
IFRS 9 - "Financial Instruments: Classification and Measurement".	Unconfirmed
IFRS 10 - "Consolidated Financial Statements".	01 January 2014
IFRS 11 - "Joint Arrangements"	01 January 2014
IFRS 12 - "Disclosures of Interests in Other Entities"	01 January 2014
IAS 27 - "Consolidated and Separate Financial Statements".	01 January 2014
IAS 28 - "Investments in Associates and Joint Ventures".	01 January 2014

There are a number of other standards and interpretations, and revisions to existing standards and interpretations, in issue but not in force at 31 December 2013. These are not considered likely to have a material impact on the Group's financial statements.

(c) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of preparation of the financial statements deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

i) Goodwill and other intangible assets

The valuation and amortisation periods of intangible assets arising on acquisition, such as management contracts, and the impairment testing of goodwill takes into account value in use calculations prepared on the basis of management’s assumptions and estimates of future cash flows and discount rates. The amortisation period of the management contracts, representing the Group’s contractual right to benefit from future income from providing investment management services, is based on management’s estimate of the weighted average period over which the Group expects to earn economic benefit from the investor being invested in each fund product.

ii) Share-based payments

Management must make judgements concerning the probability of share options vesting when calculating the fair value of options granted. These judgements consider the historical average length of time option holders stay with the Group and the probability of option holders achieving certain performance criteria based on their performance to the statement of financial position date.

Notes to the Financial Statements continued

(d) Consolidation

i) Subsidiaries

The Group financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the operating and financial policies so as to obtain benefits from their activities. The financial statements of subsidiaries are included in the Group's financial statements from the date on which control is transferred to the Group to the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The Group's Employee Benefit Trusts are also consolidated in the Group's financial statements.

All intra-Group transactions and balances are eliminated on consolidation.

ii) Non controlling interests

The Group has applied the parent company method for accounting for transactions with non controlling interests.

iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment.

Gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group's activities are divided into three business segments, Hedge Fund Management, Brokerage and Consultancy Services. These reflect the Group's internal reporting segments.

A geographical segment is engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group operates in two geographical segments (Europe and North America). No geographical segment analysis has been shown as our internal review is on the basis of business segments only.

(f) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Group financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the relevant Group entity's functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates for the relevant accounting periods; and
- all resulting exchange differences are included in the cumulative translation adjustment reserve within equity.

Cumulative translation differences are taken to the income statement on the disposal of a net foreign operation.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Motor vehicles	3 - 5 years
Computer and communication equipment	3 - 5 years
Furniture, fixtures and fittings *	4 - 6 years
Leasehold improvements	5 years

*For specific items of artwork, included within furniture, fixtures and fittings, whose residual value is expected to be at least equal to cost, no depreciation is provided. The cost of such artwork as at 31st December 2013 is £74,000 (2012: £74,000).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(h) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary or associate at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) Computer software

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing the software. Computer software is amortised using the straight-line method over its estimated useful life of 3 years.

(i) Impairment of non-financial assets

Goodwill is not subject to amortisation but is instead tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever there is an indication that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement in the period that it is incurred. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of the asset's value in use and fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those from its ultimate disposal, at an appropriate pre-tax discount rate. For the purposes of assessing impairment, assets are grouped into Cash-Generating Units (CGUs), which are the lowest levels for which there are separately identifiable cash flows.

(j) Financial assets

Financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale" or "loans and receivables". Financial assets are classified into their respective category at the initial recognition date.

Financial assets at fair value through profit or loss: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised in the income statement. Assets in this category are usually held for short-term gain and are classified as current assets if they are either held for trading or expected to be realised within 12 months of the statement of financial position date.

Available-for-sale: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised directly in equity. When an asset is disposed of or impaired, any cumulative gain or loss previously recognised in equity is transferred to the income statement.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets except for those with maturities greater than 12 months after the statement of financial position date, which are included in non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial assets.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Any impairment loss is recognised in the income statement.

Forward Currency Contracts are classified as financial assets or financial liabilities through profit or loss. They are measured at fair value and gains or losses arising from changes in fair value are recognised in profit or loss.

(k) Available for sale investments

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving the sale or loss of control of a subsidiary, all the assets and liabilities of the subsidiary are classified as held for sale when the criteria described above are met.

Notes to the Financial Statements continued

(l) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for credit losses. An allowance account for credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance for credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The allowance for credit losses is recognised in the income statement.

(m) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(n) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(o) Share-based compensation
The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the share options is recognised as an expense, with a corresponding credit recognised in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(p) Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(q) Revenue recognition
Revenue represents the fair value of consideration received for the provision of services and is stated net of value-added tax, rebates and after eliminating intra-group sales.

Revenue includes the following:

Management and performance fees

Management fees are calculated as a percentage of net assets under management and are recognised in the period in which the services are rendered.

Performance fees are calculated as a percentage of the net appreciation in a fund's net asset values at the end of a performance period. The length of a performance period varies between funds and usually covers periods ranging from between 3 to 12 months. Performance fees are recognised when the amount of the fee can be reliably measured, which is normally at the end of the performance period. Where a fund's performance period covers the statement of financial position date, performance fees are recognised based on reasonable estimates that consider the particular fund's performance to the statement of financial position date and whether evidence exists that suggests that the current performance will be sustainable to the end of the performance period.

