Company Registration No. 3930846

Troy Asset Management Limited

Report and Financial Statements

30 April 2014

Troy Asset Management Limited

Report and financial statements 2014

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Troy Asset Management Limited

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Officers and professional advisers

Directors

Jan Pethick	(Chairman)
Sir Francis Brooke Bt	(Executive Director)
James Findlay	(Non-executive Director)
Sebastian Lyon	(Chief Executive)
Sir Simon Robertson	(Non-executive Director)
Simon de Zoete	(Non-executive Director)

Secretary

William Davies

Registered Office

Hill House
1 Little New Street
London
EC4A 3TR

Bankers

HSBC Private Bank (UK) Ltd
78 St James Street
London
SW1A 1JB

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Auditor

Deloitte LLP
Chartered Accountants
London

Troy Asset Management Limited

Strategic report

Principal activity

The sole activity of the company is investment management. The company manages portfolios on behalf of open-ended investment companies (OEICs), investment trusts, charities and other customers. The investment approach is conservative and targets absolute returns.

Strategic review

The company has a clear focus on the investment management of mutual funds for retail investors. Our first principle is that those who have money should concentrate on not losing it. Therefore our investment approach is designed to protect investors' capital and to increase its value year on year through the use of strategic asset allocation and stock selection in sustainable business franchises. The portfolios tend to be concentrated with a low volatility and low turnover.

We believe in aligning our interest as closely as possible with those of our investors. This is borne out by our Remuneration Policy which requires senior employees to invest in the funds.

The directors and employee equity participation in the company has increased in the year from 52% to 57%. In the year, 293,500 ordinary shares were issued to employees at a total consideration of £308,985 and 435,000 shares were bought back by the company at a cost of £5,040,750.

Monitoring Performance – Key Performance Indicators

At each Board meeting a number of performance indicators to assess the success in achieving the objectives of the funds and the company are considered.

The revenue of the company represents the investment management and advisory fees which are based on a percentage of the funds under management, a proportion of which are retained by Authorised Corporate Directors and investment administrators.

Funds under management of £5.3 billion at 30 April 2014 remain the same as the start of the year. Revenue has increased by 15.5%. This increase in revenue has resulted from the 39% growth in funds under management over the course of the previous financial year.

For the year ended 30 April 2014 profit before tax was £18.4 million (2013: £16.1 million).

The directors consider the company is well financed and at the year end held £15.6 million in cash and £2.1 million in UK index-linked Treasury stock.

Risk management

The Directors are responsible for supervising the overall management of the company, whilst the day-to-day responsibility is delegated to the Executive Committee. The principal risks facing the company include the departure of key personnel, reputational risk, the loss of investment management mandates and a major fall in the value of equity and bond markets. All of these would have a negative impact on revenues and profitability.

Stewardship Code

The firm's Stewardship Code, which is available on its website (www.taml.co.uk), sets out how it seeks to discharge its stewardship responsibilities; in particular, it sets out how it monitors the companies in which it has invested in, its strategy on engagement and its policy on the exercise of voting rights on behalf of its clients.

Strategic report (continued)

Charitable donations

It is the policy of the Board to share part of the company's profit with the wider community by making gifts to charities and by supporting individual charitable fund-raising initiatives. Employees are at the forefront of the decision making process as each year every permanent employee is offered the opportunity to nominate a charity, preferably a local charity to them or one that has a particular interest to them. Also, the firm supports charitable fundraising efforts by individual members of staff, on a matched funding basis, up to a set limit. The Board has delegated the implementation of the Charitable Giving Policy to a Charity Committee which comprises a director and two employees.

During the year the company made charitable donations of £64,000 (2013: £37,000).

Approved by the Board of Directors
and signed on behalf of the Board

William Davies
Secretary

8 July 2014

Directors' report

The directors present their report and the audited financial statements for the year ended 30 April 2014.

Results and dividends

The company's profit for the year, after taxation, was £14,884,720 (2013: £13,183,900).

The company paid an interim dividend on the ordinary shares in the year of 32 pence per share (2013: 29 pence). The directors recommend the payment of a final dividend of 61.2 pence per ordinary share (2013: 51.8 pence). The total dividend for the year is therefore 93.2 pence per ordinary share (2013: 80.8 pence).

