

**INVESTEC FUND MANAGERS LIMITED**

**AUDITED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**Registered number: 02392609**

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## **INVESTEC FUND MANAGERS LIMITED**

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### **DIRECTORS' REPORT**

For the year ended 31 March 2014

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The directors present their report and the audited annual financial statements for the year ended 31 March 2014.

Investec Fund Managers Limited was incorporated on 6 June 1989 with the registered number 02392609.

#### **Share capital**

Details of the share capital of the Company are set out in the financial statements.

#### **Directors**

The directors of the Company on 31 March 2014, who unless otherwise stated, held office throughout the year under review, were:

D J Aird  
H J du Toit  
D Ferrini  
A Gallagher  
J C Green  
K M McFarland  
P G S Saunders

#### **Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board of Directors



M Slade

Secretary  
13 June 2014

Registered Office:

Woolgate Exchange  
25 Basinghall Street  
London EC2V 5HA

## **INVESTEC FUND MANAGERS LIMITED**

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### **STRATEGIC REPORT**

For the year ended 31 March 2014

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The Company is an asset management company and is engaged in the business of managing investment portfolios on behalf of mutual fund clients, principally through collective investment schemes known as Open Ended Investment Companies (OEICs).

There are certain inherent risks from pursuing this objective, but the main risk is market price risk as in many cases the income derived from the Company's activities is based on the value of assets under management. To some extent, therefore, the income received by the Company is dependent on the collective value of the investment portfolios that it manages which in turn is influenced by the progress of worldwide financial markets.

A further key risk facing the business is regulatory risk. This relates to the risk of censure or any other kind of action from a regulatory body that would have a detrimental impact upon the reputation of the Company and might as a result jeopardise its ability to deliver satisfactory levels of profit over the longer term. This is mitigated by the existence of a comprehensive internal control regime covering all aspects of the Company's business and operations, including a fully staffed UK based compliance team which reports directly to the board.

Both the level of business and the year end financial position are satisfactory, and the Company is expected to continue to pursue its current activities for the foreseeable future. The Company is authorised and regulated by the Financial Conduct Authority.

OEIC assets under management decreased over the year from £10.47 billion to £10.33 billion. Subject to there being no significant setback in world investment markets, there is every prospect that the business will prosper in the coming year.

The results and dividends declared for the current and prior year are clearly set out in the financial statements and require no further comment.

By order of the Board of Directors



M Slade  
Secretary  
13 June 2014

Registered Office  
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**INVESTEC FUND MANAGERS LIMITED**

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**DIRECTORS' RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2014

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **INVESTEC FUND MANAGERS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2014

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#### **To the members of Investec Fund Managers Limited**

We have audited the financial statements of Investec Fund Managers Limited for the year ended 31 March 2014 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Ravi Lamba (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London E14 5GL  
United Kingdom

13 June 2014

**INVESTEC FUND MANAGERS LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	104,827	104,120
Fees and commissions payable		<u>(74,848)</u>	<u>(70,903)</u>
<b>Net income</b>		<b>29,979</b>	<b>33,217</b>
Administrative expenses		<u>(10,244)</u>	<u>(9,150)</u>
<b>Operating profit</b>		<b>19,735</b>	<b>24,067</b>
Interest receivable and similar income	3	<u>47</u>	<u>72</u>
<b>Profit on ordinary activities before taxation</b>		<b>19,782</b>	<b>24,139</b>
Tax on profit on ordinary activities	5	<u>(4,549)</u>	<u>(5,793)</u>
<b>Profit on ordinary activities after taxation</b>		<b><u>15,233</u></b>	<b><u>18,346</u></b>

All activities derive from continuing operations. There have been no recognised gains or losses in the year under review or prior year other than the profit for the year and accordingly a separate statement of total recognised gains and losses is not presented.