Fee commission on brokerage
Brokerage fees are calculated as a percentage of the value of the transaction and are recognised on the transaction date.

The Group carries on a matched principal business as part of its brokerage activities. This involves acting as the principal in the simultaneous purchase and sale of securities between third parties. Commission is generated from the difference between the purchase and sale proceeds of the security and is recognised in full at the time of the commitment by both counterparties to sell and purchase the financial instrument.

Consultancy Services
Consultancy Services comprises fees received for advice given, which is recognised on a time-proportion basis over the period of the service.

Finance income
Finance income comprises of interest income, which is recognised on a time-proportion basis using the effective interest method.

(r) Cost of sales
Cost of sales comprises of commissions and distribution fees payable to intermediaries, distributors and other third parties and are charged to the Income Statement over the period in which the service is provided.

Notes to the Financial Statements continued

2 Segmental reporting

(a) Business segments

We have considered the requirements of IFRS 8 and since we only internally review our business on the basis of the hedge fund, brokerage and consultancy service units as opposed to any geographical basis, do not see the requirement for any geographical analysis.

The Group is organised into three business segments Hedge Fund, Brokerage and Consultancy Services together with a segment for the central operating costs. The segmental results are as follows:-

Business Type			**Central**		**Discontinued**	
			Operating	**Continuing**		
	Hedge Fund	**Consultancy**	**costs**	**Operations**	**Brokerage**	**Group**
31 December 2013	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Revenue from external customers	323	239	-	562	4,416	4,978
Cost of sales	(25)	(2)	-	(27)	(1,615)	(1,642)
Net Revenue	298	237	-	535	2,801	3,336
Operating costs	(222)	(161)	(742)	(1,125)	(2,842)	(3,967)
Share-based payments cost	-	-	-	-	-	-
Currency exchange differences	-	-	(36)	(36)	(11)	(47)
Impairment to goodwill		-	-	-	(136)	(136)
Impairment to financial assets	-	-	(1,487)	(1,487)	-	(1,487)
Net (loss)/gain on financial assets	(11)	-	(1)	(12)	2	(10)
Operating (loss)/profit	65	76	(2,266)	(2,125)	(186)	(2,311)
External interest receivable and similar income	49	-	-	49	14	63
Inter-segment interest receivable	23	-	-	23	-	23
External interest payable and similar charges	-	-	-	-	(5)	(5)
Inter-segment interest payable	-	-	-	-	(23)	(23)
(Loss)/profit before taxation	137	76	(2,266)	(2,053)	(200)	(2,253)
Operating costs include the following non-cash expenses:						
Depreciation	-	-	(5)	(5)	(52)	(57)

Included within the Revenue from External customers of £4,978,000 are amounts of £nil (within hedge fund segment), £1,970,000 (within brokerage segment) received from three customers, and £nil (within consultancy segment), each of which generate more than 10% of the total external income.

				Inter-segment		
	Hedge Fund	Consultancy	Central costs	elimination	Brokerage	Group
	£000s	£000s	£000s	£000s	£000s	£000s
Segment assets	4,436	-	4,053	(4,103)	16,300	20,686
Segment liabilities	(92)	-	(4,197)	4,103	(15,496)	(15,682)
	4,344	-	(144)	-	804	5,004
Capital expenditure on segment assets	-	-	-	-	43	43

Notes to the Financial Statements continued

2 Segmental reporting (continued)

31 December 2012	Hedge Fund £000s	Consultancy £000s	Central Operating costs £000s	Continuing Operations £000s	Discontinued Brokerage £000s	Group £000s
Revenue from external customers	354	3,093	-	3,447	4,725	8,172
Cost of sales	(5)	(19)	-	(24)	(1,435)	(1,459)
Net Revenue	349	3,074	-	3,423	3,290	6,713
Operating costs	(241)	-	(1,262)	(1,503)	(3,211)	(4,714)
Share-based payments cost	-	-	(1)	(1)	-	(1)
Currency exchange differences	(3)	-	(33)	(36)	7	(29)
Impairment to goodwill	-	-	-	-	-	-
Impairment to financial assets	-	-	(1,024)	(1,024)	-	(1,024)
Net gain/(loss) on financial assets	32	-	(27)	5	-	5
Operating profit/(loss)	137	3,074	(2,347)	864	86	950
External interest receivable and similar income	42	-	22	64	15	79
Inter-segment interest receivable	10	-	-	10	-	10
External interest payable and similar charges	-	-	-	-	(8)	(8)
Inter-segment interest payable	-	-	-	-	(10)	(10)
Profit/(loss) before taxation	189	3,074	(2,325)	938	83	1,021
Operating costs include the following non-cash expenses:						
Depreciation	-	-	(8)	(8)	(53)	(61)

Included within the Revenue from External customers of £8,172,000 are amounts of £nil (within hedge fund segment), £963,000 (within brokerage segment) received from one customer, and £2,864,000 (within consultancy segment) received from one customer, each of which generate more than 10% of the total external income.