Review of developments and future prospects

It is expected that the company will continue to be profitable. The Pillar 3 disclosures, as required by the Financial Conduct Authority, are shown from page 21. These disclosures are not audited.

In the year, 293,500 ordinary shares were issued at a total consideration of £308,985 and 435,000 shares were bought back by the company at a cost of £5,040,750.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks, the main risk being the fall in equity and bond markets. It is also exposed to credit risk on the financial assets of bank balances and trade debtors. The credit risk on liquid funds is limited because the counterparties are conservatively run banks and the company does not hold cash in one bank account. There is no history of bad debts due to the type of clients and the directors do not consider that any impairment provisions are necessary. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and clients. To minimise liquidity risk, the company only maintains short-term deposits to ensure that sufficient funds are available for ongoing operations and future developments.

Due to the limited nature of these risks, the board of directors do not consider it necessary to mitigate them through the use of financial derivatives.

Directors

The directors who served during the year [and up to the date of this report] were as follows:

Sir Francis Brooke Bt
James Findlay
Sebastian Lyon
Jan Pethick
Sir Simon Robertson
Simon de Zoete

The directors who held office at 30 April 2014 had the following interests in the ordinary shares of the company.

Name of director	30 April 2014	30 April 2013
Sir Francis Brooke Bt	1,349,027	1,326,777
James Findlay	-	-
Sebastian Lyon	1,767,281	1,745,031
Jan Pethick	220,000	220,000
Sir Simon Robertson	-	-
Simon de Zoete	596,611	621,611

Directors' report (continued)

Disclosure of information to the auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board

W Davies

William Davies
Secretary

8 July 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 Troy Asset Management Limited

We have audited the financial statements of Troy Asset Management Limited for the year ended 30 April 2014 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 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.

Garrath Marshall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
8 July 2014

Troy Asset Management Limited

Profit and loss account
Year ended 30 April 2014

	Notes	2014 £	2013 £
Turnover		42,060,267	36,402,835
Administrative expenses		(23,756,736)	(20,431,613)
Operating profit	2	18,303,531	15,971,222
Interest receivable and similar income		93,123	81,515
Profit on ordinary activities before taxation		18,396,654	16,052,737
Tax on profit on ordinary activities	7	(3,511,934)	(2,868,837)
Profit on ordinary activities after taxation for the financial year		14,884,720	13,183,900

All transactions are derived from continuing operations.

The notes on pages 11 to 20 form an integral part of these financial statements.

Statement of total recognised gains and losses
Year ended 30 April 2014

	2014 £	2013 £
Profit for the financial year	14,884,720	13,183,900
Unrealised (loss)/gain on revaluation of investments	(129,002)	150,365
Deferred tax attributable to revaluation of investments	31,345	(33,960)
Total recognised gains and losses relating to the year	14,787,063	13,300,305

The notes on pages 11 to 20 form an integral part of these financial statements.

Troy Asset Management Limited

Balance sheet
At 30 April 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	8	86,691	108,171
Current assets			
Investments	9	2,085,932	2,213,000
Debtors and prepayments	10	4,814,039	5,069,855
Cash at bank and in hand		15,604,021	11,723,225
		22,503,992	19,006,080
Creditors: amounts falling due within one year	11	(4,198,516)	(3,638,050)
Net current assets		18,305,476	15,368,030
Total assets less current liabilities/net assets		18,392,167	15,476,201
Capital and reserves			
Called up share capital	13	400,822	407,897
Own shares	13	(360,000)	-
Capital redemption reserve	13	51,750	30,000
Share premium account	13	863,037	568,727
Share option reserve	13	53,663	51,535
Revaluation reserve	13	66,150	163,807
Profit and loss account	13	17,316,745	14,254,235
Equity shareholders' funds		18,392,167	15,476,201

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements of Troy Asset Management Limited registered number 3930846 were approved by the Board of Directors and authorised for issue on 8 July 2014.