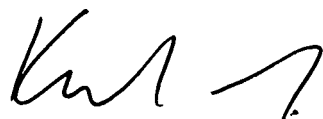
**INVESTEC FUND MANAGERS LIMITED****BALANCE SHEET**

As at 31 March 2014

Registered number: 02392609

	Notes	2014 £'000	2013 £'000
<b>Current Assets</b>			
Debtors	7	95,949	92,143
Investments	8	19,776	19,727
		<u>115,725</u>	<u>111,870</u>
<b>Creditors</b>			
Amounts falling due within one year	9	105,956	100,073
<b>Net Assets</b>		<u>9,769</u>	<u>11,797</u>
<b>Capital and Reserves</b>			
Called up share capital	10	4,000	4,000
Profit and loss account		5,769	7,797
<b>Total Shareholders' Funds</b>	11	<u>9,769</u>	<u>11,797</u>

The financial statements were approved by the Board of Directors on 13 June 2014 and were signed on its behalf by:



K M McFarland  
Director



H J du Toit  
Director

**INVESTEC FUND MANAGERS LIMITED**
**STATEMENT OF CASH FLOWS**

As at 31 March 2014

	Notes	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Profit on ordinary activities before taxation		19,782	24,139
Adjusted for:			
Foreign exchange losses	3	34	28
		<u>19,816</u>	<u>24,167</u>
Working capital changes:			
Debtors		(3,840)	14,489
Creditors: Amounts falling due within one year		<u>22,942</u>	<u>(15,473)</u>
Cash flow from operating activities		<u>38,918</u>	<u>23,183</u>
Taxation paid		(6,880)	-
Amount payable at beginning of year		(12,673)	(6,880)
Tax on profit on ordinary activities		(4,549)	(5,793)
Amount payable at end of year		<u>10,342</u>	<u>12,673</u>
<b>Net cash flow from operating activities</b>		<u>32,038</u>	<u>23,183</u>
<b>Cash flows from investing activities</b>			
Net change in investments		<u>(49)</u>	<u>1,719</u>
<b>Net cash flow from investing activities</b>		<u>(49)</u>	<u>1,719</u>
<b>Cash flows from financing activities</b>			
Dividends paid		<u>(17,261)</u>	<u>(24,350)</u>
<b>Net cash flow from financing activities</b>		<u>(17,261)</u>	<u>(24,350)</u>
<b>Net change in cash and cash equivalents</b>		<u>14,728</u>	<u>552</u>
<b>Cash and cash equivalents at beginning of period</b>		<u>(15,108)</u>	<u>(15,660)</u>
<b>Cash and cash equivalents at end of period</b>	9	<u><u>(380)</u></u>	<u><u>(15,108)</u></u>

Cash and cash equivalents at the end of the current and prior period include payments that have been instructed but not settled in respect of transactions of the shares of the Funds. These transactions are offset by amounts receivable from the Funds and their shareholders which are disclosed within note 7.



## INVESTEC FUND MANAGERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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These notes form an integral part of the financial statements.

#### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements and to all periods presented in these financial statements.

##### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules with the exception of investments, which are measured at fair value. The financial statements are also prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

There were no judgements made by management in the application of the applicable accounting standards that have a significant effect on the financial statements.

##### **Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred tax. Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are reflected as a net amount in the statement of financial position.

##### **Turnover**

Turnover comprises investment management fees, administration fees, initial charges and profit and loss on the sale of units. Turnover is stated exclusive of VAT and is accrued over the period to which income relates.

##### **Fees and commissions payable**

Fees and commissions payable consist of fees paid in respect of trailer payments and investment advice. These are accrued over the period to which the advice or service relates and are charged through the profit and loss account.

##### **Administrative expenses**

Administrative expenses are accrued over the period to which they relate and are charged through the profit and loss account.

##### **Investments**

Shares in collective investment schemes are all managed by the Investec Asset Management Limited group of companies. These investments are designated at fair value through profit or loss.

**1 Accounting policies (continued)**

**Pension schemes**

Directors of the Company are members of a group scheme operated by Investec Asset Management Limited, details of which are disclosed in the financial statements of that company. Because the Company is unable to identify its share of the group's defined benefit scheme on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been treated in these financial statements as if the scheme was a defined contribution scheme. Full disclosure of any information about the existence of a surplus or deficit in the scheme is shown in the Financial Statements of Investec Asset Management Limited. The valuation of the scheme at 31 March 2014 showed a surplus of £6,210,000 (2013: £6,223,000).

**Debtors**

Debtors are stated at cost less impairment losses.

**Creditors**

The creditors' balances are stated at cost.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Financial assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on translation are credited to or charged against profit or loss.

**Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

*Calculation of recoverable amount*

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**INVESTEC FUND MANAGERS LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2014

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<b>2 Turnover</b>		
Investment management fees	96,925	96,345
Initial charges	7	93
Scrip lending income	33	243
Sundry (expense)/ income	(16)	62
Administration fees	7,878	7,377
	<u>104,827</u>	<u>104,120</u>

Investment management fees and Administration fees are derived solely from related parties, being the Open Ended Investment Companies managed by the Company.

