**LIONTRUST ASSET MANAGEMENT PLC**

# LIONTRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

LIONTRUST

## Highlights

A near doubling of our starting year assets under management of £1,529 million to £3,039 million demonstrates the substantial progress made in this year. To have recorded 11 successive quarters of net inflows and broken through £2.2 billion in UK retail assets under management is testament to the continual progress the business has made over the last three years.

| | 2012 | 2013 | |
|---|---|---|---|
| Assets under management | £1,529 million | £3,039 million | 99% increase |
| Net flows | £152 million | £514 million | 238% increase |
| Adjusted profit before tax[1] | £1.001 million | £3.766 million | 276% increase |
| Adjusted profit before tax margin[2] | 7.3% | 18.5% | 153% increase |
| Adjusted earnings per share[3] | 2.30 pence | 8.11 pence | 253% increase |
| Cash and net assets | £14.0 million | £7.7 million | 45% decrease |
| Dividend per share[4] | nil | 1.0 pence | increase |

1. After adding back expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, restructuring costs (member, acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy
2. Calculated as adjusted profit before tax divided by Gross Profit
3. Calculated using adjusted profit before tax and a tax rate of 24% (2012: 26%)
4. Total dividend per share for the relevant financial year.

Liontrust Asset Management Plc (the "Company" or "Liontrust", or together with its subsidiary entities, the "Group", as the context requires) is an independent fund management business that was founded in 1994 and listed on the London Stock Exchange in 1999. We manage UK, European, Asian and Global equities and Global Credit and take pride in having a distinct culture and approach to asset management. This comes through the following factors:

- We are an independent business with no corporate parent.
- We use rigorous investment processes that are robust and scaleable to ensure they are capable of delivering superior long-term performance. Investment processes ensure the way we manage money is predictable and repeatable.
- We provide a culture that gives all fund managers the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management business.
- We aim to treat clients, investors, members, employees and suppliers fairly and with respect. We are committed to the principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

# Contents



**Forward Looking statements**

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this report should be construed as a profit forecast.

# Chairman's Statement

## Introduction

I am delighted to report on a year of significant growth and development for Liontrust at a time when the asset management industry has been facing a number of challenges. I will return to the challenges later but let me start with our successes.

We delivered another four quarters of net inflows of £514 million in the financial year and this contributed to Liontrust nearly doubling our assets under management ("AuM") to £3 billion.

A key factor behind this growth, as ever, is having excellent fund management teams and investment performance. We expanded the number of teams to five during the last financial year through the acquisition of Walker Crips Asset Managers Limited in April 2012 and the recruitment of the Global Credit team at the start of 2013. The launch of the Liontrust GF Global Strategic Bond Fund on 6 February 2013 has been a great success, with the Fund's assets reaching £263 million by 31 March 2013.

The quality of our fund management teams is shown by the fact that eight out of nine of our actively managed UK retail funds were in the first quartile of their respective IMA sectors from launch or manager inception to 31 March 2013.

Another key factor behind the growth in the business has been the continued broadening of our client base in the UK and internationally and striving to raise our profile further among professional and private investors. The success of this strategy can be seen in our net inflows, Funds being included on more buy lists and the independent recognition we have been granted through awards and fund ratings. For example, readers of Shares magazine voted Liontrust the "Fund Management Group of the Year" in November 2012 and we won "Best Specialist Fund Group" at the MoneyMarketing Awards in March 2013.

Having a strong and high-profile brand has become even more important following the implementation of RDR (Retail Distribution Review) at the end of 2012. We expect an even greater amount of fund flows to be controlled by fewer and more powerful distributors in the future and for an increasing number of private investors to make their own investment decisions. All asset managers are going to have to learn to adapt to this changing landscape and the demands of some of the larger distributors.

The successes I have highlighted above have resulted in an adjusted profit before tax of £3.766 million. It has enabled the Board to declare a dividend of 1.0 pence per share, which is the first dividend the Company has paid since December 2009.

As I have suggested, the asset management industry is facing a number of challenges. As well as the evolving distribution landscape, these include further regulatory changes and the continued uncertain economic and market outlook despite the strong start to 2013 for equities.

What is unquestionably true is that governments all over the world have thrown all the fiscal landmines into the long grass in the hope that time will wash them away. Whether we can mow the lawn in the years to come without hitting one is pure conjecture. Meanwhile, we get on with the day job and try to continue to deliver superior investment returns to our customers and grow the profitability of your company.

I would like to thank all our customers and shareholders for the support they have shown us and members and employees at Liontrust for their hard work and contribution to the growth of the company over the past three years.

## Results

Adjusted profit before tax was £3.766 million (2012: £1.001 million). Adjusted profit (or loss) before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (acquisition related costs, disposal gains, restructuring (member, acquisition related and other), members advanced drawings share incentivisation and severance compensation related) expenses ("Adjustments"), see note 7 within the notes to the financial statements for a reconciliation of adjusted profit (or loss) before tax.

Loss before tax from Continuing Operations of £3.935 million (2012: £1.573 million) includes a loss of £7.701 million (2012: £0.717 million) related to these Adjustments.

## Dividend

The Board has considered the current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and has decided that a dividend should be reinstated, the Company last paid a dividend to shareholders in December 2009, and is declaring an interim dividend of 1.0 pence per share (2012: nil) which will be payable on 26 July 2013 to shareholders who are on the register as at 28 June 2013, the shares going ex-dividend on 26 June 2013. The total dividend for the financial year ending 31 March 2013 is therefore 1.0 pence per share (2012: nil).

**Adrian Collins**
Chairman
18 June 2013

# Chief Executive's Review

## Introduction

I said last year that the prospects for raising assets were healthy. Tripling net fund flows from £152 million to £514 million backed this up. Total AuM has risen from £1.5 billion to £3 billion.

This growth in assets is in no small part due to the extensive restructuring of previous years to create a more focused and organised business. The foundations are well set on which to continue this growth. Our strategy remains to focus on organic growth, acquiring new teams and acquisitions.

At the core of our business is an unwavering dedication to investment process which in a challenging investment environment has enabled us to maintain excellent long-term performance. This combined with an ever broader client base and first rate communication and marketing skills puts us in a great position to continue our growth.

## Assets under Management

On 31 March 2013, our assets under management ("AuM") stood at £3,039 million and were broken down by type and process as follows:-

| Process | Total (£m) | Institutional (£m) | UK retail (£m) | Offshore funds (£m) |
|---|---|---|---|---|
| Cashflow Solution | 828 | 415 | 407 | 6 |
| Economic Advantage | 1,377 | – | 1,371 | 6 |
| Macro Thematic | 503 | 86 | 417 | – |
| Asia | 12 | – | 12 | – |
| Global Credit | 263 | – | – | 263 |
| Indexed | 56 | – | 56 | – |
| **Total** | **3,039** | **501** | **2,263** | **275** |

AuM as at close of business on 17 June 2013 were £3.265 million

## Fund Flows

Liontrust has recorded net inflows of £514 million in the year (2012: £152 million). A reconciliation of fund flows and AuM over the year is as follows:-

| | Total £m | Institutional £m | UK Retail £m | Offshore Funds £m |
|---|---|---|---|---|
| **Opening AuM - 1 April 2012** | **1,529** | **388** | **1,088** | **53** |
| Net flows | **514** | (126) | 418 | 222 |
| Acquisition of Walker Crips Asset Managers Ltd * | **581** | 160 | 421 | – |
| Market and investment performance | **415** | 79 | 336 | – |
| **Closing AuM - 31 March 2013** | **3,039** | **501** | **2,263** | **275** |

* - Completed on 12 April 2012

## Outlook

I am confident we will continue to grow Liontrust's AuM and therefore profitability because of the excellent fund management teams we have assembled, the distinct investment processes they apply to the management of our Funds and the distribution capability we have been developing. We are continually being presented with new challenges but focusing on those asset classes where we have the expertise to add value for investors and having robust investment processes enable us to remain constant in our investment stance and outperform over the long term.

**John Ions**
Chief Executive
18 June 2013

# Business Review

Liontrust Asset Management Plc (the "Company" or "Liontrust", or together with its subsidiary entities, the "Group", as the context requires) is an independent fund management business that was founded in 1994 and listed on the London Stock Exchange in 1999. The business is focused exclusively on asset management and seeking to deliver out-performance for our customers. We manage UK, European, Asian and Global equities and Global credit for professional and private investors in the UK and international.

## Vision and Objectives

### 1.1 Our Vision

Our vision is to be a leading and profitable fund management organisation that adds value to clients' investment portfolios. We will attain this vision by achieving the following strategic objectives.

### 1.2 Our Strategic Objectives

**Outperformance**

Our aim is for all Liontrust funds to outperform relevant benchmarks and the average returns of their respective peer groups over the medium to long term. We achieve this by retaining and recruiting fund managers who have excellent track records, expertise in their respective asset classes and who use clear and robust investment processes. There is an acceptance that no process will work 100% of the time but there is also an understanding that processes that are robust and scaleable have the potential to deliver excellent long-term returns. We provide an environment that enables fund managers to focus on managing funds according to their own investment processes and market views and not be distracted by taking on responsibilities associated with running the business.

**Effective distribution**

We seek to sell our funds to as broad a client base as possible. In the UK, we distribute our funds to institutional investors, wealth managers, financial advisers and private investors and are striving continually to widen the number of clients who invest with us and deepen our relationships with existing customers. Following the implementation of RDR (Retail Distribution Review) at the start of 2013, we expect an even greater amount of fund flows will be controlled by fewer more powerful distributors and for a growing number of private investors to manage their own investment portfolios. We strive to raise awareness of Liontrust and our funds and to generate inflows from financial advisers and private investors through our marketing activities. We are also seeking to increase our distribution presence internationally, notably in continental Europe.

**Excellent Customer Service and Support**

We aim to provide our customers with exceptional service and support and place treating customers fairly as one of our principles for business and at the cornerstone of our efforts to ensure customers get a fair deal. Treating customers fairly is central to how we conduct business across all our departments and functions.

**Clear and Regular Communication**

We strive to communicate clearly and frequently with our customers and shareholders, regularly updating them on the performance of each of our funds and portfolios, the effectiveness of the investment processes as applied to each of our funds and portfolios and the progress of the business as a whole. This is a key part of our objective of being as transparent as possible with all customers and stakeholders.

**Appropriate Risk**

Effective management of risk is essential for the Group's success; Liontrust has developed risk frameworks to ensure appropriate levels of risk across all areas of the company including investment products.

**A Profitable Business**

All stakeholders, including customers, members, employees and shareholders, benefit from a successful and stable business. We aim to increase profitability by growing our revenues faster than our costs through continued growth in assets under management and by increasing margins through the focused management and control of costs.

## 2 Business model

Our business model comprises three interdependent divisions: Fund Management, Distribution and Operations.

**Fund Management**

We have five fund management teams that invest in UK, European and Asian equities and Global Credit. These teams have strong long-term track records. They use rigorous investment processes that ensure the way they manage money is predictable and repeatable. We provide a culture that gives all fund managers the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management business. We will diversify further our fund management capability when we find teams with expertise in managing asset classes for which there is significant demand from existing and potential clients.

**Distribution**

We have one sales team covering two areas, one that distributes to institutional investors, wealth managers and the largest financial adviser firms in the UK. We also have an international sales team that currently focuses most of its efforts on continental Europe. Marketing supports the two sales teams through a range of activities including fund manager presentations, advertising, press coverage, sponsorship and regular fund manager updates through customer emails, videos and blogs.

**Operations**

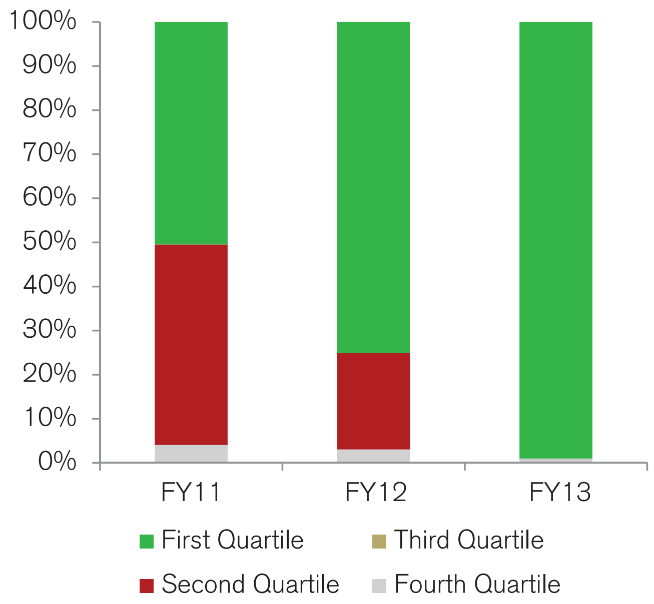
We operate a single Operations division, designed to support a fast growing and dynamic business. Having a single Operations function ensures the fund management and distribution divisions have the appropriate tools with which to do their jobs, provides executive management with the performance and risk monitoring information required to manage the business and supports the requirements of external stakeholders such as customers, shareholders and regulators.

## 3 Key performance measures

### Fund management ability and investment outperformance

The strength of Liontrust's fund managers is shown by the fact that over the period from launch or fund manager appointment to the end of each of the last three financial years, on an AuM weighted basis, we have seen a steady increase in first quartile AuM (see Figure 1)

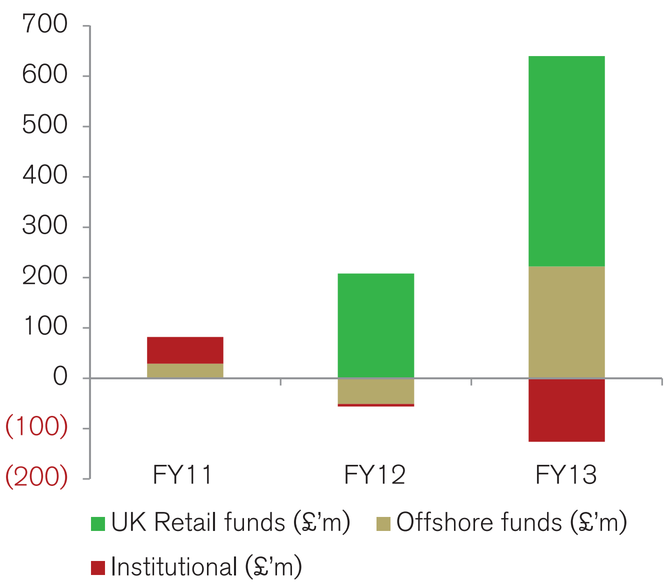
Figure 1 - AuM weighted quartile ranking since launch or launch/manager inception




### Effective Distribution

The effectiveness of Liontrust's distribution capability is shown by the fact that over the last three years we have seen our annual net flows increase from £82m to £514m (see Figure 2).

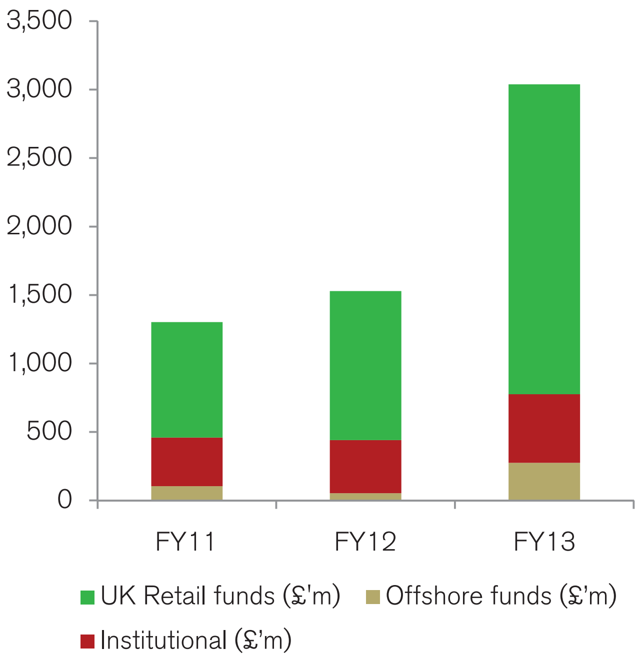
Figure 2 – Net flows by type




### A Profitable and Growing business

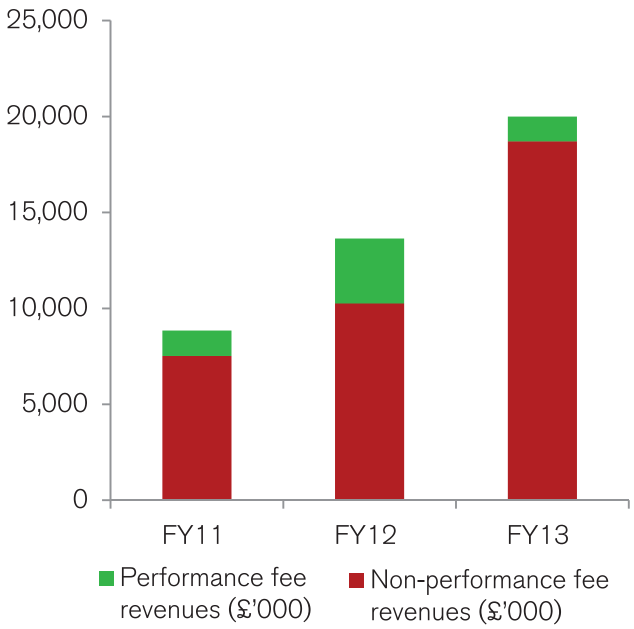
Our AuM has increased by 17% from 31 March 2011 to 31 March 2012, reflecting market performance and net inflows, and by 99% from 31 March 2012 to 31 March 2013, reflecting market performance, the acquisition of Walker Crips Asset Managers Limited and excellent net inflows (see figure 3).

Figure 3 – AuM by product type



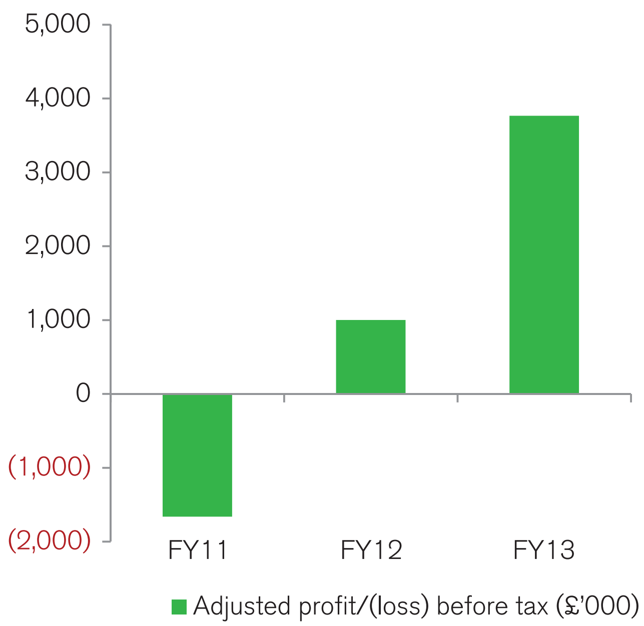

Our non-performance fee revenues increased by 36% from 31 March 2011 to 31 March 2012, reflecting higher average AuM during the period, and by 82% from 1 March 2012 to 31 March 2013, also reflecting average higher AuM during the period (see figure 4).

Figure 4 – Revenue growth



Our adjusted profit before tax increased by 160% from 31 March 2011 to 31 March 2012 and by 276% from 31 March 2012 to 31 March 2013 (see figure 5).

Figure 5 – Adjusted profit/(loss) before tax.




## 4 Fund Management review

Currently, Liontrust has five fund management teams each with distinct investment processes.

### Economic Advantage equity team

Anthony Cross and Julian Fosh manage the Liontrust UK Growth, Liontrust Special Situations and Liontrust UK Smaller Companies funds according to the Economic Advantage investment process. The fund managers evaluate companies in the UK stock market for their possession of durable Economic Advantage. Companies must possess at least one of the main advantages: intellectual property, strong distribution or recurring business (at least 70% of annual turnover). The fund managers expect these companies to deliver strong financial returns, sustaining a higher than average level of profitability for longer than expected. The process involves screening for companies with proven signals of under-appreciation by the market: surprising earnings growth, under-estimation of future recovery in earnings or a re-rating of highly profitable companies.

Liontrust Special Situations Fund, for example, is in the first quartile of its sector over one, three and five years to 31 March 2013 and since launch on 11 November 2005.

### Macro-Thematic equity team

Stephen Bailey and Jan Luthman manage the Liontrust Macro UK Growth and the Liontrust Macro Equity Income funds according to the Liontrust Macro-Thematic investment process. The process seeks to identify asymmetries of information that confer the potential to generate strong long-term investment returns. The fund managers believe that information at company level is efficiently reflected in equity prices. They therefore seek to identify, at an early stage, the development of political, social and economic macro-themes to which they can gain investment exposure. They believe that at the macro-thematic level there are asymmetries of awareness, understanding and interpretation which can lead to the generation of excess returns.

Liontrust Macro Equity Income Fund, for example, was in the first quartile of its sector over five years to 31 March 2013 and since launch on 31 October 2003.

### Cashflow Solution equity team

James Inglis-Jones, Gary West and Samantha Gleave manage the Liontrust Income, Liontrust European Growth, Liontrust European Absolute Return and Liontrust GF European Absolute Alpha according to the Cashflow Solution investment process. The process is based on the belief that the most important determinant of shareholder return is company cash flows. Cash flows determine the ability of a business to grow in a self-sustaining way and to return money to shareholders through dividend yield and share buybacks. The fund managers believe that stock prices are frequently mis-priced because investors undervalue free cashflow, a fundamental building block of long-term growth, in favour of short-term profit forecasts. The process seeks to identify companies that generate significant free cashflows from their asset base, are lowly valued, and are run by company managers that allocate their cashflows in an intelligent way.

Liontrust European Growth Fund, for example, was in the first quartile over three and five years to 31 March 2013 and since launch on 15 November 2006.

On 3 May 2013 we wrote to investors in the Liontrust Income Fund informing them that we are broadening the investment opportunities for the fund. From 3 July 2013, the fund managers will be able to select companies that match their strict investment criteria and yield on a global basis.

### Asia equity team

Mark Williams and Carolyn Chan manage the Liontrust Asia Income fund according to the Asia investment process. The process is based on the premise that any single investment style is unlikely to deliver consistent outperformance when investing in Asian equities. This is because the region is subject to business and economic cycles despite attempts to dampen them by both governments and central banks. The fund managers believe the secret to successful investing in Asia, therefore, is to choose the style of investment to suit the particular point in the cycle. There are four main stages to the investment process: (1) identifying the key drivers for Asian equities, (2) incorporating these into a framework to determine the likely beneficiaries and losers of these drivers and to identify appropriate valuation methods, (3) fundamental stock analysis to identify individual companies that will benefit the most from the drivers, and (4) portfolio construction.

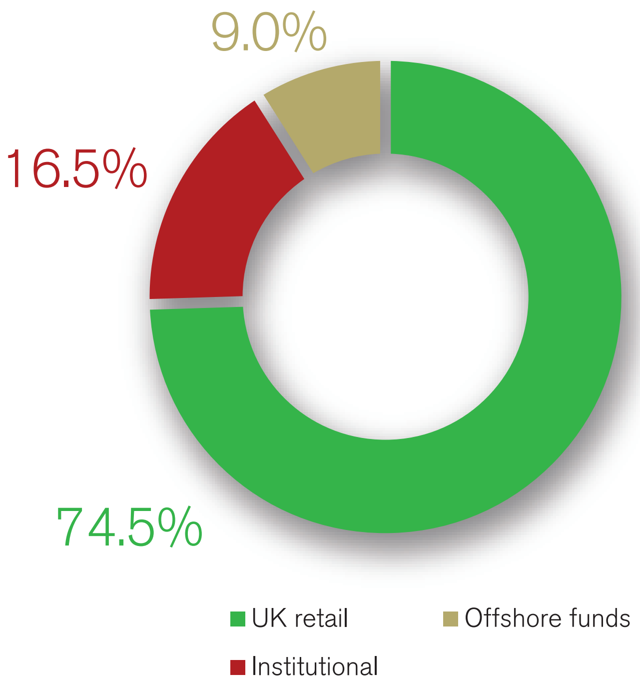
Liontrust Asia Income Fund, for example, was in the first quartile over one year to 31 March 2013 and since launch on 5 March 2012.