Signed on behalf of the Board of Directors

Jan Pethick
Chairman

Troy Asset Management Limited

Cash flow statement
Year ended 30 April 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	14	19,022,599	15,043,271
Return on investment and servicing of finance			
Interest received		93,123	81,515
Net cash inflow from return of investment and servicing of finance		93,123	81,515
Taxation			
Corporation tax paid		(3,307,721)	(3,115,998)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(52,046)	(64,626)
Purchase of investments		(1,934)	(1,530)
Net cash outflow from capital expenditure and financial investment		(53,980)	(66,156)
Ordinary dividends paid		(6,781,460)	(4,748,474)
Cash inflow before financing		8,972,561	7,194,158
Financing			
Issue of ordinary shares		308,985	178,197
Purchase of own shares		(360,000)	-
Buyback of ordinary shares		(5,040,750)	(4,626,000)
Increase in cash in the year	15	3,880,796	2,746,355

The notes on pages 11 to 20 form an integral part of these financial statements.

Notes to the accounts
Year ended 30 April 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and United Kingdom accounting standards. The particular accounting policies which have been adopted consistently in the current and prior year are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of current asset investments.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. The Directors' report on pages 4 to 5 describes the financial position of the company the company's objectives and its financial risk management objectives and its exposure to credit risk and liquidity risk.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents investment advisory fees. Turnover is obtained from one business segment and is derived from the UK. Turnover is recognised under the accruals basis.

Pension costs

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Provision is made for taxation at current enacted rates on taxable profits.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the amounts crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on each asset on a straight-line basis over the estimated useful life, as follows:

Computer equipment:	Three years
Fixtures and fittings:	Four years
Leasehold improvements:	Over the term of the lease

Notes to the accounts
Year ended 30 April 2014

1. **Accounting policies (continued)**

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Current asset investments

Current asset investments are included in the balance sheet at current cost. For listed investments, the current cost is determined with reference to the latest available market price. Gains or losses arising on current asset investments are included in the statement of total recognised gains and losses and are transferred directly to retained earnings upon sale.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Share-based payments

The company has applied the requirements of FRS 20 Share-based Payments. The company has issued equity-settled share-base payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) as at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of a binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Treasury Shares

Ordinary shares bought back by the company are treated as a deduction from ordinary share capital within equity and held separately in the capital redemption reserve within Equity.

Employee Benefit Trust

The employee benefit trust was set up to be used solely for the benefit of the beneficiaries of the trust. The shares in the trust are owned by the trust to be distributed at the discretion of the trustees. The share in the trust shall be accounted for as treasury shares separately disclosed "own shares" as a deduction from equity.

Troy Asset Management Limited

Notes to the accounts
Year ended 30 April 2014

2. Operating profit

	2014	2013
	£	£
Operating profit is after charging:		
Depreciation	73,526	112,997
Rentals under operating leases	293,825	233,617
Staff costs	20,707,514	17,964,938
Auditor's remuneration:		
- Audit fees		
fees payable to the company's auditor for the audit of the annual accounts	23,000	22,500
- Non-audit fees		
audit-related assurance services pursuant to legislation	3,000	2,500
tax compliance services	10,425	14,170
other services	16,225	7,755

3. Staff costs

	2014	2013
	£	£
Staff costs (including directors)		
Wages and salaries	1,919,576	1,597,177
Discretionary bonus	16,165,776	14,106,096
Social security costs	2,460,109	2,125,254
Other pension costs	162,053	136,411
	20,707,514	17,964,938

	2014	2013
	No	No
Average number of persons employed		
Staff	19	17

4. Directors' remuneration

	2014	2013
	£	£
Staff costs (directors only)		
Wages and salaries	470,000	458,219
Discretionary bonus	12,293,200	10,903,300
Social security costs	1,761,322	1,567,890
Other pension costs	40,854	39,940
	14,565,376	12,969,349

	2014	2013
	£	£
Remuneration of the highest paid director		
Wages and salaries	199,000	193,000
Discretionary bonus	6,515,400	6,323,700
Other pension costs	21,973	21,502
	6,736,373	6,538,202

Notes to the accounts
Year ended 30 April 2014

4. **Directors' remuneration (continued)**

At the year end there were six directors, two (2013: two) of whom participate in the share option scheme described in note 5. Two directors (2013: three), which include the highest paid director, exercised 44,500 (2013: 321,300) options over shares in the company during the year.

At year end, two (2013: two) of the directors were members of defined contribution pension schemes that the company contributes to.

5. **Share-based payment: equity-settled share option scheme**

Employee Share appreciation rights

The company has a share option scheme for employees of the company. Options are exercisable on the achievement of certain performance criteria at the price equal to the fair value of the company's shares on the date of grant. If the options remain unexercised at 24 April 2018 then they expire. Options are forfeited if the employee leaves the company before the options vest.

