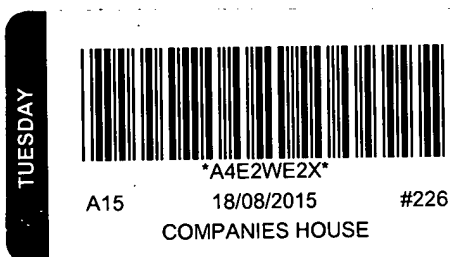


Daniel Stewart & Company plc
Annual report and financial statements
Year ended 31 March 2014

Company registration number: 2354159

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Daniel Stewart & Company plc

This review contains several subjective and forward looking statements which have been made by the directors in good faith based upon the information available to them at the time. Any subjective or forward-looking statement should be considered by the user within the context of economic and business risk.

Financial review

The year to March 2014 has continued to be difficult, although market conditions did improve marginally during the second half of the financial year. Revenue has decreased year on year in our traditional corporate finance areas, however our private client desk has demonstrated continued growth. We will continue to keep our cost-base under constant review and appropriate to the Group's business activities.

Revenue for the twelve months was £4.3 million, down from £5.2 million for the previous year, a decrease of 12.0% as compared to the 45.3% deterioration in the previous-year. Our Corporate Finance and Capital Markets saw a decline for the year of £1.0 million: this was offset by the completion of a number of vendor placings totalling £32.0 million as compared to £37.0 million in the year ended 31 March 2013. Our private client activities improved by 19%. At the gross profit level, performance was up from £0.3 million in 2013 to £1.3 million. This has been helped by a round of cost reductions initiated in September 2012, lowering our cost of sales by £1.5 million from the year ended 31 March 2013. The group continues to divest itself of certain investments, in order to realise cash; these sales resulting in a loss in the year ended 31 March 2013 of £0.4million and a loss of £65k in the year under review. At the operating level, we reported a loss of £0.8 million compared to a loss of £1.7 million for 2013. Administrative costs continued to reduce in the year under review by a further £0.3million (2013: £1.2 million reduction). Staffing levels have continued to decline from 39 during the previous year to 32 at 31 March 2014. Included in staff costs are £390,000 of non-contractual retention payments.

At 31 March 2014 we acted for 27 public market corporate clients as compared to 41 clients a year earlier. Much of this decline has been due to client companies ceasing to trade or de-listing.

Assets under administration were £197 million at 31 March 2014, down from £300 million in 2013, due significantly to the decline in the value of one holding in the portfolio.


Business in the Far East has not grown sufficiently for the group to continue seeking licence approval. We continue to retain clients in that geographical region however, and have maintained institutional links through membership of Global Alliance Partners. Daniel Stewart Securities plc now has board representation of this organisation.

Key financials	31 March 2014	31 March 2013	
Revenue	£	£	
Transaction	2,281,601	2,792,444	(18.3)%
Retainer	1,160,755	1,682,328	(31.0)%
Secondary commission	860,954	724,000	18.9%
	4,303,310	5,198,772	(17.2)%
Operating costs	(5,159,333)	(6,943,032)	25.4%
EBITDA	(856,023)	(1,744,260)	50.9%
Other key performance indicators			
Funds placed on public markets (£million)	32.0	27.5	16.4%
Corporate clients	27	41	(34.1)%
Assets under administration (£million)	197	300	(34.3)%

Principal risks and uncertainties

The principal risk facing the business is the condition of the Stock Market. Adverse market conditions normally have a significant downward effect upon revenue and hence profitability. The company mitigates some of this risk by targeting revenues across a number of sectors and by control of overheads.

The other main risks facing the company are operational, credit, liquidity and to a lesser degree interest and currency rates.


John Whitwell

11 August 2015

Company registration number: 2354159

Daniel Stewart & Company plc

Director's report

Year ended 31 March 2014

The directors have pleasure in presenting their report and the financial statements for the year to 31 March 2014.

Daniel Stewart & Company plc is a company registered in England and Wales under the Companies Acts. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company's registered office and principal place of business is Becket House, 36 Old Jewry, London EC2R 8DD. The registered number of the company is 2354159.

Principal activities

The principal activity of the company is the provision of financial advice to companies; significantly acting as nominated advisor and broker for AIM listed corporations.

Review of the business

The financial performance is reported in the Statement of Comprehensive Income.

The reduction in turnover reflects the deteriorating market conditions. The major contributing factor is the decline in transaction revenue from £3.4 million to £2.3million in 2014, for further detail please see note 3 to the financial statements. In the year ended 31 March 2014 we acted on admission of £32million, this is compared to £37million in the previous year.