### Global Credit Team

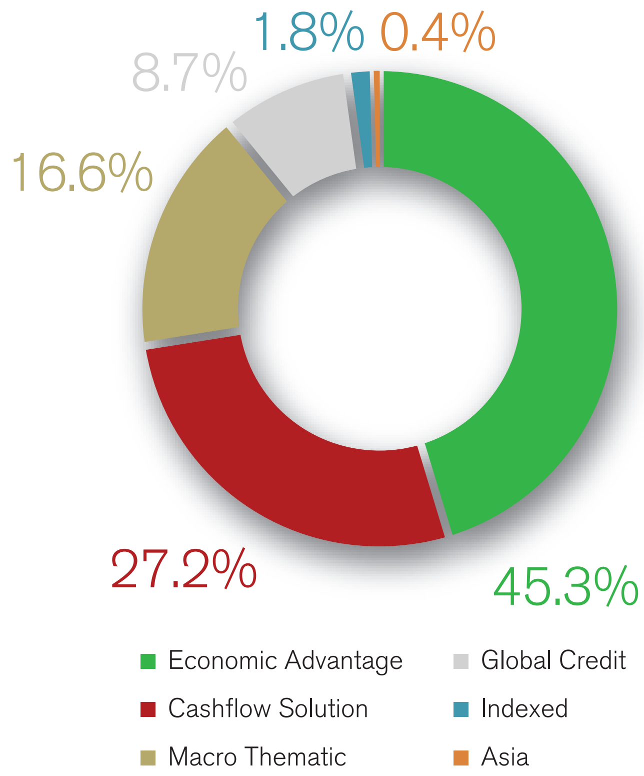
Mike Mabbutt manages the Liontrust GF Global Strategic Bond Fund, which was launched on 6 February 2013, according to the Global Credit investment process. The process adopts a fundamental approach to investing in the bond, credit and currency markets. The fund manager uses top-down analysis for making strategic decisions, bottom-up analysis to assess issuers' creditworthiness and a security selection process. Top-down analysis is used to assess the attraction of different areas of the global bond and credit markets as well as regions, countries and currencies. Bottom-up analysis is used to determine the creditworthiness of the issuers of debt securities of any credit quality with respect to both ability and willingness to pay commitments in a timely manner. The security selection stage involves the consideration of a number of factors such as: the expected total return relative to the assessed risk; the contribution from income and capital to the expected return; issue size and liquidity; currency of denomination; outstanding term to maturity; and duration.

### 4.1 Split of AuM as at 31 March 2013

By product type:




By investment process:




### 4.2 Fund performance

#### 4.2.1 UK retail fund performance

The strength of Liontrust's fund management capability is shown by the fact that all bar one of our nine actively managed UK retail funds are in the first quartile since launch or since the fund managers were appointed to 31 March 2013. Over one year, 51.4% of funds on an AuM weighted basis were in the first quartile (see Figure 1 below) and since launch or since the fund managers were appointed 99% were in the first quartile (see Figure 2 below).

Figure 1 – AuM weighted quartile ranking over 1 year

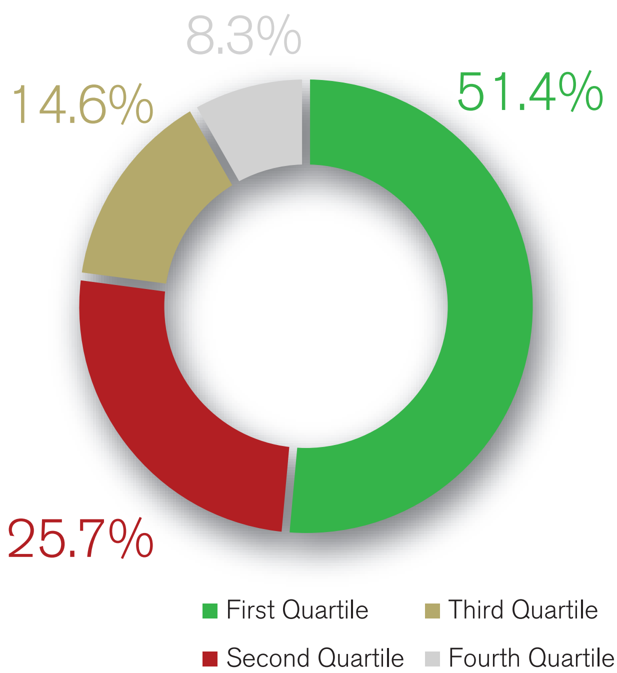
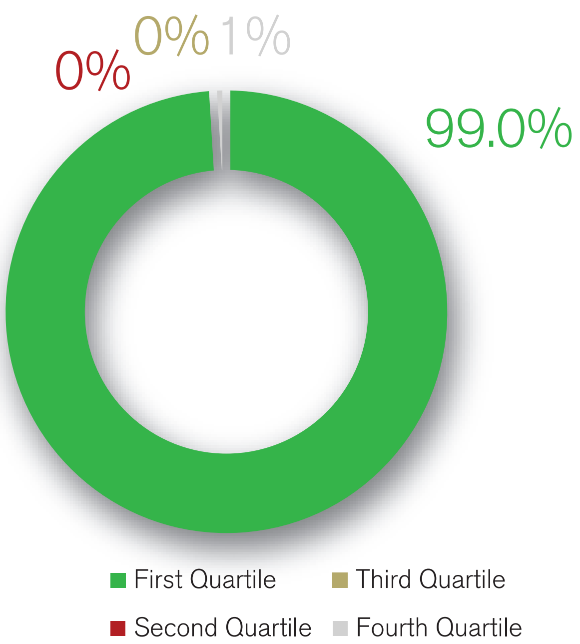



Figure 2 – AuM weighted quartile ranking since launch or launch/manager inception



Detailed quartile rankings by fund over one, three and five years and since launch or the fund manager was appointed are shown in the table below:

| | Quartile ranking - 1 year | Quartile ranking - 3 year | Quartile ranking - 5 year | Quartile ranking - Since Manager tenure | Launch/ Manager appointed |
|---|---|---|---|---|---|
| Liontrust Income Fund | 2 | 2 | – | 1 | 25/03/2009 |
| Liontrust UK Growth Fund | 3 | 1 | – | 1 | 25/03/2009 |
| Liontrust Special Situations Fund | 1 | 1 | 1 | 1 | 11/11/2005 |
| Liontrust UK Smaller Companies Fund | 1 | 1 | 1 | 1 | 08/01/1998 |
| Liontrust European Absolute Return Fund | 4 | 3 | – | 4 | 09/07/2009 |
| Liontrust European Growth Fund | 4 | 1 | 1 | 1 | 15/11/2006 |
| Liontrust Asia Income Fund | 1 | – | – | 1 | 05/03/2012 |
| Liontrust Macro Equity Income Fund | 3 | 3 | 1 | 1 | 31/10/2003 |
| Liontrust Macro UK Growth Fund | 4 | 3 | 2 | 1 | 01/08/2002 |

Source: Financial Express, total return, bid to bid, to 31 March 2013 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class). Liontrust FTSE 100 Tracker Fund (index fund) not included. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

### 4.2.2 Offshore fund performance

| | Fund vs Benchmark - 1 year | Fund vs Benchmark - 3 year | Fund vs Benchmark - 5 year | Fund vs Benchmark - Since Manager tenure | Launch |
|---|---|---|---|---|---|
| Liontrust GF Pan European Fund | 14.3% vs 14.7% | 24.9% vs 21.3% | – | 32.6% vs 18.3% | 08/09/2008 |
| Liontrust GF European Absolute Alpha Fund | (7.0%) | – | – | (9.8%) | 15/02/2012 |
| Liontrust GF Special Situations Fund | – | – | – | – | 08/11/2012 |
| Liontrust GF Global Strategic Bond Fund | – | – | – | – | 06/02/2013 |

Source: Financial Express, total return for the base currency class, to 31 March 2013 unless otherwise stated. The above funds sub-funds of Liontrust Global Funds Plc, an open ended umbrella type investment company with variable capital incorporated with limited liability under the laws of Ireland. No performance data is not shown for Liontrust GF European Absolute Return Fund and the Liontrust GF Global Strategic Bond Fund as these funds are less than a year old. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

## 5 Distribution review

Good progress has been made in distribution during the financial year. The Group generated net inflows in every quarter, which led to a third successive year of net positive flows, and our AuM increased to £3,039 million from £1,529 million. The higher inflows have come from a wider number of customers. Of the Group's AuM, 74.5% come from the UK retail intermediary and private investor market while the rest is from institutional and international investors.

The growth in AuM is a testament to our commitment to delivering performance across our investment teams and the tremendous progress made in distribution and raising the profile of Liontrust. Our long-term fund performance is impressive: since launch or fund manager change to 31 March 2013, 8 of our 9 actively managed unit trusts were in the first quartile of their respective sectors. Having consistent and transparent investment processes across all our fund management teams enables them to remain constant in their investment stance and not be blown off course by short-term reactions. We believe this is why we have demonstrated such good performance over the longer term.

We have enhanced our level of engagement with institutional and intermediary clients and continued to broaden our client base over the past year. This has come through our proactive sales and marketing strategy, including regular client communications, advertising, press coverage and fund manager presentations. The Liontrust Annual Conference at the end of January 2013, for example, attracted over 140 financial intermediaries and discretionary portfolio managers.

This activity contributed to the successful launch of the Dublin-based Liontrust GF Global Strategic Bond fund in February 2013. Investors have been attracted by the flexible mandate of the Fund which allows it to alter asset allocation between different segments of the global credit, bond and currency markets.

The profile of Liontrust and our fund performance continues to grow among private investors and institutional and intermediary clients. This is reflected in the independent recognition we have received over the past year through awards for both individual funds and the company as a whole. The latter include Liontrust being named Fund Management Group of the Year by readers of Shares magazine in November 2012 and winning Best Specialist Fund Group of the Year at the MoneyMarketing Awards in March 2013.

We are well positioned following the implementation of the RDR (Retail Distribution Review) on 31 December 2012. Strong relationships with institutional and intermediary clients will take on even greater importance as fewer and more powerful distributors emerge who will control ever increasing amounts of fund flows. The distinct, clear and robust investment processes applied by our fund management teams allied to our excellent long-term fund performance will offer us tremendous opportunities following the implementation of RDR. Fund managers who understand their clients' needs and are able to meet them over the long term through clearly defined investment processes have a great opportunity ahead.

## 6 Financial review

### 6.1 Financial performance

Adjusted profit before tax increased to £3.766 million from £1.001 million last year, reflecting the acquisition of Walker Crips Asset Managers Limited and increased non-performance fee revenues.

**Table (a) Analysis of financial performance**

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 | Year on Year Change |
|---|---|---|---|
| Gross profit from Continuing Operations | 20,341 | 13,638 | 49% |
| Gross profit from Discontinued Operations | – | 275 | – |
| | 20,341 | 13,913 | 46% |
| Realised gain on sale of financial assets | (6) | 212 | (103)% |
| Director, employee and members compensation [(1)] | (11,483) | (8,746) | 31% |
| Other Administration expenses [(1)] | (4,867) | (4,400) | 11% |
| Adjusted operating profit/(loss) | 3,985 | 979 | 307% |
| Interest receivable | 9 | 22 | (59%) |
| Interest payable | (228) | – | – |
| Adjusted profit/(loss) before tax | 3,766 | 1,001 | 276% |

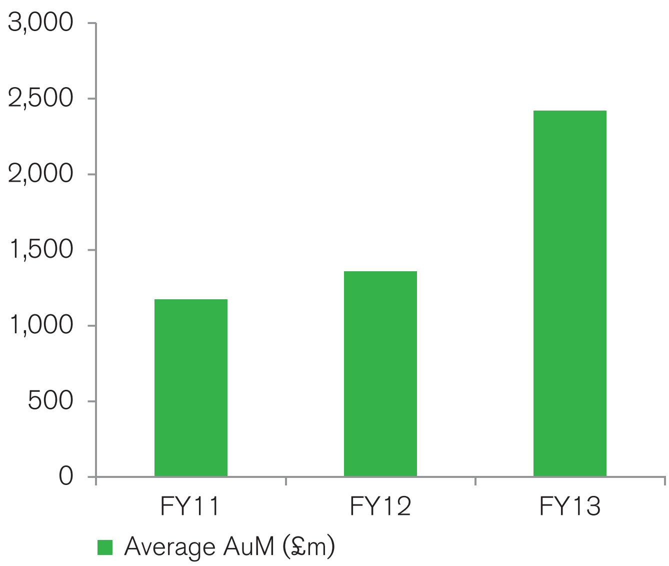
(1) Includes Continuing Operations and Discontinued Operations

The loss before tax from Continuing Operations increased to £3.935 million from £1.573 million last year, reflecting lower performance fees and higher non-recurring expenses. See note 7 on page 50 for a reconciliation of adjusted profit before tax to profit before tax.

### AuM

Average AuM increased by 78% compared to last year and by 106% over two years (see Figure 1 below), reflecting strong net flows, acquisitions and new fund launches.

Figure 1 – Change in average AuM




### Revenues

Revenues from Continuing Operations excluding performance fees increased by 86% compared to last year and by 153% over two years, and revenue margin (Gross profit (excluding performance fees) divided by average AuM) has also increased to 0.79% compared to 0.76% last year and 0.64% two years ago, reflecting the increased impact of higher average AuM and improving revenue margin (see Figures 2 and 3 below).

Figure 2 – Change in Gross profit (excluding performance fee revenues)

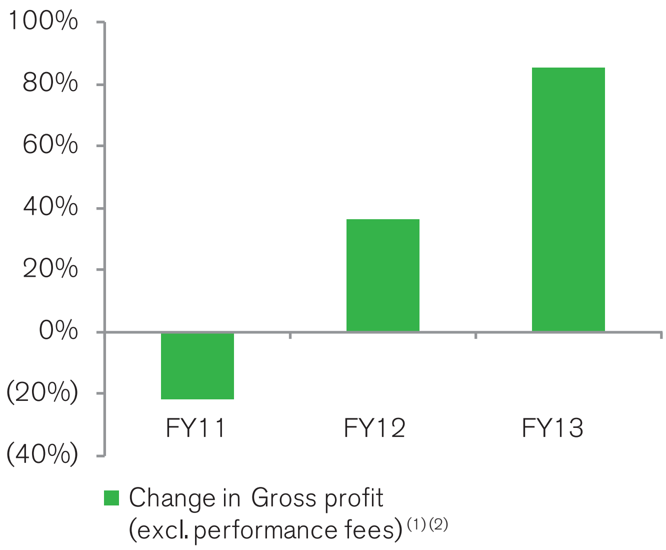
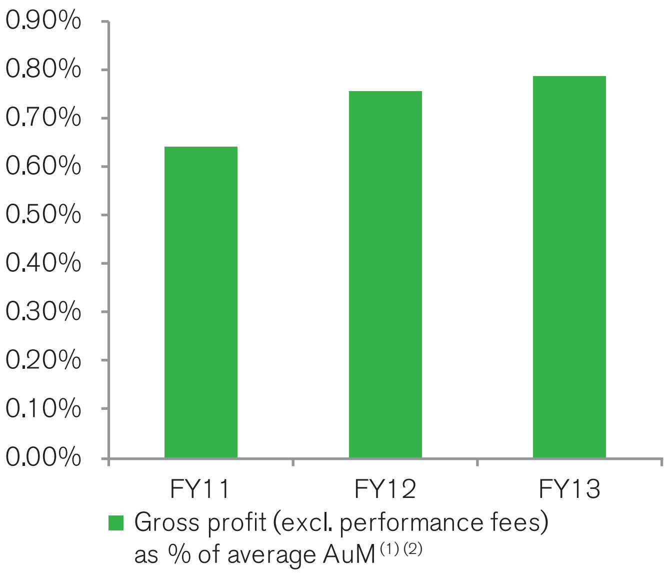



Figure 3 – Gross profit (excluding performance fee revenues) as a % of average AuM




(1) From Continuing operations
(2) Adjusted for performance related revenues

## Profit and margin

Adjusted operating profit increased to £3.985 million from £979,000 last year and a loss of £1.673 million two years ago reflecting the increase in average AuM and performance fee revenues, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 4 and 5).

Figure 4 – Change in Adjusted operating profit/(loss)

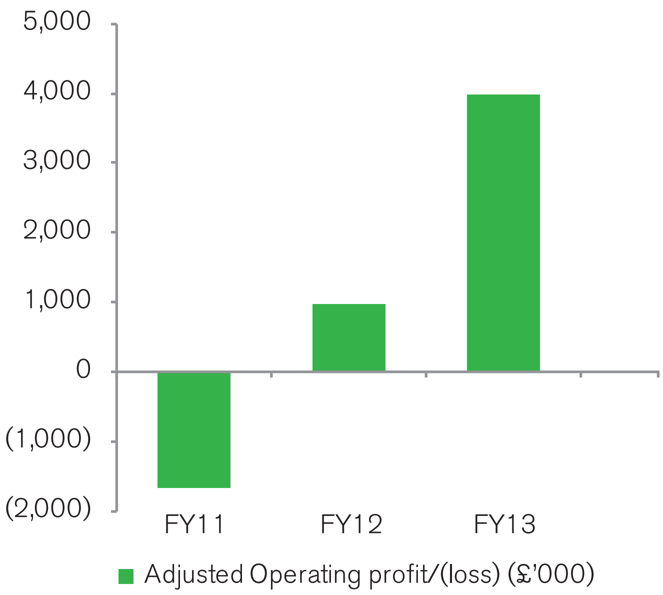
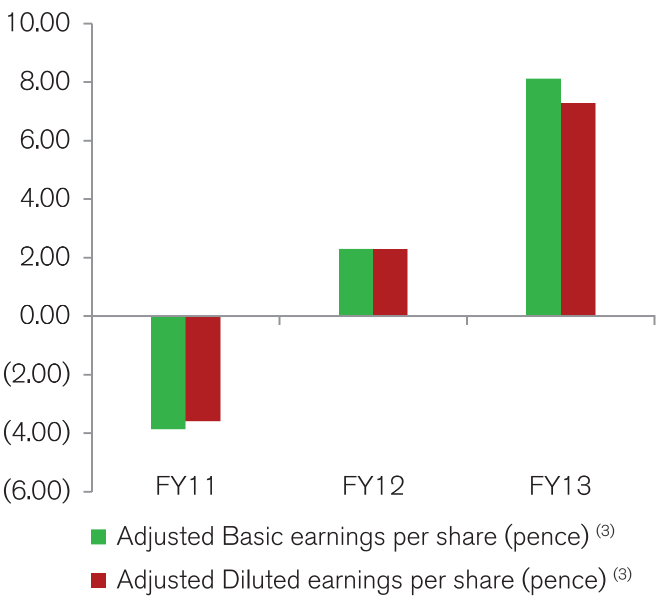
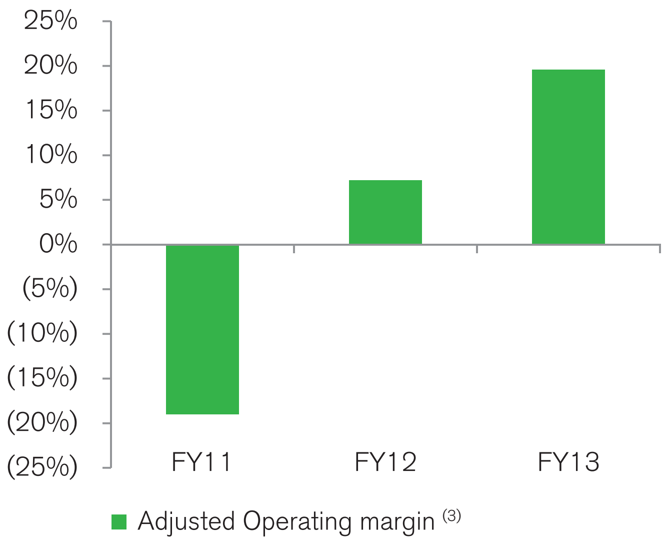



Figure 5 – Change in basic and diluted earnings per share



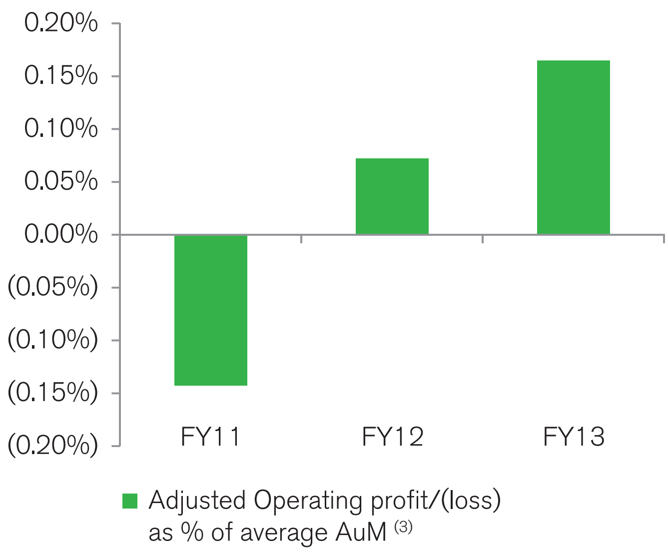

Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) has been increasing year on year reflecting the increase in revenues compared to costs and the strong operating gearing in the business (see Figure 6 below).

Figure 6 – Change in adjusted operating margin




Adjusted operating profit/(loss) as a percentage of average AUM has increased to 0.16% compared to last year when it was 0.07% and two years ago when it was (0.14%), reflecting the strong operating gearing in the business (see Figure 7 below).

Figure 7 – Change in Adjusted operating profit/(loss) as a % of average AuM

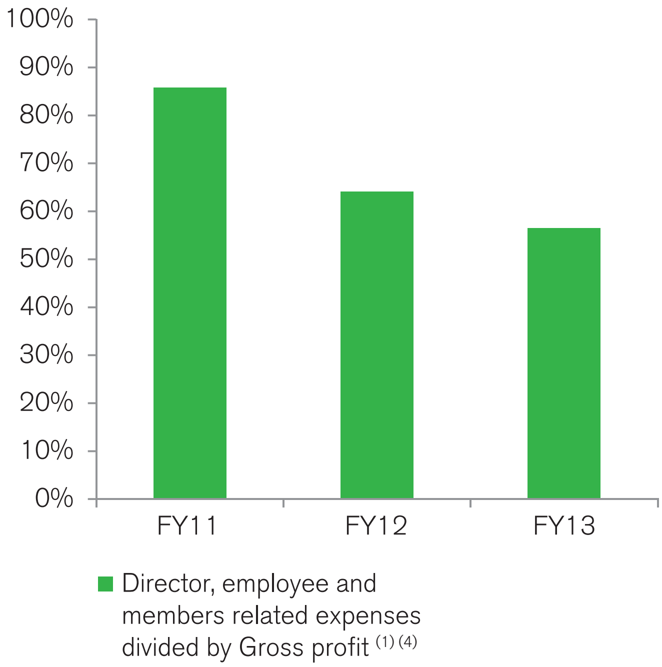



(3) Adjusted for expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, restructuring (acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

### Administration expenses

The largest component of our costs, in common with other service companies, is Director, member and employee related expenses. Director, member/employee compensation increased by 31% reflecting higher fund manager compensation. However, as a percentage of Gross profit our Director, member and employer related expenses has decreased to 56% from 64% last year and from 86% two years ago (see Figure 8 below).