Movement in Equity-Settled Share Options

The following table illustrates the number of weighted average exercise prices ('WAEP') of and movements in, share options during the year:

	2014		2013	
	Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
Outstanding at the beginning of the year	452,000	131.9p	993,000	108.1p
Granted during the year	-	-	-	-
Exercised during the year	(293,500)	105.3p	(541,800)	33.0p
Cancelled during the year	(45,000)	146.0p	-	
Outstanding at the end of the year	113,500	195.0p	452,000	131.9p
Exercisable at year end	-		-	

Fair Value of Options

The fair value of equity-settled share options granted is estimated at the date of grant using the Binomial Option Pricing model taking into account the terms and conditions upon which the options were granted. The services received and liability to pay for those services is recognised over the expected vesting period. Until the liability is settled, it is adjusted at each reporting date for the effect of non-market based vesting conditions. Any adjustment is recognised in the profit and loss account.

Notes to the accounts
Year ended 30 April 2014

5. Share-based payment: equity-settled share option scheme (continued)

Inputs into the binomial option pricing model are as follows:

Grant date	October 2011	February 2011
Weighted average share price	195.0p	48.7p
Weighted average exercise price	195.0p	48.7p
Shares under option	257,000	390,000
Expected volatility	22%	25%
Contractual life	4.8 years	5.5 years
Risk free rate	0.63% and 0.82%	2.90%
Expected dividends	7.5%	7.5%

As the company's share price is unquoted, volatility is based on comparable companies. The expected life used in the model was adjusted, based on management's best estimate, for the effects of the non-transferability, exercise restrictions and behavioural considerations. The weighted average life of options outstanding at year end is 3 months (2013: 3 months).

The company recognised total expenses of £2,148 (2013: £19,143) relating to equity settled share-based payment transactions in the year ended 30 April 2014.

6. Dividends on equity shares

	2014 £	2013 £
Amounts recognised as distributions in the period:		
Final dividend for the year ended 30 April 2013 of 51.8p (2012: 29p) per share	4,225,805	2,382,676
Interim dividend for the year ended 30 April 2014 of 32p (2013: 29p) per share	2,555,655	2,365,798
	6,781,460	4,748,474
Proposed final dividend for the year ended 30 April 2014 of 61.2 pence (2013: 51.8p) per share	4,887,691	4,225,806

The proposed final dividend is subject to approval by the shareholders and has not been included as a liability in these financial statements.

Notes to the accounts
Year ended 30 April 2014

7. Tax on profit on ordinary activities

(i) Analysis of tax charge on ordinary activities

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at 22.84% (2013: 23.92%)	(3,508,902)	(2,924,166)
Adjustment in respect of prior years	(513)	52,443
Current tax charge for the year	(3,509,415)	(2,871,723)
Deferred tax		
Timing differences, origination and reversal	(2,352)	1,108
Adjustments in respect of prior years	-	(58)
Effect of rate change	(167)	1,836
Total deferred tax (charge)/credit for the year	(2,519)	2,886
Tax on profit on ordinary activities	(3,511,934)	(2,868,837)

Factors affecting tax charge on ordinary activities

	2014 £	2013 £
Profit on ordinary activities before tax	18,396,654	16,052,737
Tax at 22.84% (2013: 23.92%) thereon:	(4,200,989)	(3,839,463)
Effects of:		
Expenses not deductible for tax purposes	(43,491)	(38,202)
Capital allowances in excess of depreciation	2,352	(2,996)
Adjustment to charge in respect of previous periods	(513)	52,443
Employee share scheme acquisition	733,226	956,493
Current tax charge for the year	(3,509,415)	(2,871,723)

It was substantively enacted on 2 July 2013 that the main rate of UK corporation tax was reduced from 23% to 21% effective from 1 April 2014 and will reduce from 21% to 20% with effect from 1 April 2015. This reduced rate has meant the current tax rate for the year ended 30 April 2014 utilises a blended rate of 22.84%.