	Hedge Fund £000s	Consultancy £000s	Central costs £000s	Inter-segment elimination £000s	Brokerage £000s	Group £000s
Segment assets	4,350	-	5,690	(3,068)	29,602	36,574
Segment liabilities	(99)	-	(3,415)	3,068	(28,898)	(29,344)
	4,251	-	2,275	-	704	7,230
Capital expenditure on segment assets	-	-	12	-	90	102

(b) Geographical segments

The Group's operations are deemed to have been carried out in Europe and North America.

Notes to the Financial Statements continued

3 Profit/(loss) on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2013 £000s	2012 £000s
Depreciation of property, plant and equipment	57	61
Exchange loss	47	29
Impairment to financial assets	1,487	1,024
Operating lease rentals - land and buildings	210	189
Bank interest income	(11)	(12)
Income from cash equivalents	(52)	(67)
Auditor's Remuneration:		
BDO LLP - Audit fees	32	32
BDO LLP - Tax services	16	16
Other auditors - Audit services	14	11
Other auditors - Tax services	-	6
Other auditors - Payroll services	3	5

4 Staff costs and employees

Staff costs including Directors' emoluments:

	2013 £000s	2012 £000s
Wages and salaries (Including bonuses)	2,735	2,679
Social security costs	389	396
Share-based payments	-	1
Other staff costs	146	134
Total	3,270	3,210

The average monthly number of persons employed by the Group including Executive Directors was 38 (2012: 38) and is analysed as follows:

	2013	2012
Asset Management	6	6
Brokerage	27	27
Administration	5	5
Total	38	38

Directors' emoluments:

	2013 £000s	2012 £000s
Group		
Directors' emoluments	393	385

The Directors are potential beneficiaries of the Employee Benefit Trust and the Employee Share Ownership Scheme. £12,000 has been contributed in respect of Directors money purchase pension schemes during the period (2012: £12,000). None of the Directors exercised share options during the period.

The highest paid Director received salary and related benefits of £280,000 (2012: £280,000), which included contributions to money purchase pension schemes.

Notes to the Financial Statements continued

5 Taxation

(a) Analysis of tax charge for the year

	2013 £000s	2012 £000s
Current tax		
UK corporation tax on profits for the period	-	57
Adjustments in respect of prior periods	-	-
Double taxation relief	-	(52)
Foreign tax	15	230
Total current tax	15	235
Deferred tax (Note 13)	-	-
Effects of changes in corporation tax rates	-	-
Origination and reversal of temporary differences	-	-
Total tax charge for the year	15	235

(b) Factors affecting the tax charge for the year

	2013 £000s	2012 £000s
(Loss)/profit before taxation	(2,253)	1,021
Tax on (loss)/profit at the standard UK Corporation tax rate of 23.25% (2012: 24.5%)	(524)	271
Effect of:		
Disallowable expenses and non-taxable income	391	32
Depreciation in excess of capital allowances	9	-
Short term timing differences	(9)	-
Tax losses utilised	-	(206)
Tax losses unutilised	136	(37)
Unrelieved foreign tax	-	178
Foreign tax credits	15	-
Relief for foreign tax expensed	(3)	-
Marginal Relief	-	(3)
Total tax charge for the year	15	235

6 Earnings per share

The calculation of Earnings per Share ("EPS") is based on profit that is attributable to equity owners of the parent Company only.

The weighted average number of shares includes a deduction for the shares held by the Employee Share Ownership Trust of 1,800,000 (2012 1,800,000)

Potential ordinary shares have only been included in the diluted EPS calculation where their effect has been dilutive to basic EPS.

Details of the figures used in calculating basic and diluted EPS are shown below:

	2013 £000s	2012 £000s
Total (loss)/profit from continuing operations	(2,053)	933
Non controlling interests	-	-
Total (loss)/profit from continuing operations used in calculating basic and diluted EPS	(2,053)	933
Total (loss)/profit for the year	(2,268)	786
Non controlling interests	20	37
Total (loss)/profit used in calculating basic and diluted EPS	(2,248)	823

	No. '000s	No. '000s
Weighted average number of ordinary shares used in calculating basic EPS	18,169	18,169
Effect of dilutive potential ordinary shares:		
- share options	-	-
- shares to be issued	-	-
- contingently issuable shares	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	18,169	18,169

Basic EPS from continuing operations has been calculated using the loss from continuing operations £2,053,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 18,169,215.

Diluted EPS from continuing operations has been calculated using the loss from continuing operations £2,053,000 (excluding non controlling interests) divided by the weighted average number of ordinary shares 18,169,215

Potentially dilutive instruments that have not been included in the calculation of diluted EPS, because they were antidilutive comprise share options over 330,000 (2012: 440,000) ordinary shares.

Notes to the Financial Statements continued

7 Intangible assets

Group	Goodwill £000s	Development Costs £000s	Total £000s
Cost			
At 1st January, 2013	1,154	36	1,190
Movement on exchange	23	-	23
Transfer to asset held for sale	(1,177)	-	(1,177)
At 31st December 2013	-	36	36
Amortisation and Impairment			
At 1st January, 2013	-	(36)	(36)
Amortisation	-	-	-
Impairment	(136)	-	(136)
Transfer to asset held for sale	136	-	136
At 31st December 2013	-	(36)	(36)
Net Book Value at 31st December 2013	-	-	-
Cost			
At 1st January, 2012	1,181	36	1,217
Movement on exchange	(27)	-	(27)
Transfer to asset held for sale	-	-	-
At 31st December 2012	1,154	36	1,190
Amortisation and Impairment			
At 1st January, 2012	-	(36)	(36)
Amortisation	-	-	-
Impairment	-	-	-
Transfer to asset held for sale	-	-	-
At 31st December 2012	-	(36)	(36)
Net Book Value at 31st December 2012	1,154	-	1,154

Goodwill and management contracts

The Group is required to separate goodwill from other intangibles that arise on business combinations in accordance with IFRS 3 "Business Combinations".