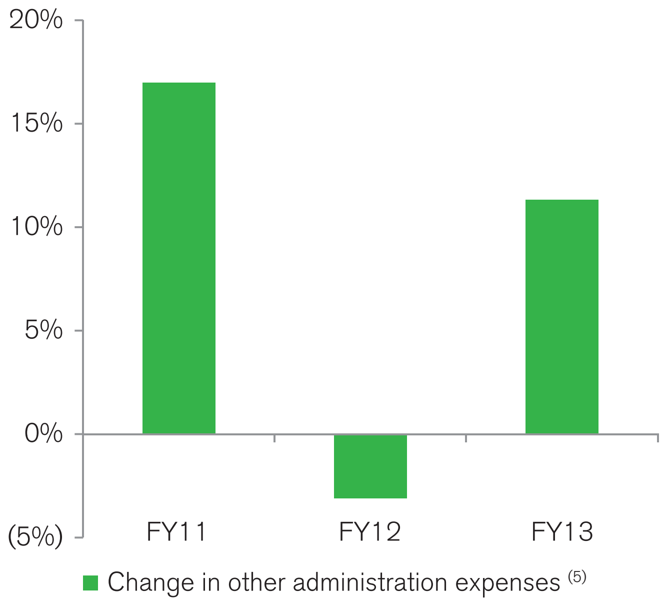
Figure 8 – Director, employee and member related expenses divided Gross profit




(4) From Continuing operations. Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

Other administration expenses increased by 11%, reflecting the acquisition of Walker Crips Asset Managers Limited and strong cost control within the business (see Figure 9 below).

Figure 9 – Change in other administration expenses




(5) From Continuing operations

### Dividend

The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring an interim dividend of 1.0p per share (2012: nil) which will result in total dividends for the financial year ending 31 March 2013 of 1.0p per share (2012: nil). This reflects a dividend ratio (dividend per share divided by Adjusted diluted earnings per share) of 14%. The Company last paid a dividend to shareholders in December 2009.

## 6.2 Dividend policy

- Our policy is to grow our dividend progressively in line with our view of the underlying adjusted earnings per share on a diluted basis (excluding performance fees) and cash flow of Liontrust;
- When setting the dividend, the Board looks at a range of factors, including:
  - the macro environment;
  - the current balance sheet; and
  - future plans; and
- It is our intention that dividends will be declared and paid half yearly.

## 7 Principal Risks and mitigations

The Group takes a cautious and pro-active approach to risk management. Management recognises the importance of understanding the risks to the business and the systems and controls required to mitigate them. A Risk Register is maintained that captures the core risks inherent in our business and assesses how those risks are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

Our Professional Indemnity Insurance covers us for losses, errors, fraud etc. Our current assessment of our key operational risks and our risk management framework suggest that we are not at material risk of breaching our Insurance limits.

In order to help identify, manage and control risk, Liontrust breaks it down into four categories. On the basis of disciplined risk assessment, the key risks to the Group's business are considered. A high level summary is shown below with details of any mitigating factors and are also identified in the Risk Management and Internal Controls Report on page 22.

## 7.1 Credit risk

Credit Risk covers the risk of loss due to a debtor's inability to pay. The Liontrust Group of companies maintains a Liquidity policy document which identifies the Credit risks that may affect any area of the business and details how these risks are monitored and controlled. These risks include: Failure of banks / credit institution / significant counterparties; Failure of a client to pay fees; Failure of a client to pay funds for an investment; Failure of a fund to pay redemption monies.

Major counterparties are reviewed at least monthly which covers, for each institution, agency ratings, interest rates currently offered and credit default swap spreads (where these measures are applicable or available). These are all indicators of any potential problems. If any such issues are identified the group will make moves to either move any functions or cash away from the institution or closely monitor the institution as per our Counterparty selection and monitoring policy.

## 7.2 Market risk

Market risk is the risk that the value of an asset will decrease due to the change in value of the market risk factors. Common market risk factors include asset prices, interest rates, foreign exchange rates, and commodity prices. Liontrust as an investment management company is exposed to Market risk in several forms, these include: seed investments; box management; AuM; management fee income.

Liontrust has only minor direct exposure to market risk through Manager Box positions and investments in the sub funds of Liontrust Global Funds Plc which have been undertaken to aid incorporation and will be redeemed when the funds grow in size. The Group has a regular review process for the investment which identifies specific criteria to ensure that the investment is within agreed limits.

## 7.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The management of operational risk is formalised in a number of ways including regular monitoring of both internal departments and external third parties who undertake outsourced functions on behalf of the Group. Various tools are used, including an operational risk scorecard, risk assessments, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (both internal and external), issue tracking and an annual assessment of third party providers. Liontrust also commissions an external audit firm to perform testing of integrity of aspects of the Group-wide control environment. Each operational department has their own Risk Register, which discusses risk at a process and controls level so that each member of the team is able to participate in the management of risk on a day to day basis. The output from these team registers is co-ordinated with the Group's Risk Register to ensure that we are capturing evolving risks for the Group as they emerge.

As we outsource many of our labour intensive operational functions, we commit high levels of resource to the management of these third party providers. We work hard to ensure that the relationship is a collaborative one and that both parties are working together towards the same goals, via a dedicated relationship management team and through a comprehensive monitoring programme.

The key risks that would potentially have a significant impact on our business or capital are as follows:

- Trading errors
- Failure of key systems
- Failure of key supplier or outsource provider
- Corporate action errors
- Regulatory breaches
- Breach of mandate restrictions
- Business continuity failure

## 7.4 Other risk

The firm also faces other risks such as Regulatory risk, Key Employee risk, Market Changes, mis-selling and the underperformance of one, or more, of the investment processes.

### Regulatory risk

The regulatory environment that the Company operates in continues to grow more complex. There have been significant new legislative changes around the globe which has impacted both the Group and the investment vehicles operated by the Group. These changes bring additional, or increased risks of errors or omissions which can result in financial or other penalties and could result in a loss of confidence by our clients. Liontrust's Compliance department operates a comprehensive compliance monitoring programme to confirm regulatory obligations are met and works with industry bodies, lawyers and consultants to ensure all regulatory change is appropriately handled.

### Key employee risk

People are a key part of our business and the stability of our investment and operational expertise is critical to the success of the business and the Group takes appropriate steps to manage expectations and minimise the loss of good quality staff. Any departure of significant personnel may result in a loss of funds under management. Liontrust believes building and maintaining our distinct culture is key to the future success of our business and the engagement and retention of its staff, therefore, we invest significantly in our people, including through training and qualifications.

The development of our business and diversification of fund management talent is a core objective of the Group and as recently demonstrated, the company is willing to finance acquisitions, etc to achieve this diversification where it is prudent to do so and leaving sufficient capital to operate the business.

### Business change following RDR

There have been significant changes to how funds are distributed in the UK with the Retail Distribution Review ("RDR"). Any changes in the structure of our largest market for funds results in risk to the business. The impact of these changes is high, but Liontrust has been working on adapting to the new environment for a significant period and should be well prepared for the impact.

### Mis-selling and the risk of investment performance leading to customer loss

Our investment processes are fully documented, which enables clients to understand clearly how we manage assets. For private investors investing through intermediaries, the process documents are supplemented by simplified monthly fund factsheets, the key investor information document and other reports and marketing literature available via the website or direct from us, which are clear and concise. For our institutional clients, we produce quarterly investment commentaries and regular detailed reports. Ensuring that our clients understand the product is a core element in treating them fairly. We believe our documented processes, detailed reports and literature reduce the likelihood of a product being misunderstood, reducing the risk of client losses in the event of portfolio underperformance.

## 8 Awards

We are proud to announce the following awards for Liontrust in the period 1 April 2012 to 18 June 2013:

- Liontrust has been named the "Best UK Equity Group" by Money Observer magazine in May 2012.

- Liontrust Special Situations Fund won the "Best UK Equity Growth Fund" Award from What Investment magazine in May 2012.

- The Liontrust Special Situations Fund won the "Best UK Growth Fund" at the Investment Week Fund Manager of the Year Awards in July 2012 for the second year running.

- Readers of Shares magazine voted Liontrust the "Fund Management Group of the Year" at the Shares 2012 Awards in November 2012.

- Liontrust Special Situations was named "Best Fund in the UK All Companies sector" at the Moneywise 2012 Fund Awards in November 2012.

- Liontrust Special Situations was named "Best UK Equity Fund" at the Portfolio Adviser Awards in January 2013.

- Liontrust won "Best Specialist Fund Group" at the MoneyMarketing Awards, voted for by 1,000 financial advisers who were asked to name, unprompted, the best asset manager in March 2013.

- Liontrust Asia Income Fund has been named Best Newcomer at the What Investment Awards in May 2013.

- Liontrust UK Smaller Companies Fund won the Best Smaller Fund Award in the UK Smaller/Mid Cap category in the Money Observer awards in May 2013.



- Liontrust UK Smaller Companies won the UK small Cap Equity Awards at the Morningstar Awards in May 2013.

- Liontrust Special Situations Fund won the UK Flex Cap Equity Award at the Morningstar Awards in May 2013.

# Board of Directors

**Adrian Collins, 59, (Chairman).** Joined the Board in June 2009. Adrian has worked in the fund management business for over 30 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He is also a Non-executive Chairman of Bahamas Petroleum Company Plc and is also a Director of City Natural Resources High Yield Trust Plc, New City High Yield Trust Plc, and a number of other companies.

**John Ions, 47, (Chief Executive).** Joined the Board in May 2010. Prior to joining Liontrust in February 2010, John was Chief Executive of Tactica Fund Management since it was established in 2005. Previously, John was Joint Managing Director of SG Asset Management and Chief Executive of Société Generale Unit Trusts Limited, having been a co-founder of the business in 1998. John was also formerly Head of Distribution at Aberdeen Asset Management.

**Vinay Abrol, 48, (Chief Operating Officer & Chief Financial Officer).** Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

**Jonathan Hughes-Morgan, 51, (Executive Director).** Joined the Board in October 2011. Jonathan began his career as a trainee fund manager with Hendersons, moving after four years to Sun Life as a fund manager. Following spells at Odey Asset Management and Edmond de Rothschild, Jonathan joined Jardine Fleming to run their European business for three years. In 1998 he co-founded Thames River Capital with Charlie Porter. Jonathan was Managing Director of Thames River, leaving at the end of 2006 to set up Occam Asset Management. Jonathan graduated from the University of Warwick with a degree in Management Science.

**Alastair Barbour, 60, (Non-executive Director).** Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, The Bank of N.T. Butterfield & Son Limited, Standard Life European Private Equity Trust Plc and CATCo Reinsurance Opportunities Fund Ltd and private companies CATCo Reinsurance Fund Limited and Scottish Equitable Policyholders Trust Limited.

**Mike Bishop, 62, (Non-executive Director).** Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its equity activist funds. Before joining Hermes in 2005, Mr Bishop was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

**Glyn Hirsch, 51, (Non-executive Director).** Joined the Board in June 1999. Glyn is chief executive of Raven Russia Limited. He holds a number of other non-executive directorships. He is a law graduate of Southampton University and qualified as a Chartered Accountant with Peat, Marwick, Mitchell & Co. He also worked for 10 years as a corporate financier at UBS Limited.

# Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management Plc.

## Principal activities

Liontrust Asset Management Plc is a holding company whose shares are quoted on the Official List of the London Stock Exchange and is domiciled and incorporated in the UK. It has three operating subsidiaries as follows:

| Subsidiary name | % owned by the Company | Subsidiary principal activities |
|---|---|---|
| Liontrust Fund Partners LLP | 100% | A financial services organisation managing unit trusts, authorised and regulated by the Financial Conduct Authority. |
| Liontrust Investment Partners LLP | 100% | A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the the Central Bank of Ireland. |
| Liontrust International (Guernsey) Limited | 100% | Incorporated in Guernsey, a financial services organisation managing investment funds, which is regulated by the Guernsey Financial Services Commission. |

In addition to the operating subsidiaries listed above, Liontrust Asset Management Plc has five other 100% owned subsidiaries. Liontrust Investment Funds Limited and Liontrust Investment Services Limited which act as a corporate member in Liontrust Fund Partners LLP and Liontrust Investment Partners LLP respectively. Liontrust Management Services Limited, which employed all employees of the Company until 31 October 2010, Liontrust European Investment Services Limited, which acted investment manager for certain portfolios, and Liontrust Asset Managers Limited (previously Walker Crips Asset Managers Limited) and all will be liquidated in due course.

## Results and dividends

Loss before tax from Continuing Operations was £3.935 million (2012: £1.573 million).

Adjusted profit before tax was £3.766 million after adding back expenses share incentivisation, severance compensation, acquisitions related costs, disposal gains, restructuring (acquisition related, member and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2012: £1.001 million ).

The Directors declare an interim dividend of 1.0 pence per share (2012: nil). This results in total dividends of 1.0 pence per share for the financial year ending 31 March 2013.

## Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's statement and Business Review on pages 3 to 14.

## Creditor Payment Policy

The Group's trade creditors arise from its role as a unit trust manager. Unit trust creations are paid for four days after the transactions and repurchase creditors are paid within four days of receipt of correctly completed renunciation documentation. Creditors arising in respect of expense costs are paid on a timely basis in the normal course of business and were not material as at 31 March 2013.

## Donations

The Company made charitable donations during the year of £nil (2012: £12,500), and made no political donations (2012: £nil).

## Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows. Their interests in the share capital of the Company at 31 March 2013 are set out in the Remuneration report on page 29.

Adrian Collins
John Ions
Vinay Abrol
Jonathan Hughes-Morgan
Alastair Barbour
Mike Bishop
Glyn Hirsch

## Capital structure and voting rights

The Company's share capital comprises of ordinary shares of 1 pence each. As at 31 March 2013, 39,896,555 Ordinary shares were in issue (2012: 37,108,600), representing 100 per cent of the total voting rights the Company. There were a number of changes to the issued share capital of the Company during the year; the Company issued 36,236 new Ordinary shares on 4 April 2012, 1,851,719 new Ordinary shares on 12 April 2012 and 900,000 new Ordinary shares on 1 March 2013.

Under Resolution 12 of the Annual General Meeting held on 12 September 2012, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 5,298,199 Ordinary shares of 1 pence each (equivalent to approximately fifteen per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 13 December 2013 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

As at 31 March 2013 the Directors held the authority for the Company to purchase its own shares up to a maximum of 5,298,199 Ordinary shares of 1 pence each.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 10 September 2013. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

On 12 April 2012, as part of the consideration for the acquisition of Walker Crips Asset Managers Limited, the Company issued £4 million of Convertible unsecured loan stock (the "Stock") to Walker Crips Group Plc (the "Stockholder"), which may convert into 4 million new Ordinary shares limited to the total quantity being issued is no more than 4.99% of the number of Ordinary shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time in the first year after issuing and no more than 9.99% per year thereafter until the maturity date, being 5 years at the Stockholder's option. On 1 March 2013 the Stockholder converted £900,000 of Stock into 900,000 new Ordinary shares.

## Corporate governance

A report on corporate governance appears on pages 20 to 21. This forms part of the Directors' Report

## Risks and uncertainties

A report on principal risks appears in the Business Review on pages 12 and 13 and a report on the risk management and internal controls appear on pages 22 to 24.

## Corporate social responsibility

Liontrust aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. The Board recognises the Company's impact, responsibilities and obligations on and towards society and aims to promote equal opportunities and human rights, reduce environmental risk and operate in a sustainable manner.

The Company is committed to the highest standards of business conduct. Policies and procedures are in place to facilitate the reporting of suspect and fraudulent activities, including money laundering and anti-bribery policies.

The Company's health and safety policy aims, insofar as it is reasonably practical, to ensure the health and safety of all employees and other persons who may be affected by the Company's operations and provide a safe and healthy working environment. The Company has a good record of safety.

## Financial instruments

The Group's financial instruments at 31 March 2013 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

Receivables arise principally in respect of fees receivable on funds under management, cancellations of units in unit trusts and sales of units in unit trusts, title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

Financial assets comprise assets held at fair value through profit and loss and assets held as available-for-sale.

Assets held at fair value through profit and loss are unit trust units and shares held in the 'manager's box' to ease the calculation of daily creations and cancellations.

Assets held as available-for-sale are shares in the sub-funds of the Liontrust Global Funds Plc.

Cash flow is managed on a daily basis, both to ensure that sufficient cash is available to meet liabilities and to maximise the return on surplus cash through use of overnight and monthly deposits. The Group is not reliant on income generated from cash deposits.

Deposit banks are selected on the basis of providing a reasonable level of interest on cash deposits together with a strong independent credit rating from a recognised agency. Any banks selected for holding cash deposits selected using a detailed counterparty selection and monitoring policy which is approved by the Board.

Based on holding the financial instruments as noted above the Group does not feel subject to any significant liquidity risks.

Full details of the Group's financial risk management can be found in note 2 on pages 45 to 47.

## Annual General Meeting

The seventeenth Annual General Meeting of the Company will be held in the Gondoliers Room at The Savoy, Strand, London WC2R 0EU on 10 September 2013 at 2 p.m. A notice convening this meeting will be sent to shareholders in August 2013.

## Section 992, Companies Act 2006

The Following information is disclosed in accordance with section 992 of the Companies Act 2006:

The Company's capital structure and voting rights are summarised on page 16.

Details of the most substantial shareholders in the company are listed on page 21.

The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 27.

There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; no agreement which the Company is party to that might affect its control following a takeover bid.

There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2013.

## Basis of financial statements - going concern

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Directors have satisfied themselves that the Group has adequate resources to continue in operation for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

## Statement of disclosure of information to Auditors

As so far as the Directors are aware, there is no relevant information of which the Company's independent auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's independent auditors are aware of that information.

## Independent Auditors

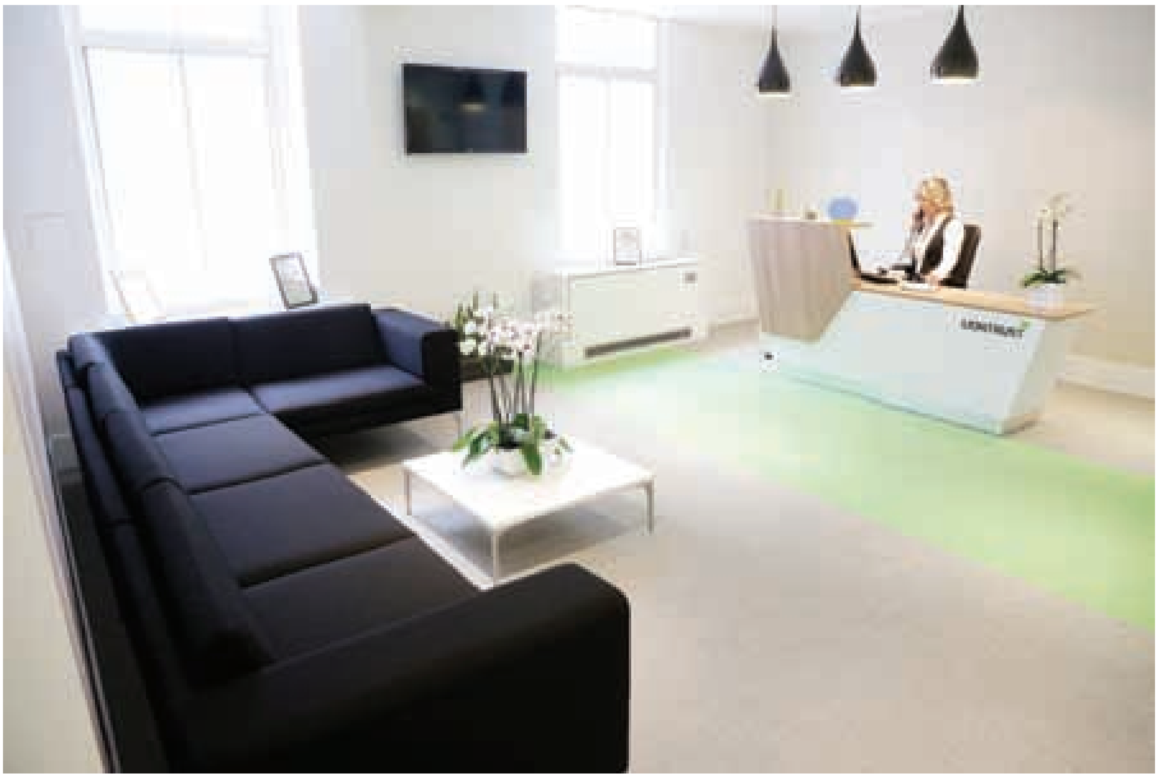
PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2013 Annual General Meeting.

## Statement under the Disclosure and Transparency Rules 4.1.12

The Directors each confirm to the best of their knowledge that:

a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
b) this annual report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

**By order of the Board**
Mark Jackson
Company Secretary
18 June 2013



# Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report, the Remuneration 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 prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 the Company and of the profit or loss of the Company and 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 estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- 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 the group and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on page 15 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The financial statements will be published on the www.liontrust.co.uk website, which is maintained by the Company. The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the independent auditors does not involve consideration on the maintenance and integrity of this website and, accordingly, the independent auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

**On behalf of the Board**
Vinay Abrol
Chief Operating Officer & Chief Financial Officer
18 June 2013

# Corporate Governance Report

## Compliance with the provisions of the Code

The Company complied throughout the year with the provisions of the UK Corporate Governance Code (2010) ("the Code") and with the Schedules as explained below.

## The Board

The Board is responsible for organising and directing the affairs of the Company and the Group in a manner that is in the best interests of the shareholders, meets legal and regulatory requirements and is also consistent with good corporate governance practices. There is a formal document setting out the way in which the Board operates, which is available upon request from the Company Secretary.

The division of responsibilities between Adrian Collins, Chairman, and John Ions, Chief Executive, has been clearly established by way of written role statements, which have been approved by the Board. The Chairman's main responsibilities are to lead the Board, ensure that shareholders are adequately informed with respect to the Company's affairs and that there are efficient relations and communication channels between management, the Board and shareholders, liaising as necessary with the Chief Executive on developments, and to ensure that the Chief Executive and his executive management team have appropriate objectives and that their performance against those objectives reviewed.

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via three executive management committees as detailed in the Risk management and Internal Controls Report on page 22 to 24.

The Chairman and Chief Executive are responsible, to the Board for the executive management of the Group and for liaising with the Board and keeping it informed on all material matters.

Under the Company's articles of association, one third of the Directors must retire from office by rotation at each Annual General Meeting and may offer themselves for re-election (this does not include Directors appointed to the Board since the last Annual General Meeting). Under the Company's Corporate Governance Guidelines, which reflect the provisions of the Code on Corporate Governance, Non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. The UK revised Corporate Governance Code which will applies from 1 April 2012 recommends that all Directors of FTSE 350 companies retire and are put up for re-election at the Annual General Meeting. Although the Company is not a FTSE 350; the Board considers this to be best practice and, accordingly, has decided to go beyond the requirements of the Company's Corporate Governance Guidelines and articles of association and require that all Directors of the Company retire and offer themselves for re-election.

The Board met twelve times during the year. In addition, there were occasions when the Directors met as a committee of the Board in order to authorise transactions already agreed in principle at Board meetings. On those occasions, a quorum of either two or three Directors was required.

## Directors

Biographical details of all current Directors can be found on page 15.

There were no changes to the Board during the financial year and up to the date of the signing of the financial statements. Attendance at meetings of the Board and the Audit & Risk, Nomination and Remuneration Committees is shown in the table on page 28.

At all times during the year there have been at least three Non-executive Directors. The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business. Given the extensive experience of the Non-executive Directors, the Board does not believe the identification of a senior Non-executive Director (Code A.3.3), is required.

The Chairman has met during the year with the Non-executive Directors both individually and collectively without the other Executive Directors.

Having duly evaluated each of the Non-executive Directors the board considers that, notwithstanding the provisions of the Code, all such Directors are independent, in that they neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. As such they continue to bring objectivity and independent judgement to the Board and complement the Executive Directors' skills, experience and detailed knowledge of the business.