Notes to the accounts
Year ended 30 April 2014

8. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 May 2013	165,109	163,306	186,939	515,354
Additions	-	40,266	11,780	52,046
Disposals	-	-	-	-
At 30 April 2014	165,109	203,572	198,719	567,400
Accumulated depreciation				
At 1 May 2013	(146,234)	(151,967)	(108,982)	(407,183)
Charge for the year	(14,017)	(19,433)	(40,076)	(73,526)
Disposals	-	-	-	-
At 30 April 2014	(160,251)	(171,400)	(149,058)	(480,709)
Net book value				
At 30 April 2014	4,858	32,172	49,661	86,691
At 30 April 2013	18,875	11,339	77,957	108,171

9. Current asset investments

	2014 £	2013 £
Listed investments	2,085,932	2,213,000
Aggregate original cost of listed investments	2,002,198	2,000,264
Change in fair value during the year	129,002	150,365

During the year, there was a loss on revaluation of investments of £129,002 and the company purchased £1,934 investments in its own funds resulting in a total change in investments of £127,068.

Notes to the accounts
Year ended 30 April 2014

10. Debtors

	2014 £	2013 £
Trade debtors	4,688,239	4,922,505
Other debtors	125,800	147,350
	4,814,039	5,069,855

11. Creditors: amounts falling due within one year

	Note	2014 £	2013 £
Trade creditors		86,979	131,513
Accruals and deferred income		2,817,622	2,385,491
Deferred tax liability	12	16,013	44,839
Corporation tax		1,277,902	1,076,207
		4,198,516	3,638,050

12. Deferred tax liability

	2014 £	2013 £
Opening balance	(44,839)	(13,765)
(Charge)/credit to the profit and loss account for the year	(2,352)	1,108
Adjustment in respect of prior year	-	(58)
Effect of rate change	(167)	1,836
Debit/(credit) to the statement of total recognised gains and losses	31,345	(33,960)
Closing balance	(16,013)	(44,839)
Analysis of deferred tax balance:		
Depreciation in excess of capital allowances	1,571	4,090
Unrealised gains on investments	(17,584)	(48,929)
	(16,013)	(44,839)

Notes to the accounts
Year ended 30 April 2014

13. Called up share capital and reserves

	Called up share capital	Own shares	Capital redemption reserve	Share premium	Revaluation reserve	Share option reserve	Profit and loss account	Total £
At 1 May 2013	407,897	-	30,000	568,727	163,807	51,535	14,254,235	15,476,201
New shares issued	14,675	-	-	294,310	-	-		308,985
EBT Share buyback*		(360,000)	-	-	-	-	-	(360,000)
Share buyback**	(21,750)		21,750		-	-	(5,040,750)	(5,040,750)
Revaluation loss for the year	-	-	-	-	(97,657)	-	-	(97,657)
Profit for the year	-	-	-	-	-	-	14,884,720	14,884,720
Dividends paid	-	-	-	-	-	-	(6,781,460)	(6,781,460)
Share option charge	-	-	-	-	-	2,128	-	2,128
At 30 April 2014	400,822	(360,000)	51,750	863,037	66,150	53,663	17,316,745	18,392,167

* On 29th August an employee benefit trust was set up with independent trustees. A total sum of 30,000 shares was transferred into the employee benefit trust for £360,000 (£12 per share).

** A total of 435,000 shares were bought back by the company at a cost of £5,040,750.

Called up, allotted and fully paid

	2014 £	2013 £
8,016,424 (2013: 8,157,924) Ordinary shares of 5p each	400,822	407,897

In accordance with Companies Act 2006, the Articles of Association were amended and adopted on 3 February 2010 to remove the authorised share capital of the company.

14. Reconciliation of operating profit to net cash flow from operating activities

	2014 £	2013 £
Operating profit	18,303,531	15,971,222
Depreciation charge	73,526	112,997
Decrease/(increase) in debtors	255,818	(1,437,125)
Increase in creditors	387,596	377,034
Charge for share based payments	2,128	19,143
Net cash inflow from operating activities	19,022,599	15,043,271

Notes to the accounts
Year ended 30 April 2014

15. Analysis and reconciliation of net debt

	2014	2013
	£	£
Net funds at 1 May 2013	11,723,225	8,976,870
Cash flow	3,880,796	2,746,355
Net funds at 30 April 2014	15,604,021	11,723,225

16. Financial commitments

On 21 December 2009, the company entered into a property lease agreement for the period to 27 July 2018 with an annual rental of £208,825. On 14 November 2012, the company entered into another lease until 27 July 2018 with an annual rental of £85,000.