Goodwill represents the value assigned to the future benefits which the Group expects to achieve from acquired businesses.

Development costs

Development costs include the development of internally-generated risk management software programs. The software is being amortised in accordance with the Group’s amortisation policy on computer equipment.

Notes to the Financial Statements continued

7 Intangible assets (continued)

Goodwill impairment testing

Three Cash-Generating Units (CGUs) exist for the purpose of testing goodwill for impairment. These have been determined by reference to the Group's business segments. Goodwill existing at the IFRS transition date and goodwill acquired since that date have been allocated to the CGUs of either Hedge Fund or Brokerage. The carrying value of goodwill attributable to each CGU is as follows:

	2013 £000s	2012 £000s
Hedge Fund	-	-
Brokerage	-	1,154
Consultancy	-	-
Total Goodwill	-	1,154

To determine whether impairment exists, the carrying value of each CGU is compared with its recoverable amount at each statement of financial position date. The recoverable amount of each CGU is determined based on the higher of fair value less costs to sell and value-in-use. The value-in-use calculation uses cash flow projections, which are based on financial budgets approved by senior management for the next financial year. Long term projections are extrapolated over a 5-year period with assumptions made on revenue, market growth and increases in overheads to cover inflation and increased levels of business.

The key assumptions used by management for the value in use calculations include:

	%
Gross fee growth	10.0
General inflation	(2.5)
Specific costs due to increased business	(5.0)
Total	2.5

The discount rate applied to cash flow projections is 15% (2012:15%). Discount rates used are pre-tax and reflect estimates that the market would expect of an investment with an equivalent risk profile. The value-in-use calculations include terminal values which reflect the long term nature of the business. The discounted terminal values are added to the net present value of the projected cash flows to calculate an overall recoverable value.

The impairment review for the Brokerage CGU was based on the probably sale of IFP in 2014 and has been calculated using the estimated net consideration to be received for the subsidiary compared to its previous carrying value. This has resulted in an Goodwill impairment charge to the profit and loss of £136,000 (2012: £nil). Following the write down to goodwill the remaining balance of £1,041,000 was transferred to Available for Sale Investment (see note 12)

There is no goodwill attributable to the Hedge Fund or Consultancy business.

Notes to the Financial Statements continued

8 Property, plant and equipment

Group	Vehicles & equipment £000s	Fixtures & fittings £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2013	561	646	394	1,601
Additions	40	2	1	43
Disposals	(49)	-	-	(49)
Movement on exchange	12	9	4	25
At 31st December 2013	564	657	399	1,620
Depreciation				
At 1st January 2013	(463)	(528)	(392)	(1,383)
Charge in the year	(38)	(18)	(1)	(57)
Disposals	47	-	-	47
Movement on exchange	(9)	(8)	(4)	(21)
At 31st December 2013	(463)	(554)	(397)	(1,414)
Net Book Value				
At 31st December 2013	101	103	2	206
Cost				
At 1st January 2012	585	648	398	1,631
Additions	93	9	-	102
Disposals	(103)	-	-	(103)
Movement on exchange	(14)	(11)	(4)	(29)
At 31st December 2012	561	646	394	1,601
Depreciation				
At 1st January 2012	(490)	(514)	(395)	(1,399)
Charge in the year	(37)	(23)	(1)	(61)
Disposals	53	-	-	53
Movement on exchange	11	9	4	24
At 31st December 2012	(463)	(528)	(392)	(1,383)
Net Book Value				
At 31st December 2012	98	118	2	218

Notes to the Financial Statements continued

8 Property, plant and equipment (continued)

Company	Office equipment £000s	Computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2013	244	127	249	620
Additions	-	-	-	-
Disposals	-	-	-	-
At 31st December 2013	244	127	249	620
Depreciation				
At 1st January 2013	(166)	(116)	(249)	(531)
Charge in the year	(1)	(4)	-	(5)
Disposals	-	-	-	-
At 31st December 2013	(167)	(120)	(249)	(536)
Net Book Value				
At 31st December 2013	77	7	-	84
Cost				
At 1st January 2012	240	120	249	609
Additions	4	7	-	11
Disposals	-	-	-	-
At 31st December 2012	244	127	249	620
Depreciation				
At 1st January 2012	(165)	(110)	(249)	(524)
Charge in the year	(1)	(6)	-	(7)
Disposals	-	-	-	-
At 31st December 2012	(166)	(116)	(249)	(531)
Net Book Value				
At 31st December 2012	78	11	-	89

9 Trade and other receivables

	Group		Company	
	2013 £000s	2012 £000s	2013 £000s	2012 £000s
Trade receivables (Note 20)	415	579	14	77
Matched principal trade receivables	14,005	27,201	-	-
Amounts owed by group undertakings	-	-	364	125
Other receivables	248	221	81	51
Prepayments	109	101	49	45
Total	14,777	28,102	508	298

Matched principal trade receivables represent the grossed-up value of matched trades that were undertaken by the Brokerage business before the period end, but which while within the settlement cycle remained unsettled at the statement of financial position date. The margin relating to these trades is the difference between the receivable and the matched payable and is recorded in the group's income statement.