None of the Executive Directors nor the Chairman are on the board of a FTSE 100 company.

Non-executive Directors are aware that they have to report any change in their circumstances or those of the members of their families that might lead to the Board reconsidering whether they are independent. Directors are also aware that they have to inform the Board of any conflict of interest they might have in respect of any item of business and absent themselves from consideration of any such matter.

The Non-executive Directors have disclosed to the Company Secretary their significant commitments other than their directorship of the Company and have confirmed that they are able to meet their respective obligations to the Company.

Directors have the right to have any concerns about the running of the Company minuted and documented in a written statement on resignation.

The Company has arranged insurance cover in respect of legal action against its Directors and Officers.

## Performance

The Board conducts a formal review and rigorous evaluation of individual Directors, its own performance and that of its committees. The evaluation process is constructively used to improve Board effectiveness, maximise strengths and address any weaknesses.

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in May 2013 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2013 has been reviewed by the Executive Directors. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

In addition to the individual appraisals, the Board considers its overall performance as a body and of its committees. This review has confirmed that the performance of the Board and its committees is effective and appropriate.

## Professional development and training

Every Director is entitled to receive appropriate training and guidance on their duties and responsibilities. Continuing professional development is offered to all Directors and the Board is given guidance and training on new developments, such as new regulatory requirements.

In order to promote awareness and understanding of the Group's operations, the Chairman ensures there are additional opportunities for the Non-executive Directors to meet with senior management outside of the Board and its committees.

## Communication with shareholders

The Chairman regularly meets with major shareholders and the Chief Executive and Chief Operating Officer & Chief Financial Officer also have regular meetings with existing and potential new shareholders. The views of the shareholder are conveyed to Non-executive Directors by the presentation at Board meetings of surveys of shareholder opinion carried out by the Group's brokers and of analysts' reports and also by feedback from the Executive Directors who regularly meet with shareholders.

## Substantial shareholders

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA", successor organisation to the Financial Services Authority ("FSA")) Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital as at 18 June 2013:

| Notifier | Number of voting rights | Percentage of voting rights |
|---|---|---|
| Schroders Plc | 8,101,653 | 20.3 |
| Liontrust Asset Management Employee Trust | 3,727,335 | 9.3 |
| Artemis Investment Management LLP | 2,310,000 | 5.8 |
| Jonathan Hughes-Morgan | 2,135,743 | 5.4 |
| Miton Group plc | 1,700,000 | 4.3 |
| Legal & General Group Plc | 1,250,000 | 3.1 |

## Resources

Directors have access to the services and advice of the Company Secretary, and may take additional independent professional advice at the Group's expense in furtherance of their duties. The terms of reference of the Audit & Risk, Nomination and Remuneration Committees have been considered by their members with a view to ensuring they have available adequate resources to discharge their duties.

## Committees

Details of the chairmen and membership of the Audit & Risk, Nomination and Remuneration Committees are set out in the table on page 28 together with details of attendance at meetings.

## Share buy backs

Powers to issue or buy back shares require a special resolution to be passed by the shareholders; such resolutions have been included in the notice of the seventeenth Annual General Meeting, to be sent to shareholders in August 2013.

## Annual General Meeting

Notices convening Annual General Meetings are despatched to shareholders at least twenty working days before the relevant meeting and contain separate resolutions on each issue, including a resolution to adopt the annual report and financial statements. At every Annual General Meeting, the Chairman of the Group and the chairmen of the Audit & Risk, Nomination and Remuneration Committees make themselves available to take questions from shareholders.

The Company has put arrangements in place with its registrars to ensure that all proxy votes are received and accurately accounted for. The level of proxies lodged on each resolution, including votes for, against and abstained, will be available on the Company's website or upon request from the Company Secretary after the Annual General Meeting.

# Risk Management and Internal Controls Report

The Audit & Risk Committee, on behalf of the Board, is accountable for, and responsible for, overseeing the Group's financial reporting, risk management and system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit & Risk Committee, on behalf of the Board, is also responsible for keeping under review the scope, results, and cost effectiveness of the audit and the independence of the external auditors.

The FCA have noted that it is for each individual firm to determine, based on its nature, scale and complexity, as well as its attitude to exposure to risk, whether or not to establish a Risk Committee of the governing body. The Group has determined not to establish a separate Risk Committee but to combine it with the Audit Committee, although this is reviewed on an annual basis.

The Head of Risk is responsible for overseeing all risk management and legal functions of the Group and monitors the Group's risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. All material risks to the business are monitored, appropriate mitigations for each risk are recorded and identified to the Board with markers for those with increased risk levels. Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Principal risks and mitigations section on pages 12 to13.

## Committee structure and delegation of powers

The Corporate Governance report on pages 20 to 21 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three sub-committees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

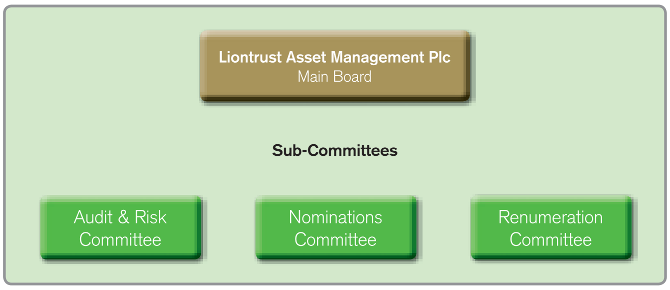



Fig 1: Board and Sub committees

There are Terms of Reference for all the sub-committees, setting out the way in which the committees operate. The Terms of Reference have been formally adopted by the respective committees and are reviewed annually by the Board. Minutes of each meeting are reviewed and noted by the Board. The Details of the membership of each of the Committees are set out in the table on page 28 together with details of attendance at meetings.

The Chief Executive discharges his responsibilities in relation to the executive management of the Group via Management Committees ("ManCos"). ManCos have all those powers of general management not contained in the Schedule of Matters Reserved for the Board. There are three primary management committees, namely the:

a) Asset Gathering Group Committee ("AGG") for retail and institutional sales and marketing, advertising, promotion of Liontrust Funds, TCF, product development and other asset gathering related powers. The TCF Committee is a sub-committee of the AGG; and the

b) Operations Management Group Committee ("OMG") for investment operations, transfer agency, risk management (including portfolio risk), compliance, Human Resources, Information Technology (including business continuity) and Finance. The Portfolio Risk Committee is a sub-committee of the OMG; and the

c) Fund Management Group Committee ("FMG") for dealing, trading systems, research tools (including fund management data services and research tools), and investment processes (including performance of the process, outlook, amendments or enhancements to the investment processes and new instruments within funds).

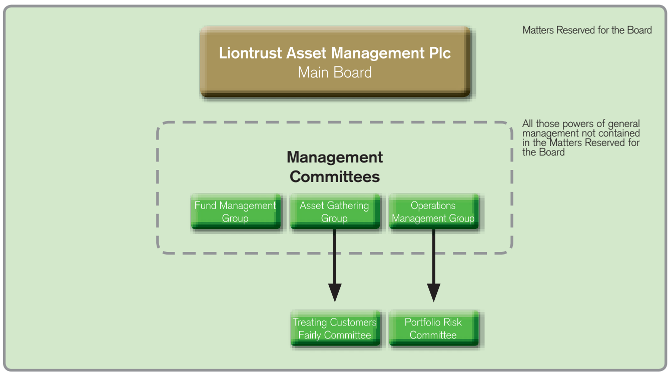



Fig 2: Board and Management committees and sub-committees

In addition, a Health and Safety Committee and a Financial Crime Prevention Committee meet quarterly:

### Health and Safety Committee

The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency procedures, the environmental policy and any other matters relating to the general health and safety requirements of the Group's staff.

### Financial Crime Prevention Committee

The Financial Crime Prevention Committee ("FCPC") oversees the effectiveness, scope and performance of the procedures throughout the business to prevent money laundering (including the review of any sanctions breaches, review of Politically Exposed Persons and Suspicious Activity Reports), fraud including excessive or inappropriate gifts and entertainment given and received, and anti bribery and corruption policies and procedures within Liontrust including the due diligence of third parties.

There are two sub-committees of the ManCos detailed as below:

### Portfolio Risk Committee

The Portfolio Risk Committee ("PRC") oversees the management of portfolio risk throughout the business. This oversight encompasses portfolio risk management systems and operations together with the monitoring of portfolio risk investment restrictions. The PRC has documented the approach to Risk Management in the Risk Management Process Document ("RMP"). The PRC also monitors portfolio performance, establishing parameters for exception reporting and ensuring that appropriate client communications are prepared as necessary. The Portfolio Risk Committee meets on an at least monthly basis to ensure that all the monitored risk controls are in place and the risk limits are appropriate for funds managed and reports on the various aspects and activities discussed within the RMP.

### Treating Customers Fairly Committee

The Treating Customers Fairly Committee ("TCFC") oversees the management of the Groups' Treating Customers Fairly initiatives throughout the business. The TCFC agrees the Groups' approach to TCF and how our responsibilities are discharged. It will keep track of any regulatory developments and also manage the TCF training programmes. The core to our work is the management of our TCF programme in relation to the six Outcomes that the FCA have set out for the industry. This work includes an ongoing assessment of our business against those Outcomes with any actions tracked accordingly.

There are Terms of Reference for all the committees, setting out the way in which the committees operate and have been formally adopted by the respective committees and are reviewed annually by the Board. Minutes are taken of each meeting and are circulated to all other ManCos and the main Board for review and challenge where appropriate.

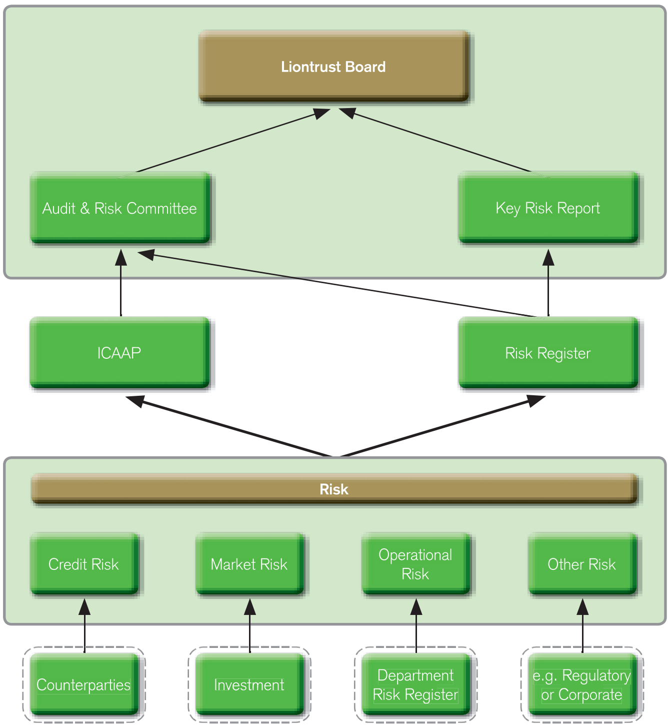
## Risk Management framework

In order to ensure that the Group regularly reviews and monitors all the potential areas of risk to the business, Liontrust has implemented a risk management framework which allows management, the Audit & Risk Committee and the Board to be kept fully informed of potential risks to the business and also how these risks would impact the group's capital adequacy.

There are two main elements to capturing and reviewing risk within the Group; the Risk Register and the Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Register records potential risks, their materiality and their likelihood of occurrence and is updated on at least a quarterly basis with input from executives and function heads. The most material and likely risks from the complete Risk Register are reported to the main Board at each Board Meeting in a Key Risk Report. The ICAAP brings the Risk Register together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's financial position.

The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Further details of the risks are listed in the Principal risks and mitigations section on page 12. Each element of risk is formally reviewed by the Audit & Risk committee on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks. These controls are monitored and reviewed within a comprehensive Compliance Monitoring programme alongside a monthly Risk Scorecard.

The diagram below summarises the Group's Risk Framework.




The risk and uncertainties that affect the Group's business can also be broken down into risks that are within the management's influence and risks that are outside it. Risks that are within management's influence include areas such as the expansion of the business, prolonged periods of under-performance, loss of key personnel, human error, poor communication and service leading to reputation damage and fraud. Risks outside the management's influence include falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

## Internal controls

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The main elements of the Group's internal control systems (including financial, operational and compliance controls and risk management) which have operated throughout the year are as follows:

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- detailed procedures and controls for each department;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- reports from the Executive Directors to the Board on the actual performance against plans;
- Senior Management Arrangements, Systems and Controls review from the Chief Operating Officer & Chief Financial Officer to the Board;
- reports from the Head of Compliance detailing the robustness of procedures and controls for each department;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced;
- compliance by all members of staff with the Group's policies and statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards; and
- capture and evaluation of failings and weaknesses and confirmation that necessary action is taken to remedy the failings, particularly those categorised as 'significant'.

The Board has reviewed the effectiveness of the Group's system of internal control for the financial year and up to the date of this annual report and financial statements. The Board has carried out an evaluation of the major risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the principles established by the Turnbull Committee. The Board is of the view that all necessary actions have been, or are being, taken to remedy any significant failings identified as part of the ongoing risk management process and that no significant weaknesses were identified during the year.

## Stakeholders and Key Contracts

Additionally the Group has a significant number of stakeholders whose future risks and uncertainties are linked to the Group. These significant stakeholders are: shareholders; clients; members; employees; service providers that provide the Group with outsourced functions; and industry bodies.

Each of these groups presents different risks and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies.

Outsourcing is an integral part of the Liontrust operating model. Recent changes in legislation and renewed interest by the FCA in the topic have prompted the documenting of how the model operates and determining if any changes are required within the new regulatory environment. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across three main jurisdictions.

**Transfer Agency**
Liontrust appoints a trust company, bank or specialist administrator to maintain records of investors and account balances and transactions, to cancel and issue certificates, to process investor mailings and to deal with any associated problems.

**Fund Accounting & Fund Valuation**
Liontrust appoints a trust company, bank or similar institution to perform Net Asset Value calculations for each of the funds. The following services are also typically included in this service: processing of corporate actions and dividends, expense accrual management, cash processing and reconciliation, calculation and timely payment of all management and performance fees, and preparation of interim and annual financial statements.

The table below details the companies that provide these outsourced functions:

| Jurisdiction | Transfer Agent | Fund Accounting & Fund Valuation |
|---|---|---|
| UK | International Financial Data Services Limited | State Street Bank & Trust Company |
| Ireland | Northern Trust International Fund Administration Services (Ireland) Limited | Northern Trust International Fund Administration Services (Ireland) Limited |
| Guernsey | International Administration Group[1] | International Administration Group[1] |

1. With effect from July 2013

## Internal audit

The Board considered whether to establish a separate internal audit function. It was decided that, under the direction of the Chief Operating Officer & Chief Financial Officer, the compliance department meets most of the objectives of an internal audit function. Consequently a separate internal audit function is not currently required.

## Assurance process

The systems and control environment in place across the Group is reviewed during the course of a year by the Chief Operating Officer & Chief Financial Officer and his report is provided to senior management, the Board and Audit & Risk Committee.

On an annual basis, Liontrust commissions Deloitte LLP, an external audit firm, to perform testing of integrity of aspects of the Group-wide control environment. Liontrust has adopted the principles established in the "Assurance Reports on internal controls of service organisations made available to third parties" as recommended by the Institute of Chartered Accountants of England and Wales in the March 2011 technical release of AAF 01/06. The results of this testing, including any exceptions identified, are made available to senior management, the Board, Audit & Risk Committee and our institutional customers as appropriate.

# Audit & Risk Committee Report

## Composition and attendance

The membership of the Audit & Risk Committee and the attendance record of Directors during the year are shown in the table on page 28. All members of the Audit & Risk Committee are independent Non-executive Directors. All members have recent and relevant financial experience; Alastair Barbour and Glyn Hirsch are chartered accountants.

## Principal duties

The Audit & Risk Committee's principal duties are as follows:

- assist the Board in its presentation of the Company's financial results and position through its review of the interim and full year financial statements before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement;
- keep under review the effectiveness of the risk framework that is used to monitor Group's system of internal controls and risk management systems, including suitable monitoring procedures for the identification, assessment, mitigation, monitoring and management of all risks including liquidity, market, regulatory, credit, legal, operational and strategic risks, with particular emphasis on the key risks faced by the Company, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- review and recommend to the Board for approval, the Company's Internal Capital Adequacy Assessment Process ("ICAAP") to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar 2 assessments and Pillar 3 disclosures remain appropriate;
- review periodically and monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements, including whistle blowing arrangements, its relationship with the relevant regulatory authorities, arrangements for the deterrence, detection, prevention and investigation of fraud, and to receive and consider special investigation reports relating to fraud or major breakdowns in internal controls or major errors and omissions including remedial action by management; and
- keep under review the scope, results and cost effectiveness of the audit and the independence of the external auditors.

The terms of reference of the Audit & Risk Committee, which explain its role and the authority delegated to it by the Board of Directors, are published on the Company's website or are available upon request from the Company Secretary.

## Activities during the year

The Audit & Risk Committee has a formal programme of issues which it covers during the year. This programme is formulated by the Audit & Risk Committee Chairman and the Chief Operating Officer & Chief Financial Officer and is designed to ensure that all matters that fall within the Audit & Risk Committee's remit are reviewed during the year. The Audit & Risk Committee has access to external independent advice at the Company's expense.

In the financial year to 31 March 2013, the Audit & Risk Committee met five times and discussed, amongst other things, the subjects described below:

- Reviewing the annual financial statements for 2012 and half year financial statements for 2012 with particular emphasis on their fair presentation, the reasonableness of judgements made and the valuation of assets and liabilities;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- Consideration of the external auditors' report on the audit and discussion of their findings with them;
- Consideration and approval of the external audit plan for 2013;
- Review of the Group's governance, risk framework, risk management , risk management processes and related policies;
- Review and approval of the Group's ICAAP;
- Review of banking arrangements for the Group;
- Review of the Groups compliance monitoring programme, compliance manual (including whistle blowing arrangements), annual anti-money laundering report;
- Review and discussion of regular reports on financial reporting, key risks, compliance and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime;
- Review of the Type 1 AAF 01/06 report on the Group's control environment;
- Review of the systems and controls for the Group; and
- Assessment of the performance, independence and objectivity of the external auditors, including a review of fees for non-audit services.

The Chief Operating Officer & Chief Financial Officer is a regular attendee, as are the Head of Finance, Head of Risk and the Head of Compliance & Financial Crime.

## External auditors

The Audit & Risk Committee meets regularly with the external auditors without management present. The audit engagement partner attends the committee meetings at which the half yearly and annual reports are reviewed. Each year, the Audit & Risk Committee considers the performance of the external auditors prior to proposition of a resolution on their reappointment and remuneration at the Annual General Meeting.

In conjunction with the Audit & Risk Committee, the Board has adopted a policy and guidelines on use of non-audit services from the external auditors to safeguard the objectivity and independence of the external auditors. This policy is reviewed regularly and sets out standards for approval of the external auditors in relation to non-audit services, details of services that are not permitted to be purchased from the external auditors, procedures for the approval of non-audit services provided by the auditors and restrictions on the employment of senior members of the audit engagement team or a partner of the external auditors. The Audit & Risk Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged; an analysis of fees paid in respect of audit and non-audit-services provided by the external auditors is provided within the administrative services note of the financial statements.

During the year, the external auditors were, on a number of occasions, engaged as advisers. The range of non-audit services provided included tax compliance advice, and employee and member incentivisation advice. In order to maintain their independence, such appointments are only made when the Audit & Risk Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. The Audit & Risk Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties.

PricewaterhouseCoopers LLP have also considered their position and have confirmed their independence to the Company in writing. The Group's external auditors are also required to provide an annual report to the Audit & Risk Committee detailing all non-audit services, including the level of fees charged, and to have their own internal processes to ensure that the firm, its partners and its staff are independent of the Group. Annually the Audit & Risk Committee reviews a formal letter provided by the external auditors confirming its independence and objectivity within the context of applicable regulatory requirements and professional standards.

Based on the satisfactory conclusions of the work described above carried out by the Audit & Risk Committee to assess the performance of the external auditors and safeguard their independence, the Audit & Risk Committee considers that it is in the best interests of the Group that PricewaterhouseCoopers LLP continue to act as the Group's external auditors and has recommended this to the Board. The Board has accepted the Audit & Risk Committee's recommendation a resolution will be proposed at the 2013 Annual General Meeting for the reappointment of PricewaterhouseCoopers LLP as external auditors.

**Alastair Barbour**
Chairman of the Audit & Risk Committee
18 June 2013

# Nomination Committee Report

## Composition and attendance

The membership of the Nominations Committee and the attendance record of Directors during the year are shown in the table on page 28. The Nominations Committee met three times in the year under review.

## Principal duties

The Nominations Committee's principal duties are as follows:

- review the structure, size and composition of the Board;
- to evaluate the Directors' skills, knowledge and experience;
- considers the leadership needs and succession planning of the Board when making decisions on new appointments;
- review annually the schedule of employees and members who carry our significance influence functions ("SIF") under the FCA's approved persons regime, and to ensure the individuals continue to be fit and proper, competent and capable; and
- consider and approve recommendations from the management committees of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP") for new SIF employees or members, including details of the controlled functions that they will perform and consider and approve recommendations from the management committees of LIP and LFP for amendments to the controlled functions carried out by existing SIF employees or members.

The terms of reference of the Nominations Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the Annual General Meeting.

## Activities during the year

The Nominations Committee reviewed the size and composition of the Board and considered the position of Glyn Hirsch as an independent Non-executive Director given that at the 2013 Annual General Meeting he would have served for thirteen years. The Nominations Committee recommended that Glyn Hirsch should be considered to be independent Directors in view of his independence of character and judgement. The Board supported the Nominations Committee's recommendation.

During the financial year the Nominations Committee considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform.

The Nominations Committee received information and support from the Chief Operating Officer & Chief Financial Officer during the year. In order to enable the Nominations Committee to carry out its duties and responsibilities effectively the Nominations Committee has the right to appoint external recruitment consultants or external advisers to fill vacancies where it believes that to be appropriate.

**Glyn Hirsch**
Chairman of the Nominations Committee
18 June 2013

# Directors' Board Attendance Report

## Board and board committee membership and attendance

The number of Board and Board committee meetings attended by Directors in the year ended 31 March 2013 was as follows:

| | Board[1] | Audit & Risk Committee | Remuneration Committee | Nominations Committee |
|---|---|---|---|---|
| **Total number of meetings during the year** | **12** | **5** | **4** | **3** |
| Adrian Collins | 11* | – | – | 3 |
| John Ions | 9 | – | – | 3 |
| Vinay Abrol | 12 | – | – | – |
| Jonathan Hughes-Morgan | 6 | – | – | – |
| Alastair Barbour | 11 | 5* | 4 | 3 |
| Mike Bishop | 7 | 5 | 4 | 3 |
| Glyn Hirsch | 3 | 2 | 2* | 2* |

* Chairman of the Board or Board Committee

[1] Of the 12 board meetings that took place during the year, 6 where scheduled meetings. The other 6 board meetings took place on short notice in relation to the acquisition of Walker Crips Asset Managers Limited or were administrative in nature.

# Remuneration Report

## Introduction by the Chairman of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Report for year ended 31 March 2013. This introduction is intended to provide a summary of key events during the year from a Remuneration Committee perspective and to give further insight into the workings of the Remuneration Committee and its approach. A detailed description of the key principles of the Remuneration Committee's policy follows in the main body of the report.

Over the past year the Group has made significant progress in executing its business strategy, has returned to significant profitability (on an adjusted basis) excluding performance fee profits and reinstated the payment of dividends to shareholders. While recognising the rapidly changing environment from both a shareholder and regulatory perspective for executive pay in the UK, the Remuneration Committee completed a review of executive annual base remuneration and bonus/variable allocation, the objectives of the review were to:-

- ensure that key executives critical to the execution of the strategy are appropriately retained and attracted to the business;
- ensure there is a strong link between reward and the Company's strategy and an equitable allocation of value between management and shareholders; and
- ensure that the remuneration structure contains all aspects of best practice where relevant.