Generally share prices of Far-East companies have not performed well on AIM. This has resulted in reluctance on the part of investors and reduced activity in that market.

Dividends

The directors do not recommend the payment of a dividend (2013: nil).

Directors

The directors who served during the year are as follows:

Peter Shea

John Whitwell

Significant shareholdings

The entire issued share capital of the company is held by Daniel Stewart Securities plc, which is the ultimate parent company.

Share capital

The changes in the authorised share capital of the company during the year are reflected in note 15 to the financial statements.

Employee Benefit Trusts

At 31 March 2014 the Old Jewry Employee Benefit Trust held 30,340,950 (2013:30,490, 950) Daniel Stewart Securities plc ordinary shares. The Daniel Stewart Employee Benefit Trust has made loans made to the sum of £500,000 to PD Shea and two ex- directors.

Employment policy

The company is an equal opportunities employer.

Charitable and political donations

During the year the company made no political or charitable donations.

Supplier payment policy

It is the company's policy to settle accounts payable in the month following invoice, or such longer periods as is agreed by the supplier.

Directors' and officers' insurance

The company purchases and maintains liability insurance for its directors and officers as permitted by the Companies Act 2006.

Principal risks facing the business

The directors consider the principal risks facing the business are as follows:

Credit risk

The Company extends credit to corporate clients through the ordinary course of business, with 30 Days or similar payment terms.

The Company does not lend money to clients.

All accounts are subject to credit limits.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Daniel Stewart & Company plc

Director's report

Year ended 31 March 2014

Liquidity risk

The Company seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company deems there is sufficient liquidity for the near future.

Operational Risk

At the highest level Operational risk is managed through budgetary control. The Company will not enter into new markets, customer types or products without fully considering the operational aspects of such (including its impact on resources).

The Company will not enter into product structures or transactions, which incur significant operational risks. The Company makes appropriate investments in technology, capital and staff to ensure that its operational risks are adequately managed.

Insurance is used to limit operational exposure for a number of key risks. In quantitative terms, the insurance policy excesses approximate the boundary of risk appetite, although it is understood that in certain situations, insurance may only partially mitigate certain risks.

Reputational risk

Reputational risk is mitigated through regular meetings of the approval (new business) committee. This committee meets in order to approve all new clients and transactions prior to engagement. The committee seeks to approve only high quality organisations considering product and management.

Regulatory risk and capital requirements

The Financial Conduct Authority require all regulated companies to maintain a level of capital which is sufficient to meet a formal internally assessed financial risk profile. This process is revisited annually, consolidated with the parent company, through the Internal Capital Adequacy Assessment Process. Movements in the surplus capital are reported quarterly to the regulator.

During the final stages of preparation of the Accounts, the group identified a shortfall in its regulatory capital, under the European Capital Requirements Regulations and Directive CRR/CRD IV. Daniel Stewart Securities plc, the parent company, entered into discussions with potential investors in order to strengthen the group's balance sheet for regulatory capital purposes.

On 6 November 2014 Daniel Stewart Securities plc announced that as a result of a General meeting the parent company had authority to issue and allot 380,000,000 new Ordinary Shares and to disapply of pre-emption rights.

On 29 January 2015, Daniel Stewart Securities plc announced that the parent company had received cash subscriptions for 111,000,000 new shares and a Non-redeemable callable bond to raise £1.22million. Further to this Peter Shea acquired and converted a loan providing a further £0.3million.

A further £1.2million has been raised through a cash subscription to 8,656,716 shares on 30 June 2015.

Subsequent to the above events the group has returned to reporting a surplus of regulatory capital.

Future Developments

The market conditions continue to be difficult, and accordingly the company is undergoing a restructuring programme in order to align our costs with our revenue expectations in order to return to profitability.

Going Concern

The company has again experienced losses in the year to March 2014 which inevitably have put pressure on the finances of the company, to which senior management have reacted accordingly.

The company's activities, together with the factors likely to affect its future development and performance, the financial position of the group, its cash flows and liquidity position have been considered by the directors, taking account of the current market conditions which in the opinion of the directors demonstrate that the company shall be able to continue to operate within its own resources.

The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost. Further equity of £1.52million was issued on 29 January 2015 and £1.2million June in 2015. Transaction related income is based, with reasonable expectation, on the mandated or identified potential customers in the pipeline, and seasonal historic expectation. Retainer income is projected at the current mandated level with no growth assumed in the year ended 31 March 2015 or 2016. Income projections have been stress tested, taking into account the failure of specific identified transactions. One or more of these failures may have an impact on the Group's ability to continue as a going concern without recourse to additional external finance. Senior management are monitoring progress of these significant transactions daily and are actively pursuing further transactions in addition to those included in the forecast.