10 Cash and cash equivalents

	Group		Company	
	2013 £000s	2012 £000s	2013 £000s	2012 £000s
Cash at bank and in hand	1,169	1,575	33	66
Cash at bank and in hand: EBT	8	8	-	-
Total cash and cash equivalents	1,177	1,583	33	66

Included within cash and cash equivalents held by the Group is cash held by an Employee Benefit Trust ("EBT"), which was set up during 2007. Cash held by the EBT is controlled by the EBT's trustee and is allocated to potential beneficiaries when a constructive obligation arises to pay them.

Notes to the Financial Statements continued

11 Financial assets

(a) Movement in fair value

Non-current Available-for-sale financial assets	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Movement in fair value				
At 1st January	2,638	3,834	2,638	3,834
Additions	5	128	5	128
Disposals	(80)	(55)	(80)	(55)
Movement on exchange	(1)	(4)	(1)	(4)
Realised gain through profit and loss	49	35	49	35
Impairment through profit and loss	(1)	-	(1)	-
Net loss in movement in fair value through other comprehensive income	-	(1,300)	-	(1,300)
At 31st December	2,610	2,638	2,610	2,638

In 2010, the Company announced that it had agreed to invest up to $4 million in a JRJ Limited Partnership forming part of JRJ Ventures which had recently acquired approximately 75 per cent of Marex Group Ltd. In March 2011 Marex Group Ltd acquired Spectron Group Ltd, and as a participant in the ownership of Marex Group Ltd, the Company participated in the financing of the acquisition and invested a further £0.8m into this transaction.

The Group's other investments are principally in the funds it manages.

Current Available-for-sale financial assets	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Movement in fair value				
At 1st January	1,514	-	1,514	-
Additions	-	2,559	-	2,559
Disposals	-	-	-	-
Movement on exchange	(28)	(21)	(28)	(21)
Realised gain through profit and loss	-	-	-	-
Impairment through profit and loss	(1,486)	(1,024)	(1,486)	(1,024)
Net loss in movement in fair value through other comprehensive income	-	-	-	-
At 31st December	-	1,514	-	1,514

The Group's current Available-for-sale financial assets represents shares in a US company listed on the OTC Bulletin Board ("OTCBB"). These shares were received as per an agreement in payment for consulting income earned during the previous year. In 2012, an impairment in the carrying value of these shares was recognised as the client did not achieve key milestones. At the current year end a further full impairment was recognised by the Board due to its view that any potential realisable value was looking increasing unlikely.

Current Fair value through profit and loss financial assets	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Movement in fair value				
At 1st January	1,365	2,084	42	793
Additions	-	3	-	3
Disposals	(431)	(693)	-	(704)
Movement on exchange	-	1	-	-
Net loss in movement in fair value through profit and loss	(59)	(30)	(30)	(50)
At 31st December	875	1,365	12	42

The Group's current financial assets represent both corporate bonds and investments in the funds that it manages. The value of the bonds and investments is calculated with reference to their market value and adjusted for any foreign exchange rate fluctuations. Any gains or losses are taken through profit or loss.

Notes to the Financial Statements continued

11 Financial assets (continued)

(b) Fair value hierarchy

The following table analyses "Available-for-sale" and "Fair value through profit and loss" financial assets carried at fair value. The fair value hierarchy levels have been defined as follows:

- Instruments with unadjusted quoted prices in active markets for identical assets as Level 1.
- Instruments valued using inputs other than quoted prices for the instruments, but where those inputs are observable either directly or indirectly as Level 2.
- Instruments using valuation techniques for which any significant input is not based on observable market data as Level 3

	Group		Company	
	2013	2012	2013	2012
Available-for-sale financial assets - Non-current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	2,610	2,638	2,610	2,638
	2,610	2,638	2,610	2,638

	Group		Company	
	2013	2012	2013	2012
Available-for-sale financial assets - Current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	-	1,514	-	1,514
	-	1,514	-	1,514

	Group		Company	
	2013	2012	2013	2012
Fair value through profit and loss financial assets - Current	£000s	£000s	£000s	£000s
Level 1	875	1,365	12	42
Level 2	-	-	-	-
Level 3	-	-	-	-
	875	1,365	12	42

During the period there were no transfers between Level 1 and Level 2 valuation methods and no transfer into or out of Level 3 valuation method.

Level 1 instruments represent listed corporate bonds and listed shares, the value for which comes from quoted prices on active markets.

For valuations of the investments in funds managed by the Group which do not have redemption restrictions, the net asset value of the fund is used, which is calculated by a third party. These investments are shown as Level 2 instruments.

Level 3 instruments represent the investment in JRJ Ventures, the holding of shares listed on the OTCBB, as well as investments in funds managed by the Group, which are all considered to be more illiquid in nature due to redemption restrictions. These investments are not considered to have a quoted market price in an active market.