The results of this review are described later in this report under the "Activities during the year" section.

## Composition and attendance

During the year, the Remuneration Committee comprised entirely independent Non-executive Directors. The membership of the Remuneration Committee and the attendance record of Directors during the year are shown in the table on page 28.

## Principal duties

The Remuneration Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company, its members and employees. All its recommendations are referred to the Board. Any Director, who has an interest in the matter which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations. The Remuneration Committee may use external advisors if required.

The terms of reference of the Remuneration Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary.

## Key principles

The key principles of the Remuneration Committee's policy are:-

- Levels of remuneration will be competitive to comparable companies operating in similar markets;
- A pension policy is in line with the business strategy, objectives, values and long term interests of the Group;
- To avoid guaranteed compensation other than in exceptional circumstances. Where remuneration is guaranteed it will be limited to the first 12 months and will be delivered in the form of equity which must be held for the long term;
- Short term incentive arrangements are in line with corporate governance best practice and the code of practice on executive remuneration from the FCA. As such, up to 50% of any bonuses for the Executive Directors will be deferred into Ordinary shares of the Company and must be held for a period of up to three years;
- The interests of all employees and members (including the Executive Directors) should be closely aligned with those of the Company's shareholders through the wide use of equity incentive programmes; and
- Provision of a total reward framework which is competitive in the asset management environment while controlling, as far as possible, the cash cost to the business by increasing the focus on performance related pay rather than base remuneration.

## Activities during the year

In the financial year to 31 March 2013, the Remuneration Committee met four times and discussed, amongst other things, the subjects described below:

- Approval of the 2012 Remuneration Report;
- Review Liontrust's Remuneration Policy Statement;
- Review FCA's guidance paper on the risks to Customers from Financial incentives;
- Approve the implementation of a new online performance management system for members and employees;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2013;
- Review and approval of the fixed allocations and salaries for the Executive Directors (including the Chairman) for the financial year ending 31 March 2014;
- Review and approval of the variable allocations and bonuses for the Executive Directors (including the Executive Chairman) for the financial year ending 31 March 2012;
- Review and approval of the fixed allocations, salaries, variable allocation and bonuses for members and employees for the financial year ended 31 March 2014 (for fixed allocations and salaries) and for the year ending 31 March 2012 (for variable allocations and bonuses);
- Reintroduced pension arrangements for the Executive Directors (including the Executive Chairman), members and employees; and
- Approval of allocations under the Liontrust Membership Incentive Scheme.

The Board itself determines the remuneration of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. The Board has imposed a remuneration freeze for the Non-executive Directors for the financial year ending 31 March 2013. This is the fifth consecutive year in which the remuneration of the Non-executive Directors has been frozen.

The Remuneration Committee, after taking into account:

- the significant progress in executing its business strategy;
- the return to significant profitability (on an adjusted basis) excluding performance fee profits;
- the reinstatement of dividends to shareholders; and
- that the Remuneration Committee has previously imposed an annual base remuneration freeze for the Executive Directors for four consecutive years,

has increased the base remuneration of the Executive Directors by between nil and 30%, which means that for Chief Executive and the Chief Operating Officer & Chief Financial Officer that their annual base remuneration are unchanged compared to five years ago (when the current Chief Executive was appointed in May 2010 his annual base remuneration was 23% lower than the previous Chief Executive and the Chief Operating Officer & Chief Financial Officer took a 18% reduction in annual base remuneration in January 2011).

The Remuneration Committee has also approved bonuses and variable allocations to the Executive Directors of between 50% and 180% of annual base remuneration, of which one third has been deferred into Ordinary shares of the Company, taking into account that no bonuses or variable allocations have been paid for three consecutive year, and based on an assessment of the following key performance indicators:

- strategic goals – successful launch of new funds and net inflow;
- financial – Adjusted profit before tax and growth in revenues;
- share price performance - growth in share price;
- personal goals; and
- overall corporate performance.

Bonus and variable allocations for the financial year ending 31 March 2014 will be based on similar criteria and would be determined by the Remuneration Committee taking into account overall financial performance.

The annual base remuneration for each of the Directors for the financial year ending 31 March 2014, increase compared to the current year and annualised increase over five years is as follows:

| Director | Salary (for employees), Fixed Allocation (for members) or Fees for the year ending 31 March 2014 (£) | Increase compared to the previous year (%) | Annualised increase over five years (%) |
|---|---|---|---|
| Adrian Collins | £150,000 | Nil | Nil[(1)] |
| John Ions | £325,000 | 30 | Nil[(2)] |
| Vinay Abrol | £306,000 | 22 | Nil |
| Jonathan Hughes-Morgan | £175,000 | 17 | 11.0[(3)] |
| Alastair Barbour | £27,400 | Nil | Nil |
| Mike Bishop | £27,400 | Nil | Nil |
| Glyn Hirsch[(4)] | Nil | NIl | Nil |

(1) Annualised increase since May 2010, when Adrian Collins became Executive Chairman

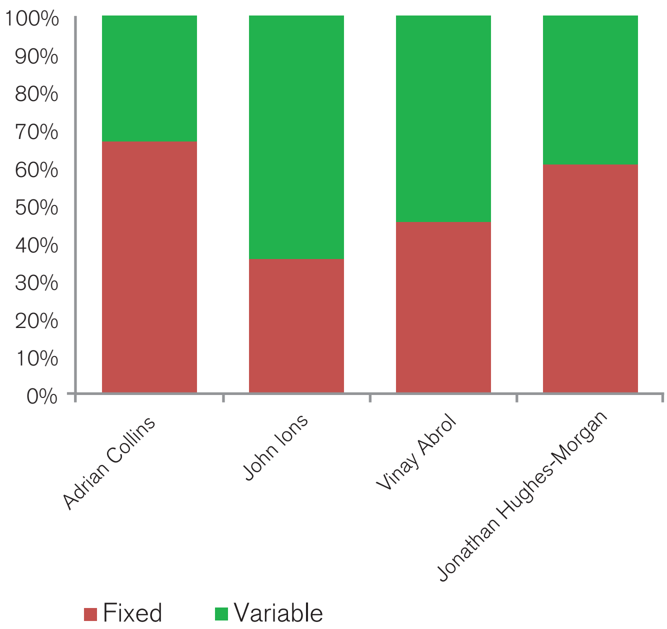
(2) Compared to base remuneration of previous Chief Executive as John Ions became Chief Executive in May 2010

(3) Annualised increase since October 2011, when Jonathan Hughes-Morgan joined the Board

(4) With effect from 13 December 2012, Glyn Hirsch has agreed to waive his Directors fees.

To illustrate how the Remuneration Committee's policy works in practice, Figure 1 identifies the remuneration split between fixed and variable elements for the Executive Directors for the financial year ended 31 March 2013. The chart shows base remuneration (fixed) and cash and deferred bonus for employees or variable allocation for members (variable) in respect of the financial year ended 31 March 2013.

Figure 1 – Remuneration split between fixed and variable elements




Notwithstanding that the Company has already made significant progress in executing its business strategy, returning to significant profitability (on an adjusted basis) excluding performance fees and has reinstated dividend payments to shareholders, there is much more to do to execute our future strategy. While recognising the rapidly changing environment from both a shareholder and regulatory perspective for executive bonus and incentivisation in the UK, the Remuneration Committee is currently reviewing the bonus and incentivisation arrangements in relation to formalising bonus/variable allocation and long term incentivisation arrangements for the Executive Directors in advance of the vesting in February 2014 of the options granted under the Liontrust Senior Incentive Plan to the Executive Directors in February 2011. The objectives of the Remuneration Committee's review are to:

- ensure that senior executives critical to the execution of the future strategy are appropriately retained and attracted to the business;
- there is a strong link between reward and the Group's future strategy and an equitable allocation of value between the senior executives and shareholders; and
- that the remuneration and incentive structure contains all aspects of best practice where relevant.

The Remuneration Committee will engage with shareholders on these issues and will provide further details of this review and changes, if any, to the current structure, in its next Remuneration Report or, if required, in a circular to shareholders.

The information presented in those tables marked 'auditable' is audited by the independent auditors, PricewaterhouseCoopers LLP, whose report is presented on pages 37 and 61.

## Single figure for remuneration (auditable)

To provide further information on how the Remuneration Committee's policy works in practice the table below shows the single figures for remuneration for the year to 31 March 2013 for the Executive Directors, based on the requirements due to be implemented under the revised remuneration reporting regulations proposed by the Department for Business Innovation & Skills.

| | Salary (for employees), Fixed Allocations (for members) £'000 | Cash Bonus (for employees) or Variable Allocation (for members) £'000 | Deferred Bonus (for employees) or Variable Allocations (for members) [1] £'000 | Benefits in kind [2] £'000 | Pension contributions or allowance in lieu of pension contributions £'000 | Share Incentive awards vesting in respect of the year to 31 March 2013 £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Executive** | | | | | | | |
| Adrian Collins | 150 | 50 | 25 | 4 | 1 | – | 230 |
| John Ions | 250 | 300 | 150 | 3 | 1 | – | 704 |
| Vinay Abrol | 250 | 200 | 100 | 3 | 1 | – | 554 |
| Jonathan Hughes-Morgan | 150 | 65 | 33 | 3 | 1 | – | 252 |

(1) Deferred Bonus (for employees) or Variable Allocation (for members) to be linked to the performance of Ordinary shares of the Company and deferred over the period 1 April 2013 to 31 March 2016

(2) Benefits in kind comprise private medical insurance

## Fund manager remuneration

Annual base remuneration for fund managers is capped at £150,000[1]. Fund managers also receive a bonus or variable allocation from a share of a pool (the "Pool") that is calculated as a percentage of the net management and performance fees received by the Group in relation to funds and customer accounts that are managed by the relevant fund management team minus the annual base remuneration for the fund managers in the relevant fund management team. The annual base remuneration for the fund managers has been frozen for the financial year ending 31 March 2014.

(1) For all fund managers except Anthony Cross and Julian Fosh, whose annual base remuneration will decrease to £150,000 with effect from December 2014, subject to certain conditions

## Directors' share interests

The interests of the Directors and their families in the share capital of the Company at 31 March 2013 were as follows:

| | Ordinary 1 pence shares held at 31 March 2013 | Ordinary 1 pence shares held at 31 March 2012 |
|---|---|---|
| John Ions | 335,379 | 318,301 |
| Vinay Abrol | 675,756 | 675,576 |
| Jonathan Hughes-Morgan[1] | 2,135,743 | 750,000 |
| Alastair Barbour | 32,000 | 32,000 |
| Mike Bishop | 25,000 | 25,000 |
| Glyn Hirsch | 8,000 | 8,000 |

(1) As at 31 March 2012, Jonathan Hughes-Morgan was also connected to Occam Asset Management LLP, which was interested in a further 1,799,946 Ordinary shares

There were no changes to the Directors' interests between 1 April 2013 and 18 June 2013.

## Deferred remuneration plans and long term incentive schemes

### Summary

The Group has a deferred remuneration plan and a number of long term incentive schemes, which are described below in summary:

| Scheme | Purpose | Participants | Dilution |
|---|---|---|---|
| Liontrust Deferred Bonus (for employees) or Variable Allocations (for members) Plan | A plan that defers a proportion of bonus or variable allocation into shares which are then released over a period of up to three years | Executive Directors | Market purchased shares (no dilutive effect) |
| Liontrust Senior Incentive Plan | An un-approved option plan with challenging performance conditions was put in place in 2011 (one off grant) to incentivise the participants to turn around the business | Executive Directors | New shares or market purchased shares and/or treasury shares |
| Liontrust Incentive Plan (closed for new grants) | An un-approved option plan with challenging performance conditions to incentivise key employees | Employees only (excluding the Executive Directors) | Market purchased shares and/or cash (no dilutive effect) |
| Liontrust Option Plan | An HMRC approved option plan allows the Group to incentivise key employees in a tax efficient manner | Employees only (excluding the Executive Directors) | Market purchased shares (no dilutive effect) |
| Liontrust Membership Incentive Scheme | A long term incentive scheme for key executives | Members only (excluding the Executive Directors) | New shares and/or market purchased shares and/or treasury shares and/or cash |
| Liontrust Share Incentive Plan | An HMRC approved all employee plan that allows employees to purchase Ordinary shares in the Company on a monthly or annual basis and to receive matching shares from the Company | Employees only | Market purchases shares (no dilutive effect) |

Note, any new shares issued pursuant to the above mentioned plans and schemes (other than the Liontrust Deferred Bonus (for employees) or Variable Allocations (for members) Plan, which is not a long term incentive scheme) will only be issued if on a rolling ten year basis the number of new Ordinary shares issued in relation to such plans and schemes is less than ten per cent. of the issued share capital of the Company.

**Liontrust Deferred Bonus (for employees) or Variable Allocation (for members) Plan (the "DBVAP")**

Deferrals shall be effected through the DBVAP or as otherwise determined by the Remuneration Committee. Under the DBVAP a significant proportion of Executive Director bonuses (for employees) and variable allocations (for members) are deferred and invested in Ordinary shares of the Company.

The percentage of bonuses (for employees) and variable allocations (for members) which is deferred is determined by the Remuneration Committee. For bonuses (for employees) and variable allocations (for members) for the year ended 31 March 2013, there is a deferral of one third of bonuses (for employees) and variable allocations (for members).

The amount deferred under the DBVAP will be linked to the share price performance of Liontrust and will be subject to claw back provisions, and will vest over three years.

**Liontrust Senior Incentive Plan (the "LSIP")**

The LSIP was approved by shareholders of the Company at a General Meeting in January 2011. Participation in LSIP is limited to the Executive Directors of the Company. The LSIP is a long term incentive plan the aim of which is to focus Executive Directors on executing the new business strategy by incentivising them and ensuring that their interests are closely aligned with those of shareholders.

LSIP operates in conjunction with the Liontrust Asset Management Employee Trust. The Company will be able to fund the Liontrust Asset Management Employee Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy awards granted under the LSIP. This may result in the Trustee holding in excess of 5% of the issued ordinary shares of the Company. Any shares issued to the Liontrust Asset Management Employee Trust in order to satisfy LSIP awards will be treated as counting towards the dilution limits that apply to the LSIP. For the avoidance of doubt, any shares acquired by the Liontrust Asset Management Employee Trust in the market will not count towards these limits.

The shares used to satisfy LSIP awards will be sourced from a mixture of the following: (i) the use of the Liontrust Asset Management Employee Trust's holding of ordinary shares of the Company or shares subscribed for by the Liontrust Asset Management Employee Trust for that purpose, as detailed above; (ii) through the purchase in the market of ordinary shares of the Company from existing cash resources of the Company; and/or (iii) through the issue of new ordinary shares in the Company (although shareholders will not thereby be diluted by more than 10 per cent. in any 10 year period).

The LSIP awards will be nil-price options and will be subject to share price targets measured at the end of the three year period commencing on the date of the grant by reference to a 30 business day closing market average share price prior to that date.

The following table sets out the share price targets that will apply to the LSIP awards:

| Company's Share Price Target (at end of 3 year period from date of grant) | Percentage vesting of LSIP Award at this Share Price Target* (%) |
|---|---|
| Below 125p | 0 |
| 125p | 25 |
| 150p | 75 |
| 175p | 100 |

* Straight line vesting between 125p and 150p and between 150p and 175p. Share price calculated as the 30 business day average of the closing share price prior to the end of the three year performance period.

**Liontrust Incentive Plan (the "LIP")**

LIP was adopted by the Board in November 2009, participation in LIP is limited to the senior executives within the Group, but excluding any Director (including Executive Directors) of the Company.

LIP operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust") on the basis that options will be satisfied by the purchase of shares in the market by the Trustee of the Trust. This is to ensure that there is no dilution of shareholders' interests. This may result in the Trustee holding in excess of 5% of the issued ordinary shares of the Company.

On the grant by the Company of an award under LIP, the Company may impose a performance target and any further condition on the exercise of the award that the Company determines to be appropriate. Where these targets have not been met by the end of the performance period all LIP awards will lapse.

The price paid for the options awarded under LIP was £nil. There have been no changes to the terms and conditions of the options during the year.

**Liontrust Option Plan (the "LOP")**

LOP was adopted by the Board and approved by HMRC in December 2009. The LOP provides for the granting of options up to a market value limit of £30,000 to each individual employee on the date of grant.

Participation in LOP is open to all employees of the Group, but excluding any Director (including Executive Directors) of the Company.

The LOP operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust") on the basis that options will be satisfied by the purchase of shares in the market by the Trustee of the Trust. This is to ensure that there is no dilution of shareholders' interests. This may result in the Trustee holding in excess of 5% of the issued ordinary shares of the Company.

The price paid for the options awarded under LOP was £nil. There have been no changes to the terms and conditions of the options during the year.

**Liontrust Membership Incentive Scheme (the "LMIS")**

Under the amended and restated LLP agreement dated 11 April 2011 made between Liontrust Investment Funds Limited ("LIF") (1), the several persons named therein (2) and Liontrust Fund Partners LLP ("LFP") (3), as subsequently adhered to and the amended and restated LLP agreement dated 11 April 2011 made between Liontrust Investment Services Limited ("LIS") (1), the several persons named therein (2) and Liontrust Investment Partners LLP ("LIP") (3), as subsequently adhered to (together the "LLP Agreements"), certain members of the LFP and LIP are entitled to a capital entitlement known as an "Incentive Capital Interest" pursuant to the LMIS, such Incentive Capital Interest being a reward by way of incentivisation the amount of which is determined by reference to the share price performance of Ordinary shares.

The LMIS is set out in the LLP Agreements. Certain individual members have been allocated Incentive Capital Interests, which entitle such individual member to a fixed amount on a winding-up.

The entitlement which the holder of an Incentive Capital Interest would have on a winding up of LFP or LIP is calculated on the basis of the application of a percentage (calculated in the manner described below) to the "Maximum Incentive Capital Interest" attributable to that Incentive Capital Interest.

The Maximum Incentive Capital Interest is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price).

The actual "value" of the Incentive Capital Interest is then calculated by multiplying the Maximum Incentive Capital Interest by a formula set out in the LLP Agreements. The formula operates by reference to share price targets (x, y and z, as set out in the relevant individual member's side letter) of Ordinary shares, which are calculated at the end of the 3 year period from the date of grant of the Incentive Capital Interest (the "Test Date") by reference to a 30 day market average price, giving (depending on the actual average price at the time) the percentage stated in column 2 of the table below to be multiplied by the Maximum Incentive Capital Interest (the formula operating so as to calculate a straight-line "value" of the Incentive Capital Interest between xp and yp and yp and zp).

| Column (1) Company share price target | Column (2) Percentage "vesting" of the Maximum Incentive Capital Interest at this share price target (%) |
|---|---|
| Below xp | 0 |
| Xp | 25 |
| Yp | 75 |
| Zp | 100 |

For Incentive Capital Interests awarded in the financial year; x equals 125, y equals 150 and z equals 175.

In order to enable a holder of Incentive Capital Interest to realise any value comprised therein, the LLP Agreements include "put" and "call" options pursuant to which LIS and LIF (as applicable) is entitled to require an Individual Member to sell (the "Call Option"), and the Individual Member is entitled to require LIS and LIF (as applicable) to purchase (the "Put Option", together with the Call Option, the "Option"), such Incentive Capital Interests for a cash amount equal to the "value" (as described above) thereof (the "Option Consideration"). Subject to earlier lapse, the Option is capable of exercise in the seven year period following the Test Date and will thereafter lapse. In addition, in relation to the Option, LIS and LIF would be entitled, in their absolute and sole discretion, to nominate another person to perform its obligations thereunder (a "Nominated Person"). LIS and LIF or the Nominated Person (as the case may be) further has the option to elect to satisfy the Option Consideration in whole or in part by the transfer and/or allotment and issue at the then prevailing price (comprising a 30 day market average price) of Ordinary shares and shall, in respect of any of the Option Consideration satisfied in cash, have the further option to require the relevant holder of Incentive Capital Interests to apply some or all of that cash in the subscription for, and/or the purchase of, Ordinary shares at the then prevailing market price (comprising a 30 day market average price).

LIS and LIF or the Nominated Person (as the case may be) will determine in its absolute discretion how to satisfy the Option Consideration in whole or in part, taking into account the interests of shareholders and the costs to the Company. It is the current intention to satisfy the Option Consideration by a mixture of shares already held in the Company, additional market purchased shares and/or treasury shares.

In certain circumstances, the Test Date will be earlier than the third anniversary of the date of grant of the Incentive Capital Interests, namely the date prior to such anniversary that is the earlier of: (i) the effective date of a change of control of the Company; and (ii) the date on which a holder of an Incentive Capital Interest becomes as "Good Leaver" (which, for these purposes, means when a member retires other than: (a) in the circumstances where he resigns as a member pursuant to clause 19; or (b) in circumstances where he is expelled as a member pursuant to clause 20.1, in each case of the LLP Agreements. In these circumstances, the period during which the Option will be capable of exercise will also be accelerated.

The Incentive Capital Interests and the Put Option will also lapse if an individual member retires in circumstances where he is not a "Good Leaver".

**Liontrust Share Incentive Plan (the "ESIP")**
The ESIP (previously known as the Employee Share Ownership Plan) is an HMRC approved Share Incentive Plan, established in April 2001, allows all employees of the Group to contribute part of their salary on a monthly or annual basis to the ESIP (maximum monthly contribution is £125 and maximum annual contribution is £1,500). Contributions will be used to buy and hold shares in the Company (Partnership Shares) on their behalf. The Company awards participants in the ESIP shares in the Company (Matching Shares) on a 2:1 basis (i.e. two Matching Shares awarded for each one Partnership purchased by the participant).

## Directors detailed emoluments (auditable)

| | Salary (for employees), Fixed Allocation (for members) or Fees £'000 | Cash Bonus (for employees) or Variable Allocation (for members) £'000 | Benefits in kind[1] £'000 | Allowance in lieu of pension contributions £'000 | Total for the year to 31 March 2013 £'000 | Total for the year to 31 March 2012 £'000 |
|---|---|---|---|---|---|---|
| **Executive** | | | | | | |
| Adrian Collins | 150 | 50 | 4 | 1 | 205 | 153 |
| John Ions | 250 | 300 | 3 | 1 | 554 | 253 |
| Vinay Abrol | 250 | 200 | 3 | 1 | 454 | 253 |
| Jonathan Hughes-Morgan | 150 | 65 | 3 | 1 | 219 | 74 |
| Non-executive | | | | | | |
| Alastair Barbour | 27 | – | – | – | 27 | 27 |
| Mike Bishop | 27 | – | – | – | 27 | 25 |
| Glyn Hirsch[2] | 28 | – | – | – | 28 | 28 |
| | 882 | 615 | 13 | 4 | 1,514 | 813 |

(1) Benefits in kind comprise private medical insurance
(2) Includes consultancy fees of £28,000 in relation to advice to Liontrust International (Guernsey) Limited

## Executive Directors' share options (auditable)

The options granted to the Executive Directors were as follows:

| Director | 1 April 2012 | Options granted | Options exercised | Options Lapsed | 31 March 2013 | Exercise price (pence) | Issue date | Scheme |
|---|---|---|---|---|---|---|---|---|
| Adrian Collins | 1,000,000 | – | – | – | 1,000,000 | 1.0 | 1 February 2011 | LSIP |
| John Ions | 200,000 | – | – | – | 200,000 | 1.0 | 10 February 2010 | LIP |
| | 1,800,000 | – | – | – | 1,800,000 | 1.0 | 1 February 2011 | LSIP |
| Vinay Abrol | 200,000 | – | – | – | 200,000 | 1.0 | 1 February 2011 | LSIP |

Key:
LIP – Liontrust Incentive Plan, exercisable between 1 April 2013 and 31 March 2020.
LSIP – Liontrust Senior Incentive Plan, exercisable between 1 February 2014 and 31 January 2021.