In September 2012 the company restructured removing approximately £1million per annum from its cost base. These benefits have been fully reflected in recent performance as well as forecasts underpinning the going concern assessment. Further cost savings of £1million were made by December 2014. The Group has assumed a moderate increase in the cost base for the foreseeable future. Notwithstanding the above, the Group is expected to maintain acceptable cash and regulatory capital levels for the foreseeable future.

As a result the directors believe that the company will be able to manage its business risks successfully, and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors consider it appropriate to adopt the going concern basis in preparing the Annual Report and Financial statements, although they consider that the conditions described above indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's abilities to continue as a going concern.

Company registration number: 2354159

Daniel Stewart & Company plc

Director's report

Year ended 31 March 2014

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

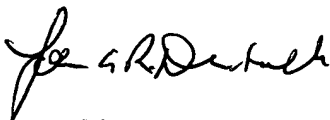
Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP has expressed their willingness to continue in office as auditors.

By order of the Board



John Whitwell
11 August 2015

Independent auditors' report to the members of Daniel Stewart & Company PLC

Report on the financial statements

Our opinion

In our opinion, Daniel Stewart & Company PLC's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £856,993 during the year ended 31 March 2014 and its going concern status is dependent on the company being able to achieve management forecasts, accessing parental financial support, or otherwise the raising of external finance. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements comprise:

- the Statement of Financial Position as at 31 March 2014;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 August 2015

Company registration number: 2354159

Daniel Stewart & Company plc
Statement of comprehensive income
Year ended 31 March 2014

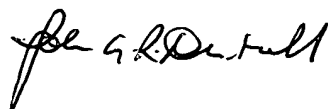
Continuing operations	Notes	31 March 2014 £	31 March 2013 £
Revenue – Fee and Commission Income	3	4,303,310	5,198,772
Cost of sales	7	(2,952,760)	(4,478,980)
Gross profit		1,350,550	719,792
Administrative costs	7	(2,206,573)	(2,464,052)
Operating loss		(856,023)	(1,744,260)
Bank interest receivable and similar income	8	1,800	1,348
Interest payable	9	(2,770)	(527)
Loss before tax		(856,993)	(1,743,439)
Taxation	10	-	-
Loss for the year and total comprehensive income for the year		(856,993)	(1,743,439)

Company registration number: 2354159

Daniel Stewart & Company plc
Statement of Financial Position
As at 31 March 2014

	Note	31 March 2014	31 March 2013
		£	£
Non-current assets			
Plant and equipment	11	74,555	99,198
		74,555	99,198
Current assets			
Trade and other receivables	12	1,922,669	1,624,630
Cash and cash equivalents	13	209,340	667,041
		2,132,009	2,291,671
Total assets		2,206,564	2,390,869
Current liabilities			
Trade and other payables	14	(1,077,534)	(1,404,846)
Corporation tax		-	-
Total liabilities		(1,077,534)	(1,404,846)
Net assets		1,129,030	986,023
Equity			
Capital and reserves attributable to equity shareholders			
Share capital	15	1,950,250	1,950,250
Shares issued in the year		1,000,000	-
Share premium		3,050,922	3,050,922
Accumulated losses		(4,897,142)	(4,040,149)
Capital redemption reserve fund		25,000	25,000
Total equity		1,129,030	986,023

The financial statements were approved by the board of directors and authorised for issue on July 2015. They were signed on its behalf by:



J. Whitwell
11 August 2015

Company registration number: 2354159

Daniel Stewart & Company plc
Statement of Changes in Equity
For the year ended 31 March 2014

	Balance at 1 April 2013	Issue of share capital and Loss for the year and total comprehensive income for the year	Balance at 31 March 2014
	£	£	£
Share capital	1,950,250	1,000,000	2,950,250
Share premium	3,050,922	-	3,050,922
Accumulated losses	(4,040,149)	(856,993)	(4,897,142)
Capital redemption reserve fund	25,000	-	25,000
Total equity	986,023	143,007	1,129,030

Company registration number: 2354159

Daniel Stewart & Company plc
Cash flow statement
For the year ended 31 March 2014