**3 Interest receivable and similar income**

Foreign exchange losses	(34)	(28)
Interest earned on bank balances	81	100
	<u>47</u>	<u>72</u>

**4 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation  
is arrived at after taking into account:

Auditors remuneration	53	35
Audit of these financial statements	53	35
Other fees pursuant to legislation	-	-

**5 Tax on profit on ordinary activities**

UK Corporation tax - current year	(4,550)	(5,793)
UK Corporation tax - prior year	1	-
	<u>(4,549)</u>	<u>(5,793)</u>

A reconciliation between the standard rate of corporation tax in the UK at 23% (2013: 24%) of profit on ordinary activities before taxation and the current tax charge is detailed below:

Profit on ordinary activities before taxation	19,782	24,139
Tax charge at 23% (2013: 24%)	(4,550)	(5,793)
Effects of:		
Adjustment to tax charge in respect of prior year	1	-
Current tax charge for the year	<u>(4,549)</u>	<u>(5,793)</u>

# INVESTEC FUND MANAGERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Year ended 31 March 2014 £'000	Restated* Year ended 31 March 2013 £'000
<b>6 Information regarding directors and employees</b>		
Directors' remuneration:		
Emoluments (including benefits in kind)	7,289	5,916
Pension contributions	98	101
	<u>7,387</u>	<u>6,017</u>
Highest paid director:		
Emoluments (including benefits in kind)	1,777	1,804
Pension contributions	17	17
	<u>1,794</u>	<u>1,821</u>

\* Restated to present on an accrual basis to the Company.

The above directors' remuneration reflects that proportion of the total emoluments for directors who were accounted for and paid by Investec Asset Management Limited which relates to their services to the Company. The emoluments have been allocated on a time apportionment basis across the companies for which each was a director.

The number of directors which have retirement benefits accruing under defined benefit schemes is one (2013: one).

	31 March 2014 £'000	31 March 2013 £'000
<b>7 Debtors</b>		
Trade debtors	8,794	9,468
Subscription account debtors	86,973	82,365
Prepayments and accrued income	1	166
Other debtors	1	1
Amounts owed by parent and fellow subsidiary undertakings	180	143
	<u>95,949</u>	<u>92,143</u>
<b>8 Investments</b>		
Investec Global Strategy Fund - Sterling Money Fund	19,598	-
Investec Liquidity Funds plc - Sterling Liquidity Fund	-	19,531
Investec Funds Series i	64	55
Investec Funds Series ii	9	22
Investec Funds Series iii	20	38
Investec Funds Series iv	85	81
	<u>19,776</u>	<u>19,727</u>
<b>9 Creditors: Amounts falling due within one year</b>		
Deposits by banks	380	15,108
Subscription account creditors	76,102	54,642
Other creditors	8,265	9,541
Accruals	3,374	3,296
Corporation tax	10,342	12,673
Amounts owed to parent and fellow subsidiary undertakings	7,493	4,813
	<u>105,956</u>	<u>100,073</u>

**INVESTEC FUND MANAGERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2014

	31 March 2014 £'000	31 March 2013 £'000
<b>10 Called up share capital</b>		
Alloted, called up and fully paid:		
4,000,000 Ordinary shares of £1 each (2013: 4,000,000)	<u>4,000</u>	<u>4,000</u>
<b>11 Reconciliation of movement in shareholders' funds</b>		
Profit on ordinary activities after taxation	15,233	18,346
Dividends paid	<u>(17,261)</u>	<u>(24,350)</u>
Net decrease in shareholders' funds	<u>(2,028)</u>	<u>(6,004)</u>
Opening shareholders' funds	<u>11,797</u>	<u>17,801</u>
Closing shareholders' funds	<u>9,769</u>	<u>11,797</u>
<b>12 Parent company</b>		
The Company's parent is Investec Asset Management Limited and the ultimate parent company is Investec Plc, a company registered in England & Wales. This is the group into which accounts of the Company are consolidated. Copies of the financial statements can be obtained from 2 Gresham Street, London, EC2V 7QP.		
<b>13 Related party transactions</b>		
Amounts due from/(to) related parties at 31 March:		
Investec Asset Management Australia Pty Limited	9	67
Investec Asset Management Guernsey Limited	24	8
Investec Asset Management Ireland Limited	-	7
Investec Asset Management Limited	(7,468)	(4,813)
Investec Asset Management Proprietary Limited	(25)	-
Investec Asset Management US Limited	<u>147</u>	<u>61</u>
	<u>(7,313)</u>	<u>(4,670)</u>

Under Financial Reporting Standard No. 8, the Company is exempt from disclosing transactions entered into between two or more members of the group, where subsidiaries are wholly owned by another member of the group.