The closing quotation of the Company's shares at the end of the year was 164½ (2012: 121½ pence) pence and the range of market prices during the year was between 90½ pence and 181½ pence.

## Pensions

With effect from 1 January 2013, all employees are eligible to participate in a defined contribution (money purchase) pension scheme, the Liontrust pension scheme. Employer contributions to the scheme are at the same rate for all employees (including Executive Directors), a rate of 10 per cent. of base salary, subject to a maximum employer contribution of £416.67 per month.

With effect from 1 January 2013, all individual members (including Executive Directors) are eligible to receive additional fixed allocation of £416.67 per month in lieu of pension contributions.

## Service contracts

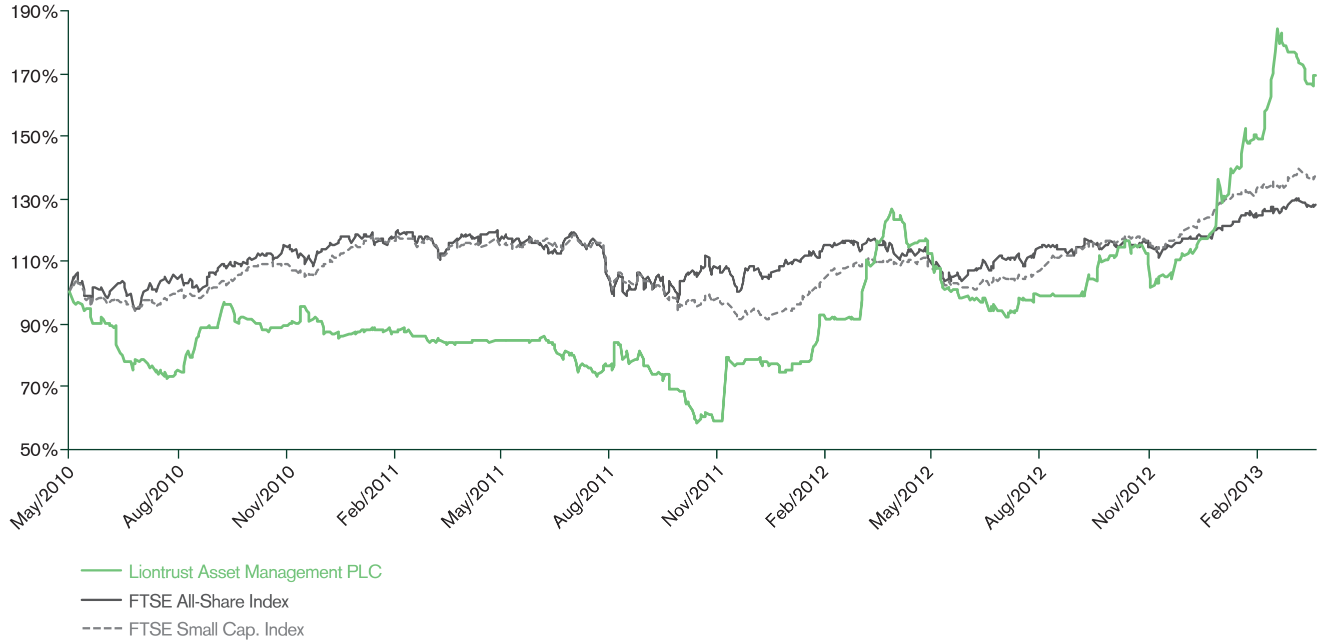
The Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters are as follows:

| Director | Date of contract | Notice period |
|---|---|---|
| **Executive** | | |
| Adrian Collins | 31 December 2010 | 6 months |
| John Ions | 8 July 2010 | 6 months |
| Vinay Abrol | 8 July 2010 | 12 months |
| Jonathan Hughes-Morgan | 30 September 2011 | 6 months |
| **Non-executive** | | |
| Alastair Barbour | 1 April 2011 | 3 months |
| Mike Bishop | 1 May 2011 | 3 months |
| Glyn Hirsch | 13 December 2011 | 3 months |

None of the Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters contains provisions for compensation for loss of office.

## Performance graph (auditable)

The graph below illustrates the performance of the Group, based on total shareholder returns, compared to three indices:




The indices were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index;
- The FTSE Small Cap. Index, so as to put the Group's performance into the context of similar sized companies.
- The General Financial sub-sector of the FTSE All-Share Index, so as to put the Group's performance into the context of its peer group of financial services companies.

## Best practice

The Remuneration Committee believes that the Group has complied with Schedule B of the Code and has given full consideration to Schedule A of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

The Chairman of the Remuneration Committee will attend the Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

The terms of reference of the Remuneration Committee, which explains its role and the authority delegated to it by the Board, are available upon request from the Company Secretary.

**Glyn Hirsch**
Chairman of the Remuneration Committee
18 June 2013

# Independent Auditors' Report to the members of Liontrust Asset Management PLC

We have audited the group financial statements of Liontrust Asset Management PLC for the year ended 31 March 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity 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.

## Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the directors are responsible for the preparation of the group 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 group 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## 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 group'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 and Financial Statements to identify material inconsistencies with the audited financial statements. 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 group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2013 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

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

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 17, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

## Other matter

We have reported separately on the parent company financial statements of Liontrust Asset Management PLC for the year ended 31 March 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

**Lindsay Gardiner (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
18 June 2013

# Consolidated Statement of Comprehensive Income
for the year ended 31 March 2013

| | Notes | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue | 4 | 20,446 | 13,714 |
| Cost of sales | 4 | (105) | (76) |
| **Gross profit** | | **20,341** | **13,638** |
| Realised (loss)/gain on sale of financial assets | | (6) | 212 |
| Administration expenses | 5 | (24,051) | (15,445) |
| **Operating loss from Continuing Operations** | 6 | **(3,716)** | **(1,595)** |
| Interest receivable | 8 | 9 | 22 |
| Interest payable | 8 | (228) | – |
| **Loss before tax from Continuing Operations** | | **(3,935)** | **(1,573)** |
| Taxation | 9 | (19) | (250) |
| **Loss for the year from Continuing Operations** | | **(3,954)** | **(1,823)** |
| **Discontinued Operations** | | | |
| Realised gain on sale of credit business | 10 | – | 1,569 |
| Profit after tax for the year from Discontinued Operations (attributable to equity holders of the Company) | 10 | – | 17 |
| **Loss for the year** | | **(3,954)** | **(237)** |
| **Other comprehensive income:** | | | |
| Gain on financial assets net of tax | | (6) | 61 |
| Realised gain on sale of financial assets taken to the statement of comprehensive income | | 6 | (212) |
| Other Comprehensive income for the year, net of tax | | – | (151) |
| **Total comprehensive income** | | **(3,954)** | **(388)** |

| | | Pence | Pence |
|---|---|---|---|
| **Continuing Operations** | | | |
| Basic earnings per share | 11 | (11.20) | (5.65) |
| Diluted earnings per share | 11 | (10.04) | (5.62) |
| **Total** | | | |
| Basic earnings per share | 11 | (11.20) | (0.73) |
| Diluted earnings per share | 11 | (10.04) | (0.73) |

The notes on pages 42 to 73 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet
## as at 31 March 2013

| | Notes | 31-Mar-13 £'000 | 31-Mar-12 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Intangible assets | 12 | 10,098 | 1,100 |
| Property, plant and equipment | 15 | 184 | 121 |
| Deferred tax assets | 16 | 1,757 | 1,638 |
| | | **12,039** | **2,859** |
| **Current assets** | | | |
| Trade and other receivables | 17 | 31,123 | 18,462 |
| Financial assets | 18 | 131 | 295 |
| Cash and cash equivalents | | 10,483 | 12,388 |
| **Total Current assets** | | **41,737** | **31,145** |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| Convertible unsecured loan stock - Loan component | 14 | (2,621) | – |
| | | **(2,621)** | **–** |
| **Current liabilities** | | | |
| Trade and other payables | 20 | (33,994) | (17,165) |
| **Total Current liabilities** | | **(33,994)** | **(17,165)** |
| **Net current assets** | | **7,743** | **13,980** |
| **Net assets** | | **17,161** | **16,839** |
| **Shareholders' equity attributable to owners of the parent** | | | |
| Ordinary shares | | 398 | 371 |
| Share premium | | 14,692 | 11,552 |
| Capital redemption reserve | | 15 | 15 |
| Convertible unsecured loan stock - Equity component | 14 | 479 | – |
| Retained earnings | | 13,779 | 17,073 |
| Own shares held | 22 | (12,202) | (12,172) |
| **Total equity** | | **17,161** | **16,839** |

The financial statements on pages 38 to 73 were approved and authorised for issue by the Board of Directors on 18 June 2013 and signed on its behalf by V.K. Abrol, Chief Operating Officer & Chief Financial Officer.

Company Number 2954692

The notes from pages 42 to 73 form an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement
for the year ended 31 March 2013

| | Notes | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash inflow from operations | | 27,782 | 14,351 |
| Cash outflow from operations | | (26,592) | (15,914) |
| Cash inflow/(outflow) from changes in unit trust receivables and payables | | 3,153 | (754) |
| Net cash from/(used in) operations | | 4,343 | (2,317) |
| Interest received | 8 | 9 | 22 |
| Tax received | | – | 1,035 |
| Net cash from/(used in) operating activities | | 4,352 | (1,260) |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | (97) | (41) |
| Sale of credit business | 10 | – | 7,966 |
| Acquisitions | 13 | (12,240) | (2,166) |
| Purchase of seeding investments | | (267) | – |
| Sale of seeding investments | | 308 | 2,434 |
| Net cash (used in)/generated from investing activities | | (12,296) | 8,193 |
| **Cash flows from financing activities** | | | |
| Issue of new shares | 21 | 3,167 | 1,298 |
| Issue of Convertible unsecured loan stock | 14 | 4,000 | – |
| Conversion of Convertible unsecured loan stock | 14 | (900) | – |
| Interest on Convertible unsecured loan stock | 14 | (228) | – |
| Net cash from financing activities | | 6,039 | 1,298 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,905)** | **8,231** |
| Opening cash and cash equivalents* | | 12,388 | 4,157 |
| **Closing cash and cash equivalents** | | **10,483** | **12,388** |

* Cash and cash equivalents consist only of cash balances.

The notes on pages 42 to 73 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity
for the year ended 31 March 2013

| | Notes | Ordinary Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Loan equity element £'000 | Retained earnings £'000 | Own shares held £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2012 brought forward** | | **371** | **11,552** | **15** | **–** | **17,073** | **(12,172)** | **16,839** |
| Loss for the year | | – | – | – | – | (3,954) | – | (3,954) |
| Total comprehensive income for the year | | – | – | – | – | (3,954) | – | (3,954) |
| Addition of Convertible unsecured loan stock - Equity component | 14 | – | – | – | 479 | – | – | 479 |
| Shares issued | 21 | 27 | 3,140 | – | – | – | – | 3,167 |
| Purchase of own shares | | – | – | – | – | – | (30) | (30) |
| Equity share options issued | 5 | – | – | – | – | 660 | – | 660 |
| **Balance at 31 March 2013** | | **398** | **14,692** | **15** | **479** | **13,779** | **(12,202)** | **17,161** |

# Consolidated Statement of Changes in Equity
for the year ended 31 March 2012

| | Notes | Ordinary Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Revaluation reserve £'000 | Retained earnings £'000 | Own shares held £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2011 brought forward** | | **353** | **10,272** | **15** | **151** | **16,703** | **(12,172)** | **15,322** |
| Loss for the year | | – | – | – | – | (237) | – | (237) |
| Net gains on available-for-sale financial assets net of tax | | – | – | – | 61 | – | – | 61 |
| Amounts recycled through the Consolidated Statement of Comprehensive Income | | – | – | – | (212) | – | – | (212) |
| Total comprehensive income for the year | | – | – | – | (151) | (237) | – | (388) |
| Shares issued | 21 | 18 | 1,280 | – | – | – | – | 1,298 |
| Equity share options issued | 5 | – | – | – | – | 607 | – | 607 |
| **Balance at 31 March 2012** | | **371** | **11,552** | **15** | **–** | **17,073** | **(12,172)** | **16,839** |

# Notes to the Financial Statements

## 1 Principal accounting policies

### a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Commission, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value).

The preparation of financial statement in conformity with IFRS requires the directors of the Company to make judgements and assumptions (see note 1d) that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial information and the reported income and expense during the reporting periods. Although these judgements and assumptions are based on the directors' best knowledge of the amount, events or actions, actual results may differ from these estimates. The accounting policies set out below have been used to prepare the financial information. All accounting policies have been consistently applied.

The financial information has been prepared based on the IFRS standards effective as at 31 March 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. The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standards are not applicable to these financial statements, but may have an impact when they become effective. The Group plans to apply these standards in the reporting period in which they become effective.

The following standards and interpretations were not yet endorsed:

| | |
|---|---|
| IFRS 9 Financial Instruments: Classification | – revised measurement and classification criteria for financial instruments |
| 2011 Annual improvements | – IFRS1 first time adoption |
| | – IAS1 Financial Statements presentation |
| | – IAS16 Property, Plant and Equipment |
| | – IAS32 Financial Instruments: Measurement |
| | – IAS34 Interim Financial Reporting |

The following standards and interpretations have been endorsed and are available for early adoption.

IAS1 (Revised) Presentation of Items of Other Comprehensive Income
IFRS 10 Consolidated Financial Statements
IAS27 (Revised) Separate Financial Statements
IFRS13 Fair Value Measurement

### b) Basis of consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group entities are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### c) Adjusted profit or loss

The Group provides additional disclosure in the form of an Adjusted profit/loss note (note 7, page 50) in order to provide shareholders with a clearer indication of the profitability of the Group. The Adjusted profit or loss is the total of Group profit or loss excluding the following items:

Non-cash items which include depreciation, intangible asset amortisation and IFRS2 related expenses; and

Non-recurring items which include cost reduction expenses, restructuring costs (member, acquisition related and other), acquisition related costs, disposal gains integration costs, share incentivisation expenses, severance compensation and Financial Services Compensation Scheme Interim Levy.

The Group presents a reconciliation to the Profit for the year per the statutory financial information.

### d) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

## 1 Principal accounting policies (continued)

Valuation and impairment of financial assets
Details of the valuation policy for financial assets can be found in note 1j) below.

Valuation and impairment of other assets
Details of the valuation policy for other assets can be found in notes 1f) and 1i) below.

Taxation
The Group is subject to income taxes in a number of jurisdictions. Judgement is required in determining the total provision for income taxes. There are transactions and calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### e) Discontinued operations

A discontinued operation is a component of an entity that has been disposed of and represents an identifiable significant line of business for the Group.

Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all years presented.

### f) Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leasehold improvements are included at cost and are depreciated on a straight line basis over the lower of the estimated useful life and the remaining lease term.

Office equipment is depreciated on a straight line basis over the estimated useful life of the asset, which is between three and ten years.

Computer equipment is depreciated on a straight line basis over the estimated useful life of the asset which is three years.

At each reporting date management reviews the assets' residual values and useful lives, and will make adjustments if required.

### g) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Group is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are initially recognised at fair value and are stated after deducting provisions for bad and doubtful debts. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense recognised in the Consolidated Statement of Comprehensive Income.

### h) Trade and other payables

Trade and other payables (excluding deferred income) represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade creditors are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment. They are initially recognised at fair value.

### i) Intangible assets

The costs of acquiring intangible assets such as fund management contracts are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

The fund management contracts are recorded initially at fair value and recorded in the financial statements as an intangible asset they are then amortised over their useful lives on a straight-line basis over 5 years. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

### j) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss, available-for-sale and loans and receivables.

Financial assets are classified as available-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses, together with transaction costs, on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in 'other comprehensive income' is included within 'Realised gain/(loss) on sale of financial assets' in the Consolidated Statement of Comprehensive Income. Assets categorised as available-for-sale are reviewed at the end of each reporting period for impairment.

Financial assets are classified as held at fair value through profit and loss if their carrying amounts will be recovered through continuing use. These financial assets consist of units held in the groups collective investment schemes as part of a 'manager's box (as detailed below).

## 1 Principal accounting policies (continued)

The Group holds the following assets at fair value through profit and loss:

For the UK Authorised unit trust and the sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company), the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units and shares in the 'manager's box' are accounted for on a trade date basis. These units and shares are valued on a bid price basis.

The Group holds the following assets as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust European Absolute Alpha Fund and Liontrust Emerging Markets Absolute Return Fund (both sub-funds of Liontrust Global Funds Plc) and are valued on a bid price basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

### k) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Under IFRS cash and cash equivalents are included in the cash flow statement.

### l) Own shares

Own shares held by the Liontrust Asset Management Employee Trust are valued at cost and are shown as a deduction from the Group's shareholders' equity. No gains or losses are recognised in the Consolidated Statement of Comprehensive Income.

### m) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### n) Income and expenses

Income and expenses are accounted for on an accruals basis when they become receivable or payable. Asset management fees are accrued over the period for which the service is provided.

Front end fees received and commissions paid on the sales of units in unitised funds are amortised over the estimated life of the unit.

Performance fees are recognised in the period in which they become due and collectable. Any portion of performance fees that are not due and collectable, and whose future entitlement is not certain, is not recognised but noted as a contingent asset.

### o) Deferred taxation

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### p) Pensions

The Group operates defined contribution schemes for its employees. The assets are invested with insurance companies and are held separately from the Group. The costs of the pension scheme are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The Group has no further payment obligations once the contributions have been paid.

## 1 Principal accounting policies (continued)

### q) Employee share options

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense (and credited to equity reserves) over the vesting period. The total amount to be expensed is determined at the date of grant by reference to the fair value of the options granted. A number of models have been used to calculate the fair value as follows:

– Liontrust Option Plan ('LOP')
  A binomial model is used with the following assumptions having been made
  The fair value for each options is spread over the vesting period which is three years with an exercise price of 110.50 pence;
  The expected life of options issued under LOP is 6.5 years.
  The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39.9%
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 3.37%. No expected dividends have been factored into the model.

– Liontrust Incentive Plan ('LIP') with no performance conditions attached
  A discounted face value model has been used for valuation.
  The fair value for each options is spread over the vesting period which is 2 years;
  The expected life of options issued under LIP is between 2.14 and 2.29 years
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.27%. No expected dividends have been factored into the model.

– Liontrust Senior Incentive Plan ('LSIP') with performance conditions
  A Monte Carlo simulation model is used with the following assumptions having been made
  The fair value for each options is spread over the vesting period which is 3 years with an exercise price of 1 pence;
  The expected life of options issued under this LSIP scheme is 10 years
  The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39%
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.82%. No expected dividends have been factored into the model.

### r) Dividends

Equity dividends to the shareholders of the Company are recognised as a liability in the period during which they are declared and approved.

### s) Holiday pay accrual

Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability. The Group's entitlement period runs for the financial year and any employees with unused holiday allowance at the period end have no contractual entitlement to this.

### t) Foreign currency gains/losses

Items 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 consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates 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 Consolidated Statement of Comprehensive Income.

## 2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The tables on pages 6 and 7 in the Business Review identifies some of these measures.

### a) Market risk

**i) Price risk**

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as current financial assets (either held at fair value through profit and loss or held as available-for-sale).

The Group holds the following types of investment as assets held at fair value through profit and loss or assets held as available-for-sale (see note 18):

1. Units in UK Authorised unit trusts;
2. Shares in sub-funds of Guernsey domiciled open ended investment companies;
3. Shares in sub-fund of a Dublin domiciled Open ended investment company.

## 2 Financial risk management (continued)

For UK Authorised unit trusts and the sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company), the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. At the end of each day's business the manager's box for each fund is reviewed. If there is a negative box position then units or shares are created to bring the box level positive. Three control levels of the manager's box exist for each fund and each level is required to be signed off by progressively more senior staff. There are clearly defined maximum limits, over which manager's box levels cannot exceed.

The units and shares in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss.

The investment in the sub funds of Liontrust Global Funds PLC, (a Dublin domiciled open ended investment company) have been undertaken as an investment to aid incorporation and will be redeemed when the funds grow in size. The Group has a regular review process for the investment which identifies specific criteria to ensure that the investment is within agreed limits.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of less than £1,000 (2012: £10,000).

The group monitors its investments with respect to its regulatory capital requirements and reviews its investments' values with respect to overall Group capital on a monthly basis.

### ii) Cash flow interest rate risk

Interest rate risk is the risk that the Group will sustain losses from the fair value or future cash flow of adverse movements in interest bearing assets and liabilities and so reduce profitability.

The Group holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Group monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Management consider that given current interest rate levels a sensitivity rate of 1% is appropriate. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £82,000 increase or a decrease to nil in interest receivable (2012: £108,000).

### iii) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's policy is to hold minimum currency to cover operational needs and, therefore, to convert foreign currency on receipt.

The Group is exposed to foreign exchange risk in the following areas: Investments denominated in Euros and income receivable in Euro and US Dollars.

In calculating the sensitivity analysis below it has been assumed that expenses/income will remain in line with budget in their relative currencies year on year.

Management consider that a sensitivity rate of 10% is appropriate given the current level of volatility in the world currency markets. In respect of investments denominated in foreign currencies a 10% movement in the UK Sterling vs. the relevant exchange rate would lead to an exchange gain or loss as follows:

Sterling vs. Euros - a movement of 10% would lead to a movement of less than £1,000

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £40,000 (2012: £48,000) in the income statement.

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £15,000 (2012: £30,000) in the income statement.

### b) Credit risk

Credit risk is managed at a Group level. The Group is exposed to credit risk primarily on its trade receivables and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Fees receivable arise mainly from the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant and the Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

| Maximum exposure to credit risk | 31-Mar-13 £'000 | 31-Mar-12 £'000 |
|---|---|---|
| Cash and cash equivalents | 10,483 | 12,388 |
| Trade receivables | 31,123 | 18,462 |

For banks and financial institutions only independently rated parties with a minimum rating of 'A' are used and their ratings are regularly monitored and are reviewed at a board level on a monthly basis.

For receivables the Group takes into account the credit quality of the client and credit positions are monitored. The Group has three main types of receivables: management and performance fees, settlement due from investors in its funds and from the funds themselves for unit/share liquidations. For management and performance fee receivables, the Group proactively manages the invoicing process to ensure that invoices are sent out on a timely basis and has procedures in place to chase for payment at pre-determined times after the despatch of the invoice to ensure timely settlement. For settlement due from the fund for

## 2 Financial risk management (continued)

liquidations, the settlement of these types of receivables are governed by regulation and are monitored on an exception basis. For receivables due from investors, the Group has rigorous procedures to chase investors by phone/letter to ensure that settlement is received on a timely basis. In all cases, detailed escalation procedures are in place to ensure that senior management are aware of any problems at an early stage.

During the year there have been no losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date.

### c) Liquidity risk

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Group monitors rolling forecasts of the Group's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Group has analysed its financial liabilities into maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

| As at 31 March 2013 | within 3 months £'000 | Between 3 months and one year £'000 | Over one year £'000 |
|---|---|---|---|
| Payables | 33,724 | 270 | – |

| As at 31 March 2012 | within 3 months £'000 | Between 3 Month and one year £'000 | Over one year £'000 |
|---|---|---|---|
| Payables | 16,981 | 184 | – |

### d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital and meet working capital requirements.

Recognised regulatory bodies, such as the Financial Conduct Authority (formerly the Financial Services Authority) in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group's policy is that its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements.

The Group is regulated by the Financial Conduct Authority as a UK consolidation group. The Pillar 1 minimum capital requirement is £1.8 million (2012: £1.9 million).

The Internal Capital Adequacy Assessment Process carried out in 2013 under Pillar 2 of the Capital Requirements Directive concluded that £2.5 million capital should be retained. Management consider capital to comprise of cash and net assets. As at 31 March 2013 the Group has cash and net assets of £7.7 million (2012: £14.0 million). Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

During the period the Group complied with its capital requirements.