	31 March 2014 £	31 March 2013 £
Operating activities		
Operating loss	(856,023)	(1,744,260)
Depreciation of fixtures and equipment	31,086	64,095
Profit from disposal of fixed assets	-	(735)
	(824,937)	(1,680,900)
Movement in working capital		
Decrease in receivables	459,545	262,501
(Decrease) / Increase in payables	(327,312)	377,336
	132,233	639,837
Operating cash flow	(692,704)	(1,041,063)
Investing activities		
Expenditure on tangible fixed assets	(6,443)	(64,994)
Proceeds of disposal of fixed assets	-	28,445
Interest receivable	1,800	1,348
Cash flow from investing activities	(4,643)	(35,201)
Financing activities		
Loans made (to) / from group companies	(757,584)	1,485,495
Issue of Share Capital	1,000,000	-
Interest payable	(2,770)	(527)
Cash flow from financing activities	239,646	1,484,970
Cash and cash equivalents at 1 April 2013	667,041	258,335
Cash and cash equivalents at 31 March 2014	209,340	667,041
(Decrease) / Increase in cash and cash equivalents	(457,701)	408,706

Company registration number: 2354159

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

1. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretation as adopted and endorsed by the EU and as issued by the International Accounting Standards Board (IASB), and the Companies Act 2006 applicable to companies reporting under IFRS with the year period being presented on the same basis.

New and amended standards effective in this financial year

Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012) (endorsed 1 January 2013)

Amendment to IAS 1, 'Presentation of financial statements' on OCI (effective 1 July 2012)

IFRS 13, 'Fair value measurement' (effective 1 January 2013)

IAS 19 (revised 2011) 'Employee benefits' (effective 1 January 2013)

Amendment to IFRS 1 on hyperinflation and fixed dates (effective 1 July 2011) (endorsed 1 January 2013)

Amendment to IFRS 1, 'First time adoption' on government grants (effective 1 January 2013)

Amendments to IFRS 7 on financial instruments asset and liability offsetting (effective 1 January 2013)

Annual improvements 2011 (effective 1 January 2013)

IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective 1 January 2013)

Other than as noted the new standards have not had any material impact on the financial statements.

Going Concern

The company has again experienced losses in the year to March 2014 which inevitably have put pressure on the finances of the company, to which senior management have reacted accordingly.

The company's activities, together with the factors likely to affect its future development and performance, the financial position of the company, its cash flows and liquidity position have been considered by the directors, taking account of the current market conditions which in the opinion of the directors demonstrate that the company shall be able to continue to operate within its own resources.

The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost. Further equity of £1.52million was issued on 29 January 2015 and £1.2million June in 2015. Transaction related income is based, with reasonable expectation, on the mandated or identified potential customers in the pipeline, and seasonal historic expectation. Retainer income is projected at the current mandated level with no growth assumed in the year ended 31 March 2015 or 2016. Income projections have been stress tested, taking into account the failure of specific identified transactions. One or more of these failures may have an impact on the company's ability to continue as a going concern without recourse to additional external finance or other parental support. Senior management are monitoring progress of these significant transactions daily and are actively pursuing further transactions in addition to those included in the forecast.

In September 2012 the company restructured removing approximately £1million per annum from its cost base. These benefits have been fully reflected in recent performance as well as forecasts underpinning the going concern assessment. Further cost savings of £1million were made by December 2014. The company has assumed a moderate increase in the cost base for the foreseeable future. Notwithstanding the above, the company is expected to maintain acceptable cash and regulatory capital levels for the foreseeable future.

The directors have also received a letter of support from the directors of the parent, Daniel Stewart Securities PLC, though note that the latest financial statements of that company highlight the existence of a material uncertainty which may cast significant doubt about the ability of Daniel Stewart Securities PLC to continue as a going concern.

The directors believe that the company will be able to manage its business risks successfully, and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors consider it appropriate to adopt the going concern basis in preparing the Annual Report and Financial statements, although they consider that the conditions described above indicate the existence of a material uncertainty which may cast significant doubt about the company's abilities to continue as a going concern.

Company registration number: 2354159

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

1 Accounting policies (continued)

Financial Instruments

Trade and other receivables

All receivables are measured at amortised cost. Appropriate allowance for estimated irrecoverable amounts is recognised in the profit or loss when there is substantial evidence that the asset is impaired. Any specific provision recognised is measured as the difference between the asset's historic cost and its net realisable value.

Trade and other payables

Trade and other payables are measured at fair value. It is the company's policy to remit in respect of trade payables in the month following invoice.

Provisions

Provisions are recognised when the Company has a financially measurable present legal or constructive obligation deriving from an earlier event.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the period on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the Statement of comprehensive income.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Finance leases

Assets held under finance leases are capitalised at their initial cost. Rentals are set against accounts payable on a straight line basis.

Plant and equipment

Plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Computer equipment and software: Four years

Depreciation is provided at a rate of 25% on a written down value basis on Office equipment and furniture.