Annual commitments under non-cancellable operating leases are as follow:

	Land and buildings	
	2014	2013
	£	£
Expiry date :		
- between two and five years	293,825	293,825

17. Related party transactions

There are three trusts which have a 43.4% (2013: 47.8%) interest in the company. The company manages investment portfolios for these three trusts. Fees receivable for this service amounted to £163,302 for the year (2013: £162,828) of which £13,663 was outstanding at the year end (2013: £14,395).

Troy Asset Management Limited

Pillar 3 disclosures (unaudited)

Overview

Basis of disclosures

In accordance with the requirements of BIPRU 11, this Pillar 3 disclosure document has been prepared by Troy Asset Management Limited (Troy) and is verified by the Executive Committee. Unless otherwise stated, all figures are for the year ended 30 April 2014. These disclosures are not subject to audit and have been produced solely for the purposes of compliance with the requirements of Pillar 3.

Frequency of publication

The disclosures will be reviewed on an annual basis at a minimum and, if appropriate, more frequently. Disclosures will be published as soon as is practicable following any revisions.

Risk Management and Objectives

Troy has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business.

The Executive Committee determines its business strategy and risk appetite. In conjunction with the Head of Operations and the Compliance officer, they have designed and implemented a risk management framework that determines how the risks the business faces may be mitigated and assesses on an ongoing basis the arrangement to manage those risks. It manages the firm's risk through a framework of policies and procedures having regard to the relevant laws, standards, principles and rules (including the FSA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required and are approved by the Board of Directors on an annual basis.

The Executive Committee has identified that business, operational, market and credit risks are the main areas of risk to which the firm is exposed. Annually, the Executive Committee team formally review the risks, controls and other risk mitigation arrangements and assesses their effectiveness. Where material risks are identified, it considers the financial impact of these risks as part of the firm's business planning and capital management and concludes whether the amount of regulatory capital is adequate.

A formal update on operational matters is provided to the Executive Committee on a regular basis. Management accounts demonstrate continued adequacy of the firm's regulatory capital and are reviewed on a regular basis.

Appropriate action is taken where risks are identified which fall outside the firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

Material risks

The Executive Committee considers business risk and operational risk to be the key risks. To a lesser extent, the firm is also exposed to credit risk and market risk.

Business risk

The firm's revenue is represented by the investment management fees levied on the funds under management. The revenue flow therefore relies on Troy's investment performance and its ability to retain loyalty of the investors in the funds in which it manages. Failure to do so would represent a risk of loss of revenue and possibility of redemptions from the funds with further additional impact on the revenue stream. There is nothing unusual in this situation in the investment management world.

The risk is mitigated by:

- Keeping the base cost of running the firm at as low a level as possible commensurate with providing the quality of service expected by the clients and investors so as to be able to cope with fluctuations in revenue;
- Regular communications to investors to keep them informed of the funds' performance and the investment managers' views; and
- Maintaining significant capital reserves which will cover all the expenses of the business for at least two years, while any short-term problems are worked through.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The firm places strong emphasis on the operational procedures and controls that it has in place in order to mitigate the risks and it seeks to ensure that all personnel are aware of their responsibilities in this respect.

The firm has identified the following as key operational risks:

- Errors and omissions in the management of the portfolios and in executing trades;
- Serious regulatory breaches;
- Business interruption caused by terrorism, riot, fire or other outside event; and
- Market abuse.

Appropriate policies and procedures, which are backed up by the use of professional indemnity insurance cover, are in place to mitigate these risks.

Credit risk

Credit risk is the risk of financial loss arising from a client or other counterparty failing to meet its obligations to repay outstanding amounts as they fall due. Troy's exposure to credit risk is limited to counterparties with which surplus cash has been deposited and the default of a client paying investment management fees in a timely manner. The credit exposure relating to the firm's investment management clients is limited. Management fees are drawn monthly or quarterly from the funds managed. The firm believes that there is little risk of default by its clients and all bank accounts are held with banks with strong credit ratings.

Market risk

Market risk is the risk of loss of earnings or capital arising from changes in the value of financial instruments. The firm holds part of its surplus capital in government securities so it is exposed to market risk but the risk is considered minimal. Almost the entire revenue stream is in sterling so the firm has no significant foreign exchange risk.