## 3 Segmental reporting

The Group operates only in one operating segment – Investment Management.

Management offers different fund products through different distribution channels. All financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

**Revenue by location of client from continuing operations**

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| United Kingdom | 18,901 | 11,052 |
| Europe (ex UK) | 950 | 970 |
| Guernsey | 158 | 465 |
| Cayman Islands | 283 | 1,001 |
| USA | 154 | 226 |
| | 20,446 | 13,714 |

During the year ended 31 March 2013 the Group had no customer contributing more than 10% of total revenue (2012: one customer).

## 4 Revenue and cost of sales (Gross profit)

Revenue from earnings includes:

Investment management, performance and administration fees; the net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts); the net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies; and foreign currency gains and losses.

The cost of sales includes:

Sales commission paid or payable and external investment advisory fees paid or payable.

Discontinued operations:

There were no discontinued operations during the year.

## 5 Administration expenses - Continuing Operations

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| **Employee related expenses** | | |
| Director and employee costs [(1)] | 1,860 | 4,533 |
| Pensions | 27 | – |
| Share incentivisation expense | 722 | 621 |
| Severance compensation | 191 | 147 |
| | 2,800 | 5,301 |
| **Non employee related expenses** | | |
| Members drawings charged as an expense | 10,127 | 3,458 |
| Restructuring (member related) | 572 | – |
| Restructuring (acquisition related and other) | 598 | 515 |
| Acquisition related expenses | 1,738 | 690 |
| Depreciation Intangible asset amortisation and impairment | 3,276 | 1,109 |
| Financial Services Compensation Scheme Levy | 73 | – |
| Other administration expenses [(2)] | 4,867 | 4,372 |
| | 24,051 | 15,445 |

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| Share incentivisation expense | | |
| – Share option expense | 660 | 607 |
| – Share incentive plan expense | 44 | 4 |
| – Share option related expenses | 18 | 10 |
| | 722 | 621 |

(1) Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 34

(2) Other administration expenses for Discontinued Operations can be found in note 10 - Discontinued operations

## 5 Administration expenses - Continuing Operations (continued)

The average number of members and employees of the Group, excluding Non-executive Directors, was 54 (2012:40). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

| | Member and employee expenses for continuing operations* | | | | |
|---|---|---|---|---|---|
| | Year ended 31-Mar-13 | | | | |
| | Employees | | | | Members |
| | Average number of members and employees during the year | Wages and salaries £'000 | Social security costs £'000 | Total employee expense £'000 | Members drawings charged as an expense £'000 |
| General management | 2 | 283 | 21 | 304 | 572 |
| Fund management | 17 | 422 | 54 | 476 | 5,560 |
| Finance, Operations and IT | 14 | 438 | 46 | 484 | 1,126 |
| Risk management and Compliance | 3 | 49 | 6 | 55 | 338 |
| Sales and Marketing | 18 | 413 | 67 | 480 | 2,531 |
| Non-executive Directors | 3 | 55 | 6 | 61 | – |
| | 57 | 1,660 | 200 | 1,860 | 10,127 |

| | Member and employee expenses for continuing operations* | | | | |
|---|---|---|---|---|---|
| | Year ended 31-Mar-12 | | | | |
| | Employees | | | | Members |
| | Average number of employees during the year | Wages and salaries £'000 | Social security costs £'000 | Total employee expense £'000 | Members drawings charged as an expense £'000 |
| General management | 2 | 205 | 22 | 227 | 261 |
| Fund management | 14 | 2,869 | 385 | 3,254 | 1,387 |
| Finance, Operations and IT | 11 | 394 | 42 | 436 | 637 |
| Risk management and Compliance | 3 | 45 | 5 | 50 | 217 |
| Sales and Marketing | 16 | 431 | 49 | 480 | 956 |
| Non-executive Directors | 3 | 78 | 8 | 86 | – |
| | 49 | 4,022 | 511 | 4,533 | 3,458 |

* member and employee expenses for discontinued operations are detailed in note 10 - Discontinued Operations.

## 6 Operating loss from Continuing Operations

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| The following items have been included in arriving at operating loss: | | |
| Foreign exchange gains/(losses) | (11) | (80) |
| Depreciation | 34 | 43 |
| Amortisation of initial commission asset | 4 | 17 |
| Amortisation of amounts accrued in relation to income received on sale of units | (117) | (114) |
| Operating lease costs | 428 | 259 |
| Costs relating to Directors, members and employees (Note 5) | 12,927 | 8,759 |
| Auditors remuneration: | | |
| Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements | 71 | 57 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| – The audit of the Company's subsidiaries pursuant to legislation | 55 | 67 |
| – Taxation services | 123 | 35 |
| – Other services | 14 | 295 |

## 7 Adjusted profit/(loss)

Adjusted profit (as explained in note 1(c) reconciled in the table below:

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| Loss for the year | (3,954) | (237) |
| Taxation on Continuing Operations | 19 | 250 |
| Taxation on Discontinued Operations | – | 271 |
| Profit/(loss) before tax from Continuing and Discontinued Operations | (3,935) | 284 |
| Share incentivisation expense | 722 | 621 |
| Severance compensation | 191 | 147 |
| Gain on sale of credit business | – | (1,834) |
| Restructuring (member related) | 572 | – |
| Restructuring (acquisition related and other) | 598 | 515 |
| Acquisition related costs | 1,738 | 690 |
| Financial Services Compensation Scheme Levy | 73 | – |
| Members' advance drawings | 531 | (531) |
| Depreciation and Intangible asset amortisation | 3,276 | 1,109 |
| Adjustments | 7,701 | 717 |
| Adjusted profit/(loss) before tax | 3,766 | 1,001 |
| Interest receivable | (9) | (22) |
| Interest payable | 228 | – |
| Adjusted operating profit | 3,985 | 979 |
| Adjusted basic earnings per share* | 8.11 | 2.30 |
| Adjusted diluted earnings per share* | 7.27 | 2.28 |

* Assumes a tax rate of 24% (2012: 26%)

## 8 Interest receivable and payable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2012: 0.0%). The Group pays interest on its Convertible unsecured loan stock at 6% (see note 14).

## 9 Taxation

| | | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|---|
| (a) | Analysis of charge in year | | |
| | Current tax: | | |
| | UK corporation tax at 24% (2012: 26%)* | (210) | (1) |
| | Adjustment in respect of discontinued operations | – | (271) |
| | | (210) | (272) |
| | Foreign tax: | – | – |
| | Total current tax | (210) | (272) |
| | Deferred tax: | | |
| | Deferred tax originated from timing differences | 209 | 371 |
| | Deferred tax charged in respect of future rate change to 23% | 20 | 151 |
| | Total charge in period | 19 | 250 |
| (b) | Factors affecting current tax | | |
| | Loss on ordinary activities before tax | (3,935) | (1,573) |
| | Profit/(loss) on ordinary activities at UK corporation tax rate of 24% (2012: 26%) | (944) | (409) |
| | Effects of: | | |
| | Expenses not deductible for tax purposes | 630 | 270 |
| | Lower rates of tax on overseas earnings | – | (226) |
| | Depreciation in excess of capital allowances | (10) | 3 |
| | adjustment in respect of discontinued operations capital gain | – | (265) |
| | Adjustment to deferred tax in respect of tax rate change | 20 | 151 |
| | Net Members drawings not taxable | 104 | 355 |
| | Deferred tax | 81 | 371 |
| | Adjustment in respect of prior periods | 138 | – |
| | Total taxation | 19 | 250 |

## 10 Discontinued Operations

On 12 April 2011, the Group entered into a conditional business purchase agreement for the sale of its credit business including its credit team to Avoca Capital Holdings (the "Disposal"), the sale completed on 30 June 2011. The two funds that the credit team managed, the Liontrust Credit Absolute Return Fund and the Liontrust Credit Fund were transferred to Avoca. The total consideration for the Disposal was 3.75% of the assets under management transferred. The gain on this has been calculated as follows:

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| Proceeds received from sale | – | 2,490 |
| Costs associated with sale | – | (56) |
| Cost of intangible asset held on balance sheet | – | (600) |
| Taxation on gain | – | (265) |
| **Realised gain on sale of credit business** | **–** | **1,569** |

Analysis as a result of Discontinued Operations is as follows:

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| Revenue | – | 275 |
| Member and Employee expenses | – | (224) |
| Administrative expenses | – | (28) |
| Tax | – | (6) |
| **Profit after tax from Discontinued Operations** | – | 17 |

| | Pence | Pence |
|---|---|---|
| Basic earnings per share for Discontinued Operations | – | 0.05 |
| Diluted earnings per share for Discontinued Operations | – | 0.05 |

Analysis of the cost of employees and members relating to the Discontinued Operations is detailed below and these amounts have been removed from note 5 Administration expenses.

| | Year ended 31-Mar-13 |
|---|---|
| No discontinued operations during the period | |

| | Year ended 31-Mar-12 | | | | |
|---|---|---|---|---|---|
| | Employees | | | | Members |
| | Actual number of members and employees during the year | Wages and salaries £'000 | Social security costs £'000 | Total employee expense £'000 | Members drawings charged as an expense £'000 |
| Fund management | 4 | – | – | – | 189 |
| Finance, Operations and IT | 2 | 1 | – | 1 | 34 |
| | 6 | 1 | – | 1 | 223 |

## 11 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares was 35,289,555 for the year (2012:32,268,104). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares or Ordinary Shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2013. The adjusted weighted average number of Ordinary Shares so calculated for the year was 39,385,949 (2012: 32,465,594). This is reconciled to the actual weighted number of Ordinary Shares as follows:

| | 2013 number | 2012 number |
|---|---|---|
| Weighted average number of Ordinary Shares | 35,289,555 | 32,268,104 |
| Weighted average number of dilutive Ordinary shares under option: | | |
| – to the Liontrust Senior Incentive Plan | 99,153 | – |
| – to the Liontrust Incentive Plan | 198,305 | 197,490 |
| – to the Liontrust Option Plan | 4,415 | – |
| Dilutive effect of shares from Convertible Unsecured Loan Stock | 3,794,521 | |
| Adjusted weighted average number of Ordinary Shares | 39,385,949 | 32,465,594 |

Details of the options outstanding at 31 March 2013 to Directors are set out in the Directors' Remuneration Report on page 34.

## 12 Intangible assets

**Year to 31 March 2013**

In April 2012, the Group acquired the entire share capital of Walker Crips Asset Managers Limited (see note 13). This acquisition gave rise to the recognition of intangible assets relating to investment management contracts acquired.

The Group holds two Intangible assets as follows:

| Description | Carrying value £'000 | Remaining amortisation period |
|---|---|---|
| Contracts acquired from Occam Asset Management | 204 | 3.5 years |
| Contracts acquired from Walker Crips (see note 13) | 9,894 | 4 Years |

| Year to 31 March 2013 | Investment management contracts £'000 |
|---|---|
| **Cost** | |
| At 1 April 2012 | 2,166 |
| Additions | 12,240 |
| Disposals | – |
| At 31 March 2013 | 14,406 |
| **Accumulated amortisation and impairment** | |
| At 1 April 2012 | 1,066 |
| Amortisation charge for the year | 2,724 |
| Impairment charge for the year (see below) | 518 |
| Disposals | – |
| At 31 March 2013 | 4,308 |
| **Net Book Value** | |
| At 31 March 2013 | 10,098 |
| At 31 March 2012 | 1,100 |

| Year to 31 March 2012 | Investment management contracts £'000 |
|---|---|
| **Cost** | |
| At 1 April 2011 | 1,000 |
| Additions | 2,166 |
| Disposals | (1,000) |
| At 31 March 2012 | 2,166 |
| **Accumulated amortisation and impairment** | |
| At 1 April 2011 | 400 |
| Charge for the year | 1,066 |
| Disposals | (400) |
| At 31 March 2012 | 1,066 |
| **Net Book Value** | |
| At 31 March 2012 | 1,100 |
| At 1 April 2011 | 800 |

Amortisation and impairment has been recorded within administration expenses.

During the year the Group closed two Cayman Islands, domiciled funds that were acquired in 2011 from Occam Asset Management. As such an impairment charge of £518,000 was taken against the intangible value of the investment management contracts for these funds at the time of closure.

## 13 Acquisition of Walker Crips Asset Managers Limited

On 13 March 2012, Liontrust Asset Management Plc ("Liontrust") announced that it had entered into a conditional share purchase agreement with Walker Crips Group Plc to purchase (the "Acquisition") the entire issued share capital of Walker Crips Asset Managers Limited ("Walker Crips"). The Acquisition completed on 12 April 2012.

| Consideration at 12 April 2012 | £'000 |
|---|---|
| Cash | 6,448 |
| 1,851,719 Ordinary Shares | 2,240 |
| Convertible Unsecured Loan Stock (see note 14) | 4,000 |
| Total consideration | 12,688 |

| Recognised identifiable amounts of assets acquired and liabilities | £'000 |
|---|---|
| Cash | 59 |
| Trade and other receivables | 595 |
| Trade and other payables | (206) |
| Investment management contracts (included in intangibles) | 12,240 |
| Total consideration | 12,688 |

Acquisition related costs of £1,738,000 have been charged to Administration expenses in the Consolidated statement of comprehensive income for the year ended 31 March 2013

The revenue included in the Consolidated statement of Comprehensive Income since 12 April 2012 contributed by Walker Crips was £1,796,000. Walker Crips also contributed profit of £675,000 over the same period.

As the acquisition was concluded very close to the start of the period there would be no material difference to the Revenue or Profit as stated in the Consolidated Statement of Comprehensive income had Walker Crips been consolidated for the full year.

## 14 Convertible unsecured loan stock

On 12 April 2012, as part of the consideration for the acquisition of Walker Crips Asset Managers Limited (see note 9 above), the Company issued £4 million of Convertible unsecured loan stock (the "Stock"), which may convert into 4 million new Ordinary Shares limited to the total quantity being issued is no more than 4.99% of the number of Ordinary Shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time in the first year after issuing and no more than 9.99% per year thereafter until the maturity date, being 5 years at the Stockholder's option. The annual coupon rate of the Stock is 6%. The Directors have chosen to present the Stock, in accordance with IAS 32 (Financial Instruments: Presentation), as a financial instrument that contains both a liability and equity component. The liability component has been determined as £3.521 million and is shown as a financial liability; the balance of £0.479 million, being the equity component, is treated as an equity instrument.

On 1 March 2013 Walker Crips Group Plc converted £900,000 of the Stock into new Ordinary Shares which in accordance with IAS 32 has reduced the liability component to £2.621 million.

## 15 Property, plant and equipment

| Year to 31 March 2013 | Leasehold Improvements £'000 | Office Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2012 | 124 | 212 | 198 | 534 |
| Additions | 69 | 17 | 11 | 97 |
| Disposals | – | – | – | – |
| At 31 March 2013 | 193 | 229 | 209 | 631 |
| **Accumulated depreciation** | | | | |
| At 1 April 2012 | 40 | 204 | 169 | 413 |
| Charge for the year | 16 | 7 | 11 | 34 |
| Disposals | – | – | – | – |
| At 31 March 2013 | 56 | 211 | 180 | 447 |
| **Net Book Value** | | | | |
| At 31 March 2013 | 137 | 18 | 29 | 184 |
| At 31 March 2012 | 84 | 8 | 29 | 121 |

## 15 Property, plant and equipment (continued)

| Year to 31 March 2012 | Leasehold Improvements £'000 | Office Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2011 | 118 | 212 | 163 | 493 |
| Additions | 6 | – | 35 | 41 |
| Disposals | – | – | – | – |
| At 31 March 2012 | 124 | 212 | 198 | 534 |
| **Accumulated depreciation** | | | | |
| At 1 April 2011 | 26 | 192 | 152 | 370 |
| Charge for the year | 14 | 12 | 17 | 43 |
| Disposals | – | – | – | – |
| At 31 March 2012 | 40 | 204 | 169 | 413 |
| **Net Book Value** | | | | |
| At 31 March 2012 | 84 | 8 | 29 | 121 |
| At 1 April 2011 | 92 | 20 | 11 | 123 |

Depreciation has been included in the Consolidated Statement of Comprehensive Income within administration expenses.

## 16 Deferred tax

| Deferred tax assets | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Balance as at 1 April | 1,638 | 2,160 |
| Deferred tax reversed on prior year adjustment | (58) | (201) |
| Deferred tax reversed on timing differences | 197 | (170) |
| Deferred tax on current year losses | – | – |
| Movement in deferred tax on change in tax rate to 23% | (20) | (151) |
| Balance as at 31 March | 1,757 | 1,638 |

The following items are included in the above deferred tax balance: Deferred tax relating to timing differences from losses arising in a group company that are not eligible for group relief £nil (2012: £nil).

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,757,000 (2012: £1,638,000).

| Deferred tax liabilities | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Balance as at 1 April | – | (57) |
| Deferred tax charged/(reversed) on overseas income to be remitted | – | – |
| Deferred tax on fair value gains on financial assets held as available-for-sale | – | 57 |
| Balance as at 31 March | – | – |

The following items are included in the above deferred tax balance: Deferred tax relating to unrealised gains on investments £nil (2012: £nil); Deferred tax on overseas income yet to be remitted £nil (2012: £nil).

The proposed further reduction in the rate of corporation tax to 21% by 1 April 2014 is expected to be enacted during 2013. The effect of this further change upon the Group's deferred tax balance is estimated to be a £153,000 reduction in the deferred tax asset from its 2013 balance.

The proposed further reduction in the rate of corporation tax to 20% by 1 April 2015 is expected to be enacted during 2014. The effect of this further change upon the Group's deferred tax balance is estimated to be a £229,000 reduction in the deferred tax asset from its 2013 balance.

## 17 Trade and other receivables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Trade receivables | | |
| – Fees receivable | 4,489 | 3,631 |
| – Unit trust sales and cancellations | 25,847 | 13,189 |
| Prepayments and accrued income | 744 | 721 |
| Members' advance drawings | – | 823 |
| Corporation tax receivable | – | 51 |
| Initial commission asset | 43 | 47 |
| | 31,123 | 18,462 |

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2013, trade receivables of £nil (2012: £nil) were past due but not impaired.

## 18 Financial assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
– Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1.

Assets held at fair value through profit and loss:

The Group's assets held at fair value through profit and loss represent units in the UK Authorised unit trusts and shares in sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company) held in the, manager's box and are valued at bid price. The loss on the fair value adjustments during the year was £67,000 (2012: £275,000).

Assets held as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust GF Special Situations fund (a sub-fund of Liontrust Global Funds Plc (a Dublin Open ended investment company) and are valued at bid price). The gain on the fair value adjustments during the year net of tax was £nil (2012:£61,000). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 19.

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Assets held at fair value through profit and loss £'000 | Assets held as available-for-sale £'000 | Total £'000 | Assets held at fair value through profit and loss £'000 | Assets held as available-for-sale £'000 | Total £'000 |
| **Financial assets in Level 1** | | | | | | |
| UK Authorised unit trusts | 77 | – | 77 | 165 | – | 165 |
| Guernsey open ended investment companies | 50 | – | 50 | 29 | – | 29 |
| Dublin Open Ended Investment company | – | 4 | 4 | – | 101 | 101 |
| | 127 | 4 | 131 | 194 | 101 | 295 |
| **Total Financial assets** | **127** | **4** | **131** | **194** | **101** | **295** |

## 19 Foreign currency translations

As a result of operating activities the Group has made gains and losses on foreign currency translation. The activities and the relevant foreign currency gains and losses associated with them are identified below:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Foreign currency translation losses on:** | | |
| - Other operating activities | (11) | (80) |
| | (11) | (80) |

Gain/(losses) on foreign currency translations are taken to the income statement within Revenue.

## 20 Trade and other payables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Trade payables – unit trust repurchases and creations | 28,550 | 12,739 |
| Taxation and social security | 142 | 145 |
| Deferred income and other payables | 5,302 | 4,281 |
| | 33,994 | 17,165 |

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

## 21 Ordinary Shares

| | 2013 Shares | 2013 £'000 | 2012 Shares | 2012 £'000 |
|---|---|---|---|---|
| **Authorised ordinary shares of 1 pence** | | | | |
| As at 1 April | 60,000,000 | 600 | 60,000,000 | 600 |
| Issued during the year | – | – | – | – |
| As at 31 March | 60,000,000 | 600 | 60,000,000 | 600 |
| **Allotted, called up and fully paid** | | | | |
| As at 1 April | 37,108,600 | 371 | 35,344,890 | 353 |
| Issued during the year | 2,787,955 | 27 | 1,763,710 | 18 |
| As at 31 March | 39,896,555 | 398 | 37,108,600 | 371 |

## 22 Own shares

Approval was given at a General Meeting in January 2011 for the grant of options under the Liontrust Senior Incentive Plan (the "LSIP"). The Board adopted the Liontrust Incentive Plan (the "LIP") in November 2009 and the Liontrust Option Plan (the "LOP") in December 2009. The options granted under the LSIP, LIP and LOP, including the Executive Directors (in the case of LIP and LSIP), were as follows:

| Issue Date | 1 April 2012 | Options Granted | Options Exercised | Lapsed | 31 March 2013 | Exercise price | Scheme |
|---|---|---|---|---|---|---|---|
| 10 February 2010 | 122,954 | – | (45,247) | (8,252) | 69,455* | 110.5 pence | LOP |
| 10 February 2010 | 200,000 | – | – | – | 200,000* | 1.0 pence | LIP |
| 1 February 2011 | 3,000,000 | – | – | – | 3,000,000 | 1.0 pence | LSIP |

* Options that are exercisable as at 31 March 2013

## 22 Own shares (continued)

| Issue Date | 1 April 2011 | Options Granted | Options Exercised | Lapsed | 31 March 2012 | Exercise price | Scheme |
|---|---|---|---|---|---|---|---|
| 10 February 2010 | 122,954 | – | – | – | 122,954 | 110.5 pence | LOP |
| 10 February 2010 | 200,000 | – | – | – | 200,000 | 1.0 pence | LIP |
| 1 February 2011 | 3,000,000 | – | – | – | 3,000,000 | 1.0 pence | LSIP |

No options under LIP and LSIP were exercised during the year. Options over 45,247 shares under LOP were exercised during the year.

Under the Liontrust Members Incentive Scheme ("LMIS") certain individual members have been allocated Incentive Capital Interests, which entitle such individual member to a fixed amount. The entitlement which the holder of an Incentive Capital Interest would have is calculated on the basis of the application of a percentage to the "Maximum Incentive Capital Interest" ("MICI") attributable to that Incentive Capital Interest. The MICI is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price). The MICI allocated, in terms of number of Ordinary shares, to individual members were as follows:

| Issue Date | 1 April 2012 | Granted | Exercised | Lapsed | 31 March 2013 | Exercise price | Scheme |
|---|---|---|---|---|---|---|---|
| 14 April 2011 | 1,475,000 | – | – | (25,000) | 1,450,000 | Nil | LMIS |
| 22 November 2011 | 1,000,000 | – | – | – | 1,000,000 | Nil | LMIS |
| 28 March 2012 | 75,000 | – | – | – | 75,000 | Nil | LMIS |
| 28 September 2012 | – | 1,565,000 | – | – | 1,565,000 | Nil | LMIS |

| Issue Date | 1 April 2011 | Granted | Exercised | Lapsed | 31 March 2012 | Exercise price | Scheme |
|---|---|---|---|---|---|---|---|
| 14 April 2011 | – | 1,475,000 | – | – | 1,475,000 | Nil | LMIS |
| 22 November 2011 | – | 1,000,000 | – | – | 1,000,000 | Nil | LMIS |
| 28 March 2012 | – | 75,000 | – | – | 75,000 | Nil | LMIS |

No Incentive Capital Interests under LMIS were exercised during the year.

Details of the share options can be found in the Directors' Remuneration report on page 34.