The carrying values of plant and equipment are subject to annual review and any impairment is charged to the Statement of comprehensive income.

Assets held under finance leases are subject to impairment over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and uncharged deposits.

Company registration number: 2354159

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

1 Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profits differs from net profit as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences taking account of accumulated losses from earlier periods. Deferred tax assets are recognised where it is anticipated that taxable profits will be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue includes fees for corporate finance advisory services, which are taken to the statement of comprehensive income when the services are performed. The company's entitlement to transaction based fees typically occurs when the transaction becomes unconditional. Revenue also comprises commission income receivable, which is recorded on trade date when earned, and retainer fees which are recorded in the period earned.

Interest income is recognised at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Share-based payments

The company has applied the requirements of IFRS 2 Share based payment. The parent company issues equity-settled share based payments to certain employees and others. Equity-settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of grant of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The benefits to staff of these issues equity-settled share based payments have been charged to the company with which the employees are engaged. The costs are recorded within operating expenses, with a corresponding credit to reserves, since there is no requirement or arrangement for the parent to be reimbursed.

General information

The company is regulated by the Financial Conduct Authority and is required to follow the Capital Adequacy Requirements of this regulator. The company recognises credit, operational and financial risk in this calculation and reports upon this to the regulator quarterly.

2. Critical accounting judgement and key sources of estimation uncertainty

Equity-settled share-based payments

The fair value of share based payments is calculated by reference to a Black Scholes Monte Carlo simulation model. Inputs into the model are based on management's best estimates of appropriate volatility, discount rate and share price growth as referred to in note 17.

Bad debt policy

The company regularly reviews all outstanding balances and provides for amounts it considers impaired.

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

3. Revenue

Transaction Revenue

This revenue derives from the placing of new shares and associated corporate advisory fees.

Retainer Revenue

This revenue derives from recurring advisory fees, predominately from our appointment as AIM nomad and broker.

Secondary Commission

This revenue derives from client share trading in existing shares.

Management Charge

Substantially all Daniel Stewart Group management staff are employed by Daniel Stewart and Co Plc, this charge represents the services provided by the staff to the parent company.

Sundry Income

This is income that falls outside of the core activities of the company.

By Activity	31 March 2014 £	31 March 2013 £
Transaction	2,281,601	2,792,444
Retainer	1,160,755	1,682,328
Secondary Commission	860,954	724,000
	4,303,310	5,198,772
By Geographical Segment	31 March 2014	31 March 2013
Europe	4,046,409	4,782,469
Middle – East	34,721	50,109
America	-	17,759
Far – East	222,180	348,435
	4,303,310	5,198,772

The costs of Daniel Stewart and Co Plc are predominantly of a centralised and fixed nature, therefore any allocation of these costs on a geographical or activity basis would involve utilisation of arbitrary proportions. The management consider that this exercise would not enhance the disclosure above.

4. Financial Risk Management

Strategy

The Company's Board is responsible for approving all risk management policies and for determining the overall risk appetite for the Company. The Company's Board receives a quarterly financial report detailing key credit risk exposures, operational risk incidents and losses.

Key credit risks are considered by the senior management on a formal basis, daily and subject to continuous rolling scrutiny, with reference to outside agencies every three months.

The Company's board monitor and assess all types of risk within the Company and ensure that internal controls are properly established so that the Company's risk exposure is maintained within the internally evaluated parameters.

Equity Risk

It is the Company's policy not to take up speculative positions.

The Company only holds short positions in the event of a timing difference on disposal of an established long position.

The Company is exposed to equity market risk in respect of assets that result from transactional revenue, for example a lieu of fees.

Currency Risk

The Company's activities are primarily denominated in Sterling and it therefore has minimal foreign exchange risk. Any significant transaction denominated in a foreign currency that would expose the Company to currency risk would be hedged immediately in the spot market.

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

4. Financial Risk Management (continued)

Interest Rate Risk

The Company has interest bearing assets in mainly cash and cash equivalents. The Company has a policy of maintaining excess funds in cash and short-term deposits. The Company does not use any derivatives to hedge interest rate risk.

Credit Risk

The Company takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk exposure is generated primarily from the settlement risk on equities traded under an agency agreement with our clients or principally via market makers. The Company also extends credit to corporate clients.

The Company does not lend money to trading clients, nor does it trade in OTC derivatives and the longest dated transactions are limited to trade date plus ten business days.

All overdrawn balances are reviewed daily and actioned.

The compliance department undertakes a credit review of all new accounts and periodically reviews all existing counterparties. New accounts cannot begin to trade until the credit review has been completed.