Liquidity risk

The firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost. Troy retains an amount it considers adequate for providing sufficient liquidity to meet the working capital requirements of the business. The firm's revenue stream is annuity based and therefore income is reasonably predictable and it is billed monthly and quarterly and is collected on a timely basis. The firm maintains a liquidity risk policy which formalises this approach.

Concentration risk

Concentration risk is the risk arising from a lack of diversification in the business. Troy's business is concentrated within the UK investment management sector. This in itself is not considered a material risk as demand for these services across the sector will not significantly decline in the foreseeable future. Within this sector, the firm is becoming increasingly less concentrated in terms of number of clients and investors.

Troy Asset Management Limited

Pillar 3 disclosures (unaudited)

Capital resources and capital resources requirement

Troy is a limited licence firm and as such its Pillar 1 regulatory capital requirement is the greater of:

- its base capital requirement of €50,000; or
- the sum of its market and credit risk requirements; or
- its fixed overhead requirement

The fixed overhead requirement is based on annual expenses net of variable costs deducted which include discretionary bonuses paid to staff and allowable commissions and fees. The firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the fixed overhead requirement remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

It is the firm's experience that its capital requirement normally consists of the fixed overhead requirement, although market and credit risks are regularly calculated and reviewed.

In addition to the minimum capital requirement as determined by Pillar 1, the firm assesses under Pillar 2 the adequacy of internal capital to support its current and future activities as contained in its ICAAP. The process includes an assessment of all material risks faced by the firm and the controls in place to identify, manage and mitigate those risks. The firm's ICAAP is reviewed annually by the Board and it will be revised should there be any material changes to the firm's business or risk profile.

As at 30 April 2014, the firm's capital is summarised as follows:

Capital Item	**£000s**
Tier 1 capital	18,326
Tier 2 capital – revaluation reserve	66
Total Capital Resources	18,392
Capital Requirement:	
Pillar 1 – Fixed overhead requirement	(1,467)
Pillar 2 – ICAAP	(1,783)
Total Capital Requirements	(3,250)
Surplus Capital	15,142
	566%

UK Stewardship Code

Under Rule 2.2.3R of the FSA's Conduct of Business Sourcebook, Troy is required to include on its website (www.taml.co.uk) its disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the 'Code') or, where it does not commit to the Code, its alternative investment strategy.

Troy Asset Management Limited

Pillar 3 disclosures (unaudited)

Remuneration Code disclosure

Troy is authorised and regulated by the FSA as a Limited Licence Firm and so, it is subject to FSA rules on remuneration. These are contained in the FSA's Remuneration Code located in the SYSC Sourcebook of the FSA's Handbook. The Remuneration Code covers an individual's total fixed and variable remuneration. The Firm incentivises staff through a combination of the two.

Our policy is designed to ensure that we comply with the Remuneration Code and our compensation arrangements:

1. Are consistent with and promote sound and effective risk management;
2. Do not encourage excessive risk taking;
3. Include measures to avoid conflicts of interest; and
4. Are in line with the firm's business strategy, objectives, values and long-term interests.

Embedded in the Remuneration Code is the provision of proportionality. The FSA have sought to apply proportionality in the first instance by categorising firms into four tiers. Troy falls within the FSA's fourth proportionality tier and as such this disclosure is made in line with the requirements for a Tier 4 firm.

Troy's remuneration policy is designed and governed by the Board's Remuneration Committee which comprises non-executive directors of the firm. The policy provides a framework to attract, retain and reward employees to achieve the strategic and business objectives of Troy within its risk appetite and risk management framework.

Remuneration typically comprises a salary with benefits including pension scheme, life assurance, private medical insurance and critical illness cover together with a bonus arrangement. The firm's ability to pay a bonus, which is entirely discretionary, is based on bottom line performance and not top line revenue.

Code staff comprises of staff including senior management and any employee receiving remuneration that may have a material impact on the risk profile of the firm. For the year ending 30 April 2014, there were six Code Staff. The aggregate remuneration in respect of Code Staff was £15,776,000 which is divided as follows:

- Fixed remuneration: £833,000
- Variable remuneration: £14,943,000

The remuneration of all staff is reviewed annually by the Remuneration Committee.