LIP, LOP and LSIP operate in conjunction with the Liontrust Asset Management Employee Trust on the basis that at least 50% of the options for 100% of the options for LIP and LOP, and a percentage determined by the Remuneration Committee for LSIP will be satisfied by market purchased shares. This is to ensure that dilution of shareholders' interest is limited. At 31 March 2013 the weighted average remaining life of the options was 7.6 years (2012: 8.7 years).

At 31 March 2013, the Liontrust Asset Management Employee Trust owned 3,727,335 shares (2012: 3,727,335) at a cost of £12,202,000 (2012: £12,172,000). Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. As at 31 March 2013 the market value of the shares was £6,523,000 (2012: £4,286,000).

## 23 Operating lease commitments

The Group and Company are committed to making the total of future minimum lease payments for office properties under non-cancellable operating leases in each of the following periods:

| | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|---|---|---|
| Amounts due | | |
| within one year | 428 | 259 |
| Between one year and five years | 1,568 | 1,038 |
| Later than five years | – | 173 |
| | 1,996 | 1,470 |

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

## 24 Related party transactions

During the year the Group received fees from unit trusts under management of £21,566,000 (2012: £11,902,000). Transactions with these unit trusts comprised creations of £667,050,000 (2012: £378,606,000) and liquidations of £213,721,000 (2012: £164,816,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2012 the Group owed the unit trusts £28,528,000 (2012: £12,737,000) in respect of unit trust creations and was owed £28,372,000 (2012: £14,428,000) in respect of unit trust cancellations and fees.

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 34.

## 25 Contingent assets and liabilities

The Group can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2013 has not been recognised in the results for the year.

A contingent liability has arisen during the normal course of business which relates to a claim made against Liontrust Investment Partners LLP (the "LLP") and Liontrust Investment Services Limited ("LIS") which is not expected to have a material cost to the LLP or LIS.

## 26 Post balance sheet date event

There have been no post balance sheet events.

# Independent Auditors' Report to the members of Liontrust Asset Management PLC

We have audited the parent company financial statements of Liontrust Asset Management PLC for the year ended 31 March 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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.

## Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the directors are responsible for the preparation of the parent company 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 parent company 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## 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 parent 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. 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

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

The information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company 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 by the parent company, 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.

## Other matter

We have reported separately on the Group financial statements of Liontrust Asset Management PLC for the year ended 31 March 2013.

**Lindsay Gardiner (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
18 June 2013

# Company Statement of Comprehensive Income
for the year ended 31 March 2013

| | Notes | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|---|
| Revenue | | 2,348 | 114 |
| Dividends received from subsidiary companies | | 4,677 | – |
| **Gross profit** | | 7,025 | 114 |
| Realised gain on sale of financial assets | | (6) | 212 |
| Administration expenses | 30 | (11,657) | (2,263) |
| **Operating loss** | 31 | (4,638) | (1,937) |
| Interest receivable | 32 | 1 | 5 |
| Interest payable | 32 | (228) | – |
| **Loss before tax** | | (4,865) | (1,932) |
| Taxation | 33 | 247 | (423) |
| **Loss for the year** | | **(4,618)** | **(2,355)** |
| **Other comprehensive income:** | | | |
| Net gains on available-for-sale financial assets net of tax | | – | 61 |
| Amount recycled through the statement of comprehensive income | | – | (212) |
| Other Comprehensive income for the year, net of tax | | – | (151) |
| **Total comprehensive income** | | **(4,618)** | **(2,506)** |

The notes on pages 66 to 73 form an integral part of these Company financial statements.

# Company Balance Sheet
as at 31 March 2013

| | Notes | 31-Mar-13 £'000 | 31-Mar-12 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 34 | 184 | 121 |
| Intangible assets | 35 | 9,894 | – |
| Investment in subsidiary undertakings | 36 | 4,930 | 11,690 |
| Deferred tax assets | 37 | 1,335 | 792 |
| Loan to Employee Benefit Trust | 29 | 4,390 | 4,360 |
| | | 20,733 | 16,963 |
| **Current assets** | | | |
| Trade and other receivables | 38 | 1,944 | 1,746 |
| Financial assets | 39 | 4 | 101 |
| Cash and cash equivalents | | 605 | 872 |
| | | 2,553 | 2,719 |
| **Liabilities** | | | |
| **Non current Liabilities** | | | |
| Convertible unsecured loan stock - Loan component | 14 | (2,621) | – |
| | | (2,621) | – |
| **Current liabilities** | | | |
| Trade and other payables | 41 | (2,677) | (1,053) |
| | | (2,677) | (1,053) |
| **Net current assets** | | (124) | 1,666 |
| **Net assets** | | 17,988 | 18,629 |
| **Shareholders' equity attributable to owners of the parent** | | | |
| Ordinary shares | 42 | 398 | 371 |
| Share premium | | 14,692 | 11,552 |
| Capital redemption reserve | | 15 | 15 |
| Convertible unsecured loan stock - Equity component | 14 | 479 | – |
| Retained earnings | | 2,404 | 6,691 |
| **Total equity** | | 17,988 | 18,629 |

The financial statements on pages 62 to 73 were approved and authorised for issue by the Board of Directors on 18 June 2013 and signed on its behalf by V.K. Abrol, Chief Operating Officer & Chief Financial Officer.

The notes on pages 66 to 73 form an integral part of these financial statements.

Company Number 2954692

# Company Cash Flow Statement
for the year ended 31 March 2013

| | Notes | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash inflow from operations | | 6,685 | 603 |
| Cash outflow from operations | | (4,925) | (9,166) |
| Net cash generated from/(used in) operations | | 1,760 | (8,563) |
| Interest received | | 1 | 5 |
| Net cash generated from/(used in) operating activities | | 1,761 | (8,558) |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | 34 | (97) | (41) |
| Acquisitions | 13 | (12,688) | – |
| Purchase of seeding investments | | (267) | – |
| Sale of seeding investments | | 308 | 7,965 |
| Net cash (used in)/generated from investing activities | | (12,744) | 7,924 |
| **Cash flows from financing activities** | | | |
| Issue of shares | | 3,167 | 1,298 |
| Issue of Convertible unsecured loan stock | 14 | 4,000 | 120 |
| Conversion of Convertible unsecured loan stock | 14 | (900) | – |
| Interest paid on Convertible unsecured loan stock | 14 | (228) | – |
| Dividends received | | 4,677 | – |
| Net cash from financing activities | | 10,716 | 1,418 |
| **Net decrease in cash and cash equivalents** | | (267) | 784 |
| Opening cash and cash equivalents* | | 872 | 88 |
| **Closing cash and cash equivalents** | | 605 | 872 |

* Cash and cash equivalents consist only of cash balances.

The notes on pages 66 to 73 form an integral part of these Company financial statements.

# Company Statement of Changes in Equity
for the year ended 31 March 2013

| | Notes | Ordinary Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Loan equity element £'000 | Retained earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2012 brought forward** | | 371 | 11,552 | 15 | – | 6,691 | 18,629 |
| Profit for the year | | – | – | – | – | (4,618) | (4,618) |
| Amounts recycled through the Statement of Comprehensive Income | | – | – | – | – | – | – |
| Total comprehensive income for the year | | – | – | – | | (4,618) | (4,618) |
| Addition of Convertible unsecured loan stock - Equity component | 14 | – | – | – | 479 | – | 479 |
| Shares issued | 42 | 27 | 3,140 | – | – | – | 3,167 |
| Equity share options issued | 30 | – | – | – | – | 331 | 331 |
| **Balance at 31 March 2013** | | **398** | **14,692** | **15** | **479** | **2,404** | **17,988** |

# Company Statement of Changes in Equity
for the year ended 31 March 2012

| | Notes | Ordinary Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Revaluation £'000 | Retained earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2011 brought forward** | | 353 | 10,272 | 15 | 151 | 8,713 | 19,504 |
| Profit for the year | | – | – | – | – | (2,355) | (2,355) |
| Net gains on available-for-sale financial assets net of tax | | – | – | – | 61 | – | 61 |
| Amounts recycled through the Statement of Comprehensive Income | | – | – | – | (212) | – | (212) |
| Total comprehensive income for the year | | – | – | – | (151) | (2,355) | (2,506) |
| Shares issued | 42 | 18 | 1,280 | – | – | – | 1,298 |
| Equity share options issued | 30 | – | – | – | – | 333 | 333 |
| **Balance at 31 March 2012** | | **371** | **11,552** | **15** | **–** | **6,691** | **18,629** |

The notes on pages 66 to 73 form an integral part of these Company financial statements.

## 27 Significant Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006 applicable to companies reporting under IFRS. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Financial Reporting Interpretations Committee or their predecessors, which have been approved by the European Commission as at 31 March 2011.

The financial statements have been prepared on the going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value) and in accordance with applicable accounting standards. The principle accounting policies are the same as those set out in note 1.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 27 to 46 reflect the information for the Company.

## 28 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

*Market risk*
The investments in Liontrust Umbrella Fund are valued on a daily basis at bid price. The investments are held as an asset available-for-sale and is held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of less than £1,000 (2012: £10,000).

*Cash flow interest rate risk*
The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £6,000 increase or decrease in interest receivable (2012: £27,000).

In addition to the risks covered by the Group risk management polices. The Company is subject to some specific risks relating to its interaction with other group companies. The company reviews its balances due to and from other group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of the it's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Company has analysed its financial liabilities into maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

| As at 31 March 2013 | within 3 months £'000 | Between 3 months £'000 | Over one year £'000 |
|---|---|---|---|
| Payables | 2,677 | – | – |

| As at 31 March 2012 | within 3 months £'000 | Between 3 months £'000 | Over one year £'000 |
|---|---|---|---|
| Payables | 1,053 | – | – |

## 29 Loan to the Employee Benefit Trust

The company is the sponsor of Liontrust Asset Management Employee Trust (the 'Trust'). An annual impairment review was carried out under the appropriate accounting standards and the value of the loan to the Trust was calculated at £4,390,000 (2012: £4,360,000) . The current value of the shares in the Trust are disclosed in Note 22.

## 30 Administration expenses

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| **Employee costs** | | |
| – Director, member and employee costs | 503 | 502 |
| – Pension costs | 28 | – |
| – Share incentivisation expense | 394 | 381 |
| – Termination costs | 31 | 101 |
| | 956 | 984 |
| **Non employee costs** | | |
| Cost of closure of subsidiary entities | 7,359 | – |
| Other administration expenses | 3,342 | 1,279 |
| | 11,657 | 2,263 |

The average number of members and employees engaged in business for the Company excluding Non-executive Directors, was 5 (2012: 5). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees was:

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| Share incentivisation expense | | |
| – Share option expense | 331 | 333 |
| – Share incentive plan expense | 45 | 25 |
| – Share option related administration expenses | 18 | 23 |
| | 394 | 381 |

| | Year ended 31-Mar-13 | | | |
|---|---|---|---|---|
| | Average number of members and employees during the year | Wages and salaries £'000 | Social security costs £'000 | Total £'000 |
| General management | 2 | 190 | 21 | 211 |
| Finance, Operations and IT | 3 | 199 | 31 | 230 |
| Non-executive directors | 3 | 56 | 6 | 62 |
| | 8 | 445 | 58 | 503 |

| | Year ended 31-Mar-12 | | | |
|---|---|---|---|---|
| | Average number of members and employees during the year | Wages and salaries £'000 | Social security costs £'000 | Total £'000 |
| General management | 2 | 215 | 28 | 243 |
| Finance, Operations and IT | 3 | 156 | 4 | 160 |
| Non-executive directors | 3 | 91 | 8 | 99 |
| | 8 | 462 | 40 | 502 |

## 31 Operating loss from Continuing Operations

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| The following items have been included in arriving at operating profit: | | |
| Foreign exchange gains/(losses) | 2 | (22) |
| Depreciation | 34 | 43 |
| Staff costs (note 29) | 956 | 984 |
| Services provided by the Company's auditors: | | |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 14 | 10 |

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

## 32 Interest receivable and payable

The Company follows the same risk management policies as detailed for the Group in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2012: 0.0%). The Company pays interest on its Convertible unsecured loan stock at 6%.

## 33 Taxation

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| (a) Analysis of charge in year | | |
| Current tax: | | |
| UK corporation tax at 24% (2012: 26%) * | – | – |
| Adjustments in respect of prior year | 87 | – |
| | 87 | – |
| Total current tax (note (b)) | 87 | – |
| Deferred tax | (334) | 423 |
| Total charge in period | (247) | 423 |
| (b) Factors affecting current tax | | |
| Loss on ordinary activities before tax | (4,865) | (1,932) |
| Loss on ordinary activities at UK corporation tax rate of 24% | (1,167) | (502) |
| Effects of: | | |
| Group dividends not deductible for tax purposes | (1,123) | – |
| Expenses not deductible for tax purposes | 1,951 | 269 |
| Depreciation in excess of capital allowances | (10) | 3 |
| adjustment in respect of deferred tax recoverability rate to 23% | 15 | 66 |
| Taxation relieved from other group companies | – | 230 |
| Adjustment in respect of prior periods | 87 | – |
| Deferred tax | – | 357 |
| Total Taxation | (247) | 423 |

## 34 Property, plant and equipment

| Year to 31 March 2013 | Leasehold Improvements £'000 | Office Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 31 March 2012 | 124 | 212 | 198 | 534 |
| Additions | 69 | 17 | 11 | 97 |
| Disposals | – | – | – | – |
| At 31 March 2013 | 193 | 229 | 209 | 631 |
| **Accumulated depreciation** | | | | |
| At 31 March 2012 | 40 | 204 | 169 | 413 |
| Charge for the year | 16 | 7 | 11 | 34 |
| Disposals | – | – | – | – |
| At 31 March 2013 | 56 | 211 | 180 | 447 |
| **Net Book Value** | | | | |
| At 31 March 2013 | 137 | 18 | 29 | 184 |
| At 31 March 2012 | 84 | 8 | 29 | 121 |

| Year to 31 March 2012 | Leasehold Improvements £'000 | Office Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 31 March 2011 | 118 | 212 | 163 | 493 |
| Additions | 6 | – | 35 | 41 |
| Disposals | – | – | – | – |
| At 31 March 2012 | 124 | 212 | 198 | 534 |
| **Accumulated depreciation** | | | | |
| At 31 March 2011 | 26 | 192 | 152 | 370 |
| Charge for the year | 14 | 12 | 17 | 43 |
| Disposals | – | – | – | – |
| At 31 March 2012 | 40 | 204 | 169 | 413 |
| **Net Book Value** | | | | |
| At 31 March 2012 | 84 | 8 | 29 | 121 |
| At 31 March 2011 | 92 | 20 | 11 | 123 |

Depreciation has been included in the Statement of Comprehensive Income within administration expenses.

## 35 Intangible assets

In April 2012, the Company acquired the entire share capital of Walker Crips Asset Managers Limited (see note 13). This acquisition gave rise to the recognition of intangible assets relating to investment management contracts acquired.

The company holds the following intangible asset.

**Year to 31 March 2013**

| Description | Carrying value £'000 | Remaining amortisation period |
|---|---|---|
| Contracts acquired from Walker Crips (see note 13) | 9,894 | 4 Years |

| | Investment management contracts £'000 |
|---|---|
| **Cost** | |
| At 1 April 2012 | – |
| Additions | 12,240 |
| Disposals | – |
| At 31 March 2013 | 12,240 |
| **Accumulated amortisation and impairment** | |
| At 1 April 2012 | – |
| Amortisation charge for the year | 2,346 |
| Disposals | – |
| At 31 March 2013 | 2,346 |
| **Net Book Value** | |
| At 31 March 2013 | 9,894 |
| At 31 March 2012 | – |

Amortisation has been recorded within administration expenses.

## 36 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights and redeemable preference shares (unless stated otherwise) of Liontrust Investment Funds Limited and Liontrust Investment Services Limited, both registered in England whose principal activity is as operating companies for the Group's investment management LLP's; and Liontrust International (Guernsey) Limited, incorporated in Guernsey, whose principal activity is investment management. All subsidiary undertakings have the same accounting date as the parent company.

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Balance at 1 April | 11,690 | 11,690 |
| Additions during the year (see note 13) | 448 | – |
| Write downs during the year | (7,208) | – |
| Balance at 31 March | 4,930 | 11,690 |

## 37 Deferred tax

| Deferred tax assets | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Balance as at 1 April | 792 | 1,215 |
| Deferred tax on current year losses | 348 | – |
| Deferred tax on prior year losses | – | – |
| Deferred tax acquired | 210 | |
| Deferred tax adjustment on prior year | – | (357) |
| Adjustment in respect of tax rate change | (15) | (66) |
| Balance as at 31 March | 1,335 | 792 |

The following items are included in the above deferred tax balance: Deferred tax relating to losses which are expected to be credited to taxation payable on future profits: £1,335,000 (2012: £792,000).

| Deferred tax liabilities | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Balance as at 1 April | – | (57) |
| Deferred tax reversed on overseas income to be remitted | – | – |
| Deferred tax on fair value gains on financial assets held as available-for-sale | – | 57 |
| Balance as at 31 March | – | – |

The proposed further reduction in the rate of corporation tax to 21% by 1 April 2014 is expected to be enacted during 2013. The effect of this further change upon the Company's deferred tax balance is estimated to be a £116,000 reduction in the deferred tax asset from its 2013 balance.

The proposed further reduction in the rate of corporation tax to 20% by 1 April 2015 is expected to be enacted during 2014. The effect of this further change upon the Company's deferred tax balance is estimated to be a £174,000 reduction in the deferred tax asset from its 2013 balance.

## 38 Trade and other receivables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Receivables due from subsidiary undertakings | 1,848 | 1,602 |
| Prepayments and accrued income | 96 | 144 |
| | 1,944 | 1,746 |

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

## 39 Financial assets

Assets held as available-for-sale:
The Company's financial assets held as available-for-sale represent shares in the sub funds of the Liontrust Global Funds Plc and are valued at bid price. The assets are all categorised as Level 1 in line with the categorisation detailed in note 18.

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| Financial assets | Assets held at fair value through profit and loss £'000 | Assets held as available-for-sale £'000 | Total £'000 | Assets held at fair value through profit and loss £'000 | Assets held as available-for-sale £'000 | Total £'000 |
| Dublin Open Ended Investment Company | – | 4 | 4 | – | 101 | 101 |
| | – | 4 | 4 | – | 101 | 101 |

## 40 Foreign currency translations

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Foreign currency translation gain/(losses) on: | | |
| – Other operating activities | 2 | (22) |
| | 2 | (22) |

Gain/(losses) on foreign currency translations are taken to the income statement within Revenue.

## 41 Trade and other payables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Other payables including taxation and social security | 93 | – |
| Payables due to subsidiary undertakings | 2,192 | 137 |
| Deferred income and sundry payables | 392 | 916 |
| | 2,677 | 1,053 |

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

## 42 Ordinary Shares

| | 2013 Shares | 2013 £'000 | 2012 Shares | 2012 £'000 |
|---|---|---|---|---|
| **Authorised shares of 1 pence each** | | | | |
| As at 1 April | 60,000,000 | 600 | 60,000,000 | 600 |
| Issued during the year | – | – | – | – |
| As at 31 March | 60,000,000 | 600 | 60,000,000 | 600 |
| **Allotted, called up and fully paid** | | | | |
| As at 1 April | 37,108,600 | 371 | 35,344,890 | 353 |
| Issued during the year | 2,787,955 | 27 | 1,763,710 | 18 |
| As at 31 March | 3,896,555 | 398 | 37,108,600 | 371 |

## 43 Operating lease commitments

The Company is committed to making the total of future minimum lease payments on office properties under non-cancellable operating leases in each of the following periods:

| | Year ended 31-Mar-13 £'000 | Year ended 31-Mar-12 £'000 |
|---|---|---|
| **Amounts due** | | |
| within one year | 428 | 259 |
| Between one year and five years | 1,568 | 1,038 |
| Later than five years | – | 173 |
| | 1,996 | 1,470 |

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

## 44 Related party transactions

As at 31 March 2013 the Company owed the following intercompany balances to:

Liontrust Investment Funds Limited - £171,000 (2012: £nil);
Liontrust Investment Services Limited - £489,000 (2012: £849,000), these amounts arose from Group operations; and
Liontrust Fund Partners LLP - £355,000 (2012: £nil), these amounts arose from Group operations; and
Liontrust European Investment Services Limited - £nil (2012: £nil), and
Liontrust International (Guernsey) Limited - £1,177,000 (2012: £316,000), these amounts arose from Group operations.
The Liontrust Asset Management Employee Trust - £4,390,000 (2012: £4,360,000).

As at 31 March 2013 the Company was owed the following intercompany balances by:

Liontrust Management Services Limited - £nil (2012: £330,000), and
Liontrust Fund Partners LLP - £nil (2012: £1,589,000); and
Liontrust Investment Partners LLP - £1,848,000 (2012: £815,000); and
Liontrust European Investment Services Limited - £nil (2012: £33,000); and
Liontrust International (Guernsey) Limited - £nil (2012: £nil); these amounts arose from Group operations.

## 45 Contingent assets and liabilities

Contingent assets as at 31 March 2013 amount to £nil (2012: £nil).

Contingent liabilities as at 31 March 2013 amount to £nil (2012: £nil).

## 46 Post balance sheet event

There have been no post balance sheet events.

**Forward Looking Statements**

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

# Shareholder information

**Directors and Advisers**

**Registered Office and Company number**
2 Savoy Court, London WC2R 0EZ
Registered in England with Company Number 2954692

**Company Secretary**
Mark Jackson
Tower Bridge House
St Katharine's Way
London E1W 1DD

**Independent Auditors**
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Erskine House, 68-73 Queen Street
Edinburgh EH2 4NH

**Legal Advisers**
Macfarlanes LLP
20 Cursitor Street
London EC4A ILT

**Bankers**
Royal Bank of Scotland Plc
280 Bishopsgate
London EC2M 4RB

**Financial Adviser and Corporate Broker**
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

**Registrars**
Capita Registrars
The Registry
34 Beckenham Road
Kent BR3 4TU

**Financial Calendar:**

| | |
|---|---|
| Year End | 31 March |
| Half Year End | 30 September |
| Results announced: | Full year: June, half year: November |
| Interim report available: | December |
| Annual Report available: | June |
| Annual General Meeting: | September |

**Share price information:**

The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

**UK authorised unit trusts:**

Liontrust UK Growth Fund
Liontrust Income Fund
Liontrust UK Smaller Companies Fund
Liontrust Special Situations Fund
Liontrust FTSE 100 Tracker Fund
Liontrust European Growth Fund
Liontrust European Absolute Return Fund
Liontrust Asia Income Fund
Liontrust Macro Equity Income Fund
Liontrust Macro UK Growth Fund

**Dublin domiciled open-ended investment company**

Liontrust Global Funds Plc, comprising four sub funds:
Liontrust GF European Absolute Alpha Fund
Liontrust GF Pan European Fund
Liontrust GF Global Strategic Bond Fund

**Guernsey domiciled open-ended investment company**

Liontrust Guernsey Fund Limited, comprising two sub funds:
Liontrust First Equity Fund
Liontrust Dynamic Income Fund

**Unit trust prices:**

The prices of Liontrust's range of authorised unit trusts are listed on our website www.liontrust.co.uk.

**Further information:**

For further information on the Company's range of funds and services please contact our Broker Services Department at:

Liontrust Fund Partners LLP
2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

**Group subsidiary entities – board members:**

**Liontrust Investment Funds Limited**

V.K. Abrol
J.S. Ions

**Liontrust Fund Partners LLP**

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

**Liontrust Investment Services Limited**

V.K. Abrol
J.S. Ions

**Liontrust Fund Partners LLP**

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

**Liontrust International (Guernsey) Limited**

E.J.F. Catton
G. M. Harrison
S. McMahon

**Investment companies – board members:**

**Liontrust Guernsey Fund Limited**

E.J.F. Catton
G. M. Harrison
S. McMahon

**Liontrust Global Funds Plc**

E.J.F. Catton
D.J. Hammond
S. O'Sullivan

# NOTES

## NOTES

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