All accounts are subject to credit limits.

At 31 March 2014 the Company's exposure to unsettled trades was £2,041,088 (2013: £3,900,000), these have now all settled.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Trade receivables at 31 March 2014 are £893,523 (2013: £1,170,209) the directors do not consider there is a need for any further provision against this amount.

Liquidity Risk

The Company seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company deems there is sufficient liquidity for the near future.

Operational Risk

At the highest level Operational risk is managed through budgetary control. The Company will not enter into new markets, customer types or products without fully considering the operational aspects of such (including its impact on resources). The Company will not enter into product structures or transactions, which incur significant operational risks. The Company makes appropriate investments in technology, capital and staff to ensure that its operational risks are adequately managed.

The trade settlement function has been outsourced via a 'Model B' clearing and custody arrangement provided by Jarvis.

Operational risk is monitored to continually assess any upwards trends of processing errors, customer complaints and other events that can result in operational risk, so that they are identified, investigated and rectified at the earliest opportunity.

Insurance is used to limit operational exposure for a number of key risks. In quantitative terms, the insurance policy excesses approximate the boundary of risk appetite, although it is understood that in certain situations, insurance may only partially mitigate certain risks.

5. Capital Management

The Company's approach to calculating its own internal capital requirements has been to take the minimum regulatory capital required for credit risk under Pillar 1 as the starting point, assess whether this is sufficient to cover credit risk, and then identify other risks and assess prudent levels of capital to meet them.

The risk assessment has been undertaken using an estimating method to measure the likelihood of occurrence and potential impact. Estimates have been further adjusted to take account of (a) the possible margin of error in assessing impact and (b) that in any one year the number of concurrent risks may well exceed the mathematical average.

The results have been collated into a central risk register to enable review and challenge by the Company's management team.

Capital levels are set with reference to the shareholder's funds and these are adjusted to reflect risk and liquidity. The surplus or deficit ratio has been reported quarterly to the regulator throughout the past year. A deficit was reported and in January 2015 equity of £1.52million was issued on 29 January 2015 and £1.2million June in 2015. The group is currently reporting a surplus.

Shareholders' funds of £1,161,132 at 31 March 2014 do not include any amount that may constitute a commitment or liability to any party other than a distribution to the equity shareholder.

The board has no intention of making any distribution to the equity shareholder.

Company registration number: 2354159

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

6. Staff costs

Staff costs comprise:	31 March 2014	31 March 2013
	£	£
Wages and salaries	2,072,495	2,804,438
Social security costs	240,832	358,679
Pension costs	102,707	173,054
	2,416,034	3,336,171

The company operates a contributory salary purchase pension scheme.
During the year the company had an average of 32 employees. The emoluments of the highest paid director for qualifying services were £181,788, (2013: £170,000).

7. Operating loss

The operating loss for the year is stated after charging:	31 March 2014	31 March 2013
	£	£
Auditors remuneration		
for audit services	82,000	29,734
non audit services : tax compliance	8,000	2,000
Operating lease rentals	224,690	240,611
Staff costs	2,416,034	3,336,171
Profit on disposal of fixed assets	-	(735)

The remuneration of the directors who are the key management of the Company, is set out below

Directors' remuneration including benefits in kind – included in staff costs above	370,960	329,401
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8. Bank interest receivable and similar income

	31 March 2014	31 March 2013
	£	£
On bank deposit	1,800	1,348

9. Interest payable

	31 March 2014	31 March 2013
	£	£
Other Interest	(2,770)	(527)

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Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

10. Tax

The tax charge comprises

	31 March 2014	31 March 2013
	£	£
Mainstream UK corporation tax deriving from profits for the year at 24%: (2013-26%)	-	-
Adjustment for earlier year	-	-
Total current tax	-	-
Deferred tax		
Credit in respect of timing differences at 20%	-	-
Charge in respect of timing differences	-	-
Total deferred tax	-	-
Total tax on loss from ordinary activities	-	-

The tax charge for the year differs from that resulting from applying the standard rate of UK corporation tax of 23% to the profit before tax for the reasons set out in the following reconciliation.

	31 March 2014	31 March 2013
	£	£
Loss Before tax	(824,391)	(1,743,439)
Disallowable items and timing differences	331,000	200,000
Taxable loss	(493,391)	(1,543,439)
Tax at rate nil (2013 nil)	-	-
Adjustment in respect of prior year	-	-
Tax expense for the year	-	-

Disallowable items include such expenditure as entertaining which is not wholly and exclusively in the course of the business and timing differences are in respect of expenditure relating to share based payments. Total tax losses carried forward are £3,321,836.