The Company in its role as the authorised corporate director of Investec Funds Series i, Investec Funds Series ii, Investec Funds Series iii and Investec Funds Series iv (together "the Funds") is a related party to the Funds. The Company provides services to the Funds in accordance with its agreement, prospectus and instruments of incorporation. In accordance with these documents the Company receives fees for the services it performs. The fees are calculated with reference to the assets under management and are paid in arrears of the services provided.

The amount of fees paid from the Funds to the Company during the year are set out in Note 2 to the financial statements. The amount outstanding at the end of the year was £8,697,000 (2013: £9,353,000).

Transactions with Investec Asset Management Proprietary Limited during the period amounted to £292,000 (2013: £230,000) in respect of investment advisory fees.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2014

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**Financial instruments**

**Financial risk management**

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Investec Asset Management Risk Committee, which is responsible for developing and monitoring the Company's risk management policies reports bi-annually to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Risk Committee meets monthly and risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Investec Asset Management Global Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

***Credit risk***

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from clients, cash and cash equivalents and amounts receivable from group companies.

Trade debtors and accrued income: The majority of fee income is collected directly from assets under management, mitigating a large portion of credit risk. Outstanding balances are aged monthly and long outstanding balances are actively followed up.

Cash and cash equivalents: Reputable financial institutions are used for investing and cash handling purposes. At the balance sheet date there were no significant concentrations of credit risk.

Amounts owed by group undertakings: In the context of the regulatory environments in which Investec group companies operate, the credit risk related to amounts receivable from group companies is not considered to be significant.

The Company's financial assets exposed to credit risk are debtors and the amounts exposed to credit risk equate the carrying value reflected in the statement of financial position.

The Company had no material past due receivables at the balance sheet date.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company ensures that it has sufficient cash on demand to meet its current obligations. Liquidity risk is monitored as required by the regulatory authorities.

The Company's financial liabilities at 31 March 2014 consist of creditors as reflected on the balance sheet, with the contractual maturity being not more than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

**Financial instruments (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk: The Company is exposed to currency risk on portions of its cash at bank, creditors and certain intercompany balances although this exposure is not significant in the context of the Company's overall business. Outstanding amounts are regularly monitored and settled to mitigate currency exposures.

Interest rate risk: The Company adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis as virtually all of such exposures are short term in nature.

Price risk: The Company invests in a short-term money market fund. Price risk on this investment is not deemed to be significant.

**Currency risk**

The Company is exposed to currency risk on its cash at bank and creditors. As at 31 March the Company has the following significant exposure to foreign currency:

	2014 £'000	2013 £'000
US dollar	(305)	(1,089)

As at year end had the pound sterling strengthened by 10% against the US dollar equity and profit for the year per the profit and loss account would have increased by £28,000 (2013: £99,000). A 10% weakening in pound sterling against US dollar at year end would have had the equal but opposite effect. This assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

**Interest rate risk**

As at 31 March 2014, the Company's exposure to interest rate risk was through its investments and cash at bank of £19,218,000 (2013: £4,423,000).

An increase of 10 basis points in market interest rates at year end would have increased equity and profit or loss before tax by £19,000 (2013: £4,000); a decrease of 10 basis points in market interest rates at year end would have had the equal but opposite effect. This assumes that all other variables remain constant and the year end balance has been constant throughout the year. The analysis is performed on the same basis for 2013.

**Capital management**

The capital of the Company is considered to be its total equity less tax related assets. The Company's policy is to retain sufficient capital on hand to meet the capital requirements of the FCA (previously FSA). The Company has complied with these requirements throughout the year. There were no changes in the Company's approach to capital management during the year.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2014

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**Financial instruments (continued)**

***Fair values***

The fair values of all financial instruments are substantially similar to carrying values reflected in the balance sheet as they are short term in nature, subject to variable, market related interest rates or stated at fair value in the balance sheet.

The fair values of investments designated through profit or loss where relevant are determined using quoted market prices for identical instruments in an active market (level 1 valuation).