As the investment in JRJ Ventures is not listed on any stock exchange, a quoted price in an active market is not available. In considering the fair value to be attributed to this investment, the Board takes into account the average “price to book” ratio of comparable companies discounted for the minority holding and private status of the entity, and its assessment of the actual trading of Marex Spectron. This year the Board concluded that the actual trading results warranted no change in the carrying value of this investment.

12 Available for sale investment

	Group	
	2013	2012
	£000s	£000s
Investment in Integrated Financial Products Ltd		
Agreed sale proceeds	1,126	-
Estimated costs of disposal	(85)	-
	1,041	-

Subject to certain conditions, Integrated Asset Management plc and Argolis Limited (the 24.9% minority shareholder) have agreed to sell all the issued shares in Integrated Financial Products Limited. Completion of the agreement is conditional on the buyer obtaining FCA approvals. The completion of the sale is deemed to be highly likely and the assets and liabilities of the entity have been separately classified on the Consolidated Statement of Financial Position as "held for sale". The results for the entity have been shown as discontinued operations for the current year and comparatives in the Consolidated Income Statement

Notes to the Financial Statements continued

13 Investments

Company	Subsidiaries £000s	Employee Trusts £000s	Total £000s
Cost			
At 1st January 2013	5,654	2,519	8,173
Share-based payments	-	-	-
At 31st December 2013	5,654	2,519	8,173
Impairment			
At 1st January 2013	(388)	(2,159)	(2,547)
Charge for the year	(22)	(90)	(112)
At 31st December 2013	(410)	(2,249)	(2,659)
Net book value at 31st December 2013	5,244	270	5,514
Cost			
At 1st January 2012	5,654	2,519	8,173
Share-based payments	-	-	-
At 31st December 2012	5,654	2,519	8,173
Impairment			
At 1st January 2012	(235)	(2,159)	(2,394)
Charge for the year	(153)	-	(153)
At 31st December 2012	(388)	(2,159)	(2,547)
Net book value at 31st December 2012	5,266	360	5,626

Details of changes in ownership interest of subsidiaries during the year are shown at Note 17. A list of the Company's subsidiaries can be found at Note 22.

14 Deferred tax

The group has deferred tax assets of £2,098,000 (2012: £1,925,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

The Company has deferred tax assets of £1,688,000 (2012: £1,494,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

Notes to the Financial Statements continued

15 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	£000s	£000s	£000s	£000s
Current				
Trade payables	463	705	81	66
Matched principal trade payables	13,999	27,174	-	-
Amounts owed to group undertakings	-	-	3,989	3,068
Other taxation and social security costs	163	147	24	18
Accruals and deferred income	1,028	1,294	99	259
Total	15,653	29,320	4,193	3,411

Matched principal trade payables represent the grossed-up value of matched trades that were undertaken by the Brokerage business before the period end, but which while within the settlement cycle remained unsettled at the statement of financial position date. The margin relating to these trades is the difference between the receivable and the matched payable and is recorded in the group's income statement.

16 Share capital

	2013	2013	2012	2012
		Number of ordinary 5p shares		Number of ordinary 5p shares
	£000s	000s	£000s	000s
Authorised:				
At 1st January	9,425	188,504	9,425	188,504
At 31st December	9,425	188,504	9,425	188,504
Allotted and fully paid:				
At 1st January	998	19,969	998	19,969
At 31st December	998	19,969	998	19,969

There were no changes in the year to the Company's Authorised share capital or to its Allotted and fully paid share capital. The Company has 19,969,215 shares in issue.

17 Changes in ownership interests of subsidiaries

There were no changes to the ownership interests of its subsidiaries during 2013 or the previous year.

Notes to the Financial Statements continued

18 Related parties

Group

Transactions between the Group and related parties during the year were as follows:

	Revenue		Expenses	
	2013	2012	2013	2012
	£000s	£000s	£000s	£000s
Current				
Related companies	-	-	1	3
Total	-	-	1	3

Amounts outstanding between the Group and related parties at the year end were as follows:

	Revenue Amounts owed by related parties		Expenses Amounts owed to related parties	
	2013	2012	2013	2012
	£000s	£000s	£000s	£000s
Related companies	-	-	-	-
Total	-	-	-	-

Related companies represent those companies of which certain Directors of the Company are also Directors, namely Kidron Corporate Advisors LLC, where M Segall is a Director, for the provision of corporate finance services.

Key Management Personnel

The Group considers Executive and Non-Executive Directors to be key management personnel. Remuneration paid to key management personnel during the year was as follows:

	2013	2012
	£000s	£000s
Short-term employee benefits	393	385
Share-based payments	-	1
Total	393	386

Company

Details of transactions between the Company and its subsidiaries which are related parties are as follows:

	2013	2012
	£000s	£000s
Management fees receivable from Integrated Alternative Investments Ltd	(92)	(107)
Management fees receivable from Integrated Financial Products Ltd	(3)	(9)
Management fees payable to Integrated Alternative Investments Ltd	10	9
Subordinated loan interest receivable from Integrated Financial Products Ltd	(23)	(10)

Amounts outstanding between the Company and its subsidiaries at the year end were as follows:

	2013	2012
	£000s	£000s
Amounts due to Integrated Alternative Investments Ltd	(3,465)	(2,987)
Amounts due to Integrated Financial Products Ltd	(524)	(81)
Amounts due from Integrated Financial Products Ltd	364	125

19 Operating lease commitments

At 31st December the Group was committed to make the following minimum payments under non-cancellable leases of land and buildings falling due as follows:

	2013	2012
	£000s	£000s
Within one year	220	217
Between two and five years	292	504
After five years	-	-
Total	512	721

Notes to the Financial Statements continued

20 Financial risk management

The Group operates in different countries and is exposed to a number of financial risks and particularly currency risk.