11. Plant and equipment

As at 31 March 2014

	Plant and equipment ££
Cost at 1 April 2013	786,939
Additions	6,443
	793,382
Accumulated depreciation at 1 April 2013	687,741
Provision for the year	31,086
	718,827
Net book value at 31 March 2013	99,198
Net book value at 31 March 2014	74,555

Included within the cost of plant and equipment is £443,634 of fully depreciated assets and £nil in respect of assets held under finance leases.

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Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

12. Trade and other receivables

	2014	2013
	£	£
Trade receivables	893,523	1,170,209
Due from group companies	767,647	10,063
Other debtors and prepayments	261,499	444,358
	1,922,669	1,624,630

The ageing of trade receivables at the reporting date was:

	2014	2013
	£	£
Not past due	10,502	908,350
30 to 60 days	154,038	102,873
Over 60 days	728,983	158,986
	893,523	1,170,209

The directors consider that the carrying amount of trade and other receivables approximates their fair value. All amounts considered uncollectible have been provided against.

13. Cash and cash equivalents

	2014	Restated 2013
	£	£
Held at UK clearing banks directly	209,340	667,041

Balances as at 31 March 2013 held by a third party (£24,667) and owing in respect of credit cards (£7,765) have been restated as trade receivables and other payables and accruals respectively.

14. Trade and other payables

	2014	Restated 2013
	£	£
Trade payables	430,891	423,663
Other payables and accruals	214,492	220,841
Other taxes and social security	432,151	760,342
	(1,077,534)	1,404,846

All creditors are payable within one year of the reporting date.

15. Share Capital

	2014	2013
	£	£
Authorised		
611,550,000 (2013 : 611,550,000) Ordinary shares of 0.5p each at 1 April 2013	3,057,750	3,057,750
611,550,000 (2013 : 611,550,000) Ordinary shares of 0.5p each at 31 March 2014	3,057,750	3,057,750
Issued and fully paid		
390,049,900 Ordinary shares of 0.5p each	1,950,250	1,950,250
200,000,000 Ordinary shares of 0.5p each	1,000,000	-
590,049,900 (2013 : 390,049,900) Ordinary shares of 0.5p each at 31 March 2014	2,950,250	1,950,250

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Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

16. Operating leases

At the reporting date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014	2013
	£	£
Within one year	224,690	107,721
In the second to fifth year inclusive	201,652	23,171
Five to ten years	794	-

17. Share based payments

The company participates in two share option schemes for all employees of the Group which provide employees with the option to acquire shares in the parent company. Options are exercisable at a price agreed upon in the share option agreement on the date of grant. The vesting period lies between immediate exercise and three years. If the options remain unexercised after 10 to 13 years from the vesting date, or the option holder ceases to be an employee or office holder within the group before the options vest, the options will lapse.

The awards have been valued using a Black Scholes model with reference to relevant vesting periods and actual share prices at the date of issue, exercise date and expected volatility. Historic share price volatility applied has been 53.91%, an attrition rate of 14.21% and a risk free interest rate of 1% as applied during the historic year in which the awards were made. The weighted average price used in the valuation model is 4.95p.

No options were granted in 2013 or 2014 and all awards are fully vested. Accordingly there was no share based payment charge in either year.

The share options outstanding at 31 March 2014 are as follows:

	Date of grant	Vesting Period: Years employment	Exercise Price	Number of shares	
				2014	2013
Granted at start of year					
Unapproved	16 February 2002	None	11.00p	40,000	40,000
Approved	19 August 2004	Three years	4.00p	2,550,000	2,550,000
Unapproved	14 February 2005	Three years	10.00p	335,000	360,000
Unapproved	13 June 2005	Three years	12.00p	500,000	500,000
Unapproved	22 May 2006	Three years	27.75p	4,000,000	4,000,000
Approved	29 March 2011	One year	2.00p	13,950,000	17,500,000
Approved	29 March 2011	One year	2.50p	15,800,000	17,150,000
Surrendered or lapsed during the year					
Approved	19 August 2004	Three years	4.00p	(300,000)	-
Unapproved	14 February 2005	Three years	10.00p	-	(25,000)
Approved	29 March 2011	One year	2.00p	-	(3,300,000)
Unapproved	29 March 2011	One year	2.50p	-	(1,350,000)
Cancelled	29 March 2011	One year	2.50p	(7,400,000)	(7,000,000)
Weighted average exercise price and total of options granted			4.95p	29,475,000	30,425,000

Options were issued at an exercise price equal to the mid-market price on the date of issue.

Eighteen staff were taking part in the scheme at 31 March 2014 (2013: 23).