Currency risk

The Group publishes its consolidated financial statements in Sterling, but conducts its business in a number of different currencies but principally the Euro and US Dollar. As a result the Group is exposed to foreign exchange risk due to exchange rate movements which affect the Group's transactional revenues and the translation of the earnings and net assets of its overseas operations.

The Group constantly reviews its position and where necessary will hedge a portion of the transactional exposures of its subsidiaries which have a functional currency of Sterling. This exposure review principally highlights the net management fees expected to be generated by the UK based fund management companies from existing AUM. Such exposure is principally to the Euro and US Dollar and hedging, if deemed necessary is carried out by means of forward foreign exchange contracts. No additional hedging was undertaken during 2013 due to the continuing fall in the level of management fee income..

Hedging arrangements have not been accounted for under IAS 39 hedge accounting rules.

At 31 December 2013, the total amount of US Dollar's hedged was $Nil (2012: $Nil). The fair value of the open hedging contracts was £Nil (2012:£Nil) and this if applicable would have been included in accruals and deferred income.

Should additional exposure be generated by material changes in either Euro or US Dollar denominated AUM or by probable crystallisation of foreign currency denominated performance fees, further hedging may be taken out if the rates available at the time of such changes becoming apparent are deemed to be favourable.

Hedging of the Group's other transactional exposures, the translation of the results of our operations in Europe whose functional currency is the Euro are not hedged as such transactions create movements in the profit and loss account, which while offset by equal and opposite effect in reserve. Movements do nonetheless affect reported earnings.

The Group also has significant exposure to the Euro arising from its foreign operations at the end of the reporting period and to the US Dollar through its investment in SOST shares. This is not normally hedged other than through foreign currency debt. As with the translation of its foreign operations' results, other hedging could expose the Group to significant net cash flows and profit and loss distortions, as demonstrated by the effect of holding surplus assets in the foreign operations in Sterling.

At 31 December 2013, if the Euro had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would (decrease)/increase by £(29,000)/£24,000 respectively [2012: £(19,000)/£16,000], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies; other components of equity would increase/(decrease) by £6,000/£(94,000) [2012: £92,000/£3,000], principally as a result of the unhedged portion of net investment in foreign operations.

At 31 December 2013, if the US Dollar had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/(decrease) by £19,000/£(16,000) respectively [2012: £187,000/£(153,000)], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies.

Interest rate risk

The Group has limited exposure to interest rate risk on its cash positions and any borrowings. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained in the different operating subsidiaries and inter-company exposure may be subject to regulatory limits. Cash and cash equivalents are usually invested in short term cash deposits with maturities of no greater than three months. Borrowings consist of an overdraft with a variable interest rate. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax profits or equity.

Liquidity risk

The Group has exposure to liquidity risk where it has insufficient financial resources that may be used to settle liabilities as they fall due. Overdraft facilities are maintained to cover any short term occurrences and the Group seeks to ensure that it maintains sufficient liquidity not only to finance its ongoing operations but, where possible, to assist in funding proposed acquisitions or unanticipated events. As noted above, cash and cash equivalents are usually on a short-term basis.

Financial liabilities consist of a bank overdraft repayable on demand - they also include the trade and other payables.

Notes to the Financial Statements continued

20 Financial risk management (continued)

Credit risk

The Group has exposure to credit risk in respect of non-performance by counterparties in respect of its matched principal broking business, fee debtors in the agency brokerage and fund management business and its treasury operations.

Matched principal transactions are carried out on a delivery versus payment basis and the underlying exposure on non-performance of a counterparty is described in market risk below. All matched principal trade receivables at 31 December 2013 and 31 December 2012 were within the ordinary settlement cycle. Matched principal trade receivables shown at 31 December do not give a true representation of the amounts throughout the year as they reflect low broking levels during the holiday period up to the end of the calendar year. Credit limits in the matched principal broking business are set by a specifically tasked credit committee which meets regularly not only to approve new credit lines but also to review and monitor existing limits.

Trade receivables for fee debtors in the agency brokerage and fund management businesses are analysed below.

Group	2013 £000s	2012 £000s
Trade receivables		
Carrying amount (Note 9)	415	579
Neither past due nor impaired		
Low risk	217	405
Carrying amount	217	405
Past due but not impaired		
Low risk	198	174
Carrying amount	198	174
Past due but not impaired consists of:		
31 to 60 days	174	171
61 to 90 days	22	1
91 to 120 days	-	-
Over 120 days	2	2
	198	174
Total Carrying amount	415	579

Delays in the receipt of certain management fees and other receivables were in the ordinary course of business and have been rectified subsequent to the year end.

For treasury operations, only financial institutions of an investment grade are used.