300,000 options expired during the year due to attrition, the exercise price of these shares was 4p.

The weighted average remaining life of the above options is 2,641 days.

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Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

18. Related party transactions

Daniel Stewart Securities plc holds 100% of the issued share capital of Daniel Stewart & Co plc.

Adam Wilson a major shareholder of Daniel Stewart Securities plc, the parent company, has been paid £281,667 by Daniel Stewart & Co plc in respect of his consultancy agreement with Daniel Stewart Securities plc. At 31 March 2014 £22,500 had been paid in advance to Adam Wilson in respect of this agreement.

During the year Daniel Stewart & Co plc paid £7,525 in respect of health insurance for Stuart Lucas who is a director of Daniel Stewart Securities plc, the parent company.

During the year Daniel Stewart & Co plc paid £4,494 in respect of life and health insurance for Adam Wilson who is a significant shareholder in Daniel Stewart Securities plc, the parent company.

Peter Shea and Adam Wilson are shareholders in The Confederacy Limited. Peter Shea is a director of this company. There were no transactions or balances with the Group.

Stuart Lucas is a director and shareholder of Asset Match Limited, during the year Asset Match Limited paid £7,275 commission to Daniel Stewart & Co plc.

All amounts due have been settled in cash.

Peter Shea has provided a £10,000 personal guarantee in respect of credit cards from Adam & Co bank.

Daniel Stewart Securities Plc, the parent company, manages the bulk of the group's cash in order to carry out treasury. From time to time cash will be transferred between group companies in order to meet the normal operating obligations of the subsidiary companies. In the year ending 31 March 2014, Daniel Stewart Securities plc loaned £757,584 (2013: Loaned £1,180,145) to Daniel Stewart & Co plc.

There has been no management charge from Daniel Stewart & Co plc to Daniel Stewart Securities plc in the year (2013: £100,000).

Key management compensation

Key managers have been identified as the executive management team of the company.

	2014	2013
	£	£
Salaries and short term benefits	364,842	187,125
Pension contributions	6,118	10,992
	<hr/>	<hr/>
	370,960	198,117

The following Directors had interests in options over ordinary shares of Daniel Stewart Securities plc, the parent company as shown below:

Price	4p	10p	12p	2.5p	2p
Vesting date	19 Aug 2007	14 Feb 2008	14 Feb 2008	29 Mar 2013	29 Mar 2013
Peter Shea	750,000		500,000	3,000,000	7,000,000
John Whitwell	400,000	75,000		500,000	250,000

None of the directors' exercised any options during the year ended 31 March 2014.

Pension benefits relate to a defined contribution scheme, Life assurance and medical insurance cease when employment ceases. There are no contractual provisions for post-termination benefits, accordingly statutory requirements apply. Options granted to key management are disclosed in the directors' report.

Company registration number: 2354159

Daniel Stewart & Company plc

Notes to the financial statements

Year ended 31 March 2014

19. Commitments and contingent liabilities

A contingent liability in respect of exposure to client share trading through the company will exist at any given time. All unsettled trades at 31 March 2014 have now been fully satisfied. At 31 March 2014, the Company had an open position of £2,041,088 (2013: £3,900,000).

20. General information

The ultimate parent company of the Company, is Daniel Stewart Securities plc a company registered in England and Wales under the Companies Act 2006, whose registered office and principal place of business is Becket House, 36 Old Jewry, London EC2R 8DD. Copies of their financial statements may be obtained from this address.

21. Post balance sheet events

On 1 October 2014 the parent company announced that it was not able to publish its Annual Report for the year ended 31 March 2014. As a consequence, and pursuant to the AIM Rules for Companies, the parent company's shares were temporarily suspended.

During the final stages of preparation of the Accounts, the company identified a shortfall in its regulatory capital, under the European Capital Requirements Regulations and Directive CRR/CRD IV. Daniel Stewart Securities plc entered into discussions with potential investors in order to strengthen the Group's balance sheet for regulatory capital purposes.

On 6 November 2014 Daniel Stewart Securities plc announced that as a result of a General meeting it had authority to issue and allot 380,000,000 new Ordinary Shares and to disapply of pre-emption rights.

On 12 December Daniel Stewart & Co plc relinquished its Nomad licence.

On 29 January 2015, Daniel Stewart Securities plc announced that it had received cash subscriptions for 111,000,000 new shares raising £1.22million. Further to this Peter Shea acquired and converted a loan providing a further £0.3million

A further £1.2million has been raised by Daniel Stewart Securities PLC through a cash subscription to 8,656,716 shares on 30 June 2015.