Price Risk

The Group's holding of "Fair value through profit and loss" financial assets, which consist of listed corporate bonds, quoted shares and investments in the funds that it manages, is sensitive to a wide range of market prices. The following table details the Group's sensitivity to a 15% (2012: 15%) movement in market prices, that would effect the value of its "Fair value through profit and loss" financial assets at the statement of financial position date.

	Group		Company	
	2013 £000s	2012 £000s	2013 £000s	2012 £000s
Current assets	131	205	2	6

Market risk

Market risk arises in the event of failure by a counterparty in a matched principal transaction to fulfil their obligation to buy or sell the instrument. The Group's exposure is limited to the difference in contracted price and that at which the position resulting from the failure to complete the transaction can be liquidated in the market, effectively short term movements in market price.

Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of equity attributable to the equity owners of the parent company, comprising issued share capital, share premium, retained earnings and other reserves as disclosed in the Statement of Changes in Shareholders' Equity.

Various operating subsidiaries within the Group are subject to the requirements of their respective regulators, primarily the Financial Conduct Authority ("FCA") in the UK. These subsidiaries held surplus capital over their respective requirements throughout the year. The Group is also subject to reporting on a consolidated basis to the FCA for which it holds surplus capital over regulatory requirements.

Financial liabilities maturity analysis

Financial liabilities consist of a bank overdraft repayable on demand.

Notes to the Financial Statements continued

21 Share options

The Company operates a share option plan whereby directors, employees and consultants are granted share options for the services they provide. Share options can only be exercised once any vesting conditions attached to the options have been satisfied. Vesting conditions can include a minimum period of service or specific performance targets.

The fair value of share options granted under the Company's share options scheme is determined using an option pricing model, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Company's share price over the life of the option and other relevant factors (e.g. projected dividend payment per share).

Options outstanding over the Company's ordinary shares were as follows:	2013		2012	
	Number of shares under option 000s	Weighted average exercise price	Number of shares under option 000s	Weighted average exercise price
Outstanding at the beginning of the year	440	70p	240	97p
Granted during the year	-		200	37p
Cancelled during the year	(90)	150p	-	
Forfeited during the year	-		-	
Exercised during the year	-		-	
Expired during the year	(20)	50p	-	
Outstanding at the end of the year	330	49p	440	70p
Exercisable at the end of the year	330	49p	440	70p

The outstanding share options had an exercise price range of 37p – 90p (2012: 37p-150p). The weighted average remaining contractual life of the share options is 2.2 years (2012: 2.9 years). The maximum life of the share options is ten years.

No options were granted or exercised during the year (2012: 200,000 granted to a director).

The last time options were granted was 2012. The weighted average fair value of share options granted during 2012 was 1p. The fair value of the share options granted during 2012 was estimated using a binomial option pricing model. The following method and assumptions were used in that model; with IAM no longer being quoted, an average of three comparable listed companies volatilities were used over a 360 day period to determine volatility; estimated annualised dividend yield of 0%; risk free rate was based on the redemption yield of a 9 year gilt and an option life that is the same as the exercise life.

22 Principal subsidiary undertakings

The following information is given in respect of those subsidiary undertakings which, in the opinion of the directors, principally affect the consolidated profits or assets of the Company. They are wholly-owned subsidiary undertakings of the Company except where shown and their issued share capital consists of equity shares.

	Country of incorporation	% Owned
Hedge Fund Management		
Integrated Alternative Investments Ltd	UK	100%
Brokerage		
Integrated Financial Products Ltd	UK	75.1%

23 Contingent liabilities

From time to time the Group is engaged in disputes on employment and / or other related matters. Such matters are inherently subject to many uncertainties and the Group cannot predict their outcome. There are no issues which are currently expected to have a material adverse impact on the Group's results or net assets.

24 Events after the Statement of Financial Position date

Subject to certain conditions, Integrated Asset Management plc and Argolis Limited (the 24.9% minority shareholder) have agreed to sell all the issued shares in Integrated Financial Products Limited. Completion of the agreement is conditional on the buyer obtaining FCA approvals. The consideration for the sale is £1,500,000 (which is to be divided amongst the sellers in proportion to their shareholdings in the Company), of which £1,000,000 will be paid in cash at Completion and £500,000 12 months after Completion subject to a retention in respect of any outstanding claims under the agreement. IAM has provided warranties which are usual for a transaction of this nature with aggregate liability limited to £1,126,500.

A sale agreement was signed with a third party, under Italian law pursuant to which the Company's subsidiary Integrated Financial Products Ltd has agreed to the sale of the business, currently carried out of its Milan branch for a consideration of €350,000. Certain assets and contractual liabilities are being taken over by the buyer at their current balance sheet values. The completion of the transaction is dependent upon the approval of the Italian regulators. The net effect of the transaction on the balance sheet of Integrated Financial Products Ltd will be to increase the net assets by £148,000.

The shareholders of Integrated Strategic Funds Ltd and Integrated Multi-Strategy Fund Limited have been notified of a plan to restructure whereby each of the funds would swap its assets directly or indirectly for shares in a new Integrated Luxembourg SIF. Following such swap each of the existing funds will effect a redemption in specie of substantially all their issued shares and be wound up. IAI would continue to manage the same pool of assets via the Integrated Luxembourg SIF.

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