

REGISTERED NUMBER: 02853836

ARLINCLOSE LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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ARLINGCLOSE LIMITED

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ARLINGCLOSE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report with the financial statements of the company for the year ended 30 June 2012

RESULTS FOR THE YEAR

The profit on ordinary activities after taxation for the year was £396,303 (2010 profit £12,371)

REVIEW OF BUSINESS

The principal activities of the company are advising on treasury management services, project finance and the structuring and funding of all types of assets together with the provision of management services

The company continued to grow at a pleasing and sustainable rate during the year. Turnover (excluding recharged professional fees) increased by 21% (2011 increase of 48.8%) to £1,762,459 in response to continued organic growth in treasury management advisory mandates. Revenues also benefited from the new and complementary business lines relating to leasing advisory work and preparatory consultancy in relation to changes in the way that council housing is financed.

Whilst competition in relation to advisory fee levels remains reasonably challenging, despite a back-drop of sharply increasing risk factors in financial and credit markets, the directors are encouraged by our clients' focus on quality, value and independent advice that remains a distinctive feature of the company's philosophy and approach to business.

Staff levels have once more been increased during the year with the appointment of a further two full time executives to meet the continued growth in mandates and the provision of support infrastructure to our experienced team of executives.

The company's Pillar 3 disclosure information, as required by the Financial Services Authority, is available on the company's website www.arlingclose.com

Finally, the directors would like to record their appreciation of the continuing support of the company's valued clients and the hard work, innovation and enthusiasm of all employees.

DIVIDENDS

The total distribution of dividends for the year ended 30 June 2012 will be £353,300

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2011 to the date of this report

P L Clein
C Humphry
M Horsfield
M Pickering

ARLINGCLOSE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, H L Barnes and Sons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



M Horsfield - Secretary

27 September 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARLINGCLOSE LIMITED

We have audited the financial statements of Arlingclose Limited for the year ended 30 June 2012 on pages five to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors 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 financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARLINCLOSE LIMITED

Matters on which we are required to report by exception

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

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

Paul Woodward BSc FCA (Senior Statutory Auditor)
for and on behalf of H L Barnes and Sons
Barclays Bank Chambers
Stratford upon Avon
Warwickshire
CV37 6AH

Date 12/10/2012

ARLINGCLOSE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
TURNOVER		1,762,459	1,484,780
Cost of sales		-	27,962
GROSS PROFIT		1,762,459	1,456,818
Administrative expenses		1,230,877	1,447,413
OPERATING PROFIT	3	531,582	9,405
Interest receivable and similar income		2,838	3,630
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		534,420	13,035
Tax on profit on ordinary activities	4	138,117	664
PROFIT FOR THE FINANCIAL YEAR		396,303	12,371

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

ARLINGCLOSE LIMITED

**BALANCE SHEET
30 JUNE 2012**

	Notes	2012	2011
		£	£
FIXED ASSETS			
Tangible assets	6	52,260	61,684
CURRENT ASSETS			
Debtors	7	206,949	329,817
Investments	8	701,612	608,774
Cash at bank		526,755	316,192
		<u>1,435,316</u>	<u>1,254,783</u>
CREDITORS			
Amounts falling due within one year	9	<u>1,033,696</u>	<u>911,686</u>
NET CURRENT ASSETS		<u>401,620</u>	<u>343,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>453,880</u>	<u>404,781</u>
CREDITORS			
Amounts falling due after more than one year	10	-	(50)
PROVISIONS FOR LIABILITIES	13	<u>(6,096)</u>	<u>-</u>
NET ASSETS		<u><u>447,784</u></u>	<u><u>404,731</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	380,840	380,790
Profit and loss account	15	66,944	23,941
SHAREHOLDERS' FUNDS	17	<u><u>447,784</u></u>	<u><u>404,731</u></u>

The financial statements were approved by the Board of Directors on 27 September 2012 and were signed on its behalf by


P L Clein - Director


C Humphry - Director


M Horsfield - Director


M Pickering - Director

The notes on pages 8 to 16 form part of these financial statements

ARLINGCLOSE LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 £	2011 £
Net cash inflow from operating activities	18	668,754	170,342
Returns on investments and servicing of finance	19	2,838	3,630
Taxation		(664)	(1,038)
Capital expenditure and financial investment	19	(107,115)	(213,479)
Equity dividends paid		(353,300)	(41,400)
		<u>210,513</u>	<u>(81,945)</u>
Financing	19	<u>50</u>	<u>-</u>
Increase/(decrease) in cash in the period		<u>210,563</u>	<u>(81,945)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	20		
Increase/(decrease) in cash in the period		210,563	(81,945)
Cash outflow from increase in liquid resources		92,838	203,194
Cash outflow from decrease in debt		<u>50</u>	<u>-</u>
Change in net funds resulting from cash flows		<u>303,451</u>	<u>121,249</u>
Movement in net funds in the period		<u>303,451</u>	<u>121,249</u>
Net funds at 1 July		<u>924,916</u>	<u>803,667</u>
Net funds at 30 June		<u>1,228,367</u>	<u>924,916</u>

The notes on pages 8 to 16 form part of these financial statements

ARLINCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention

Turnover

Turnover is the value of services provided to customers with revenue being recognised with respect to these services as contractual activity progresses, excluding value added tax and sales of fixed assets. The turnover is derived wholly from the principal activity within the United Kingdom

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life

Leasehold improvements	- 20% on cost
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

Deferred tax

Deferred taxation is accounted for using the liability method on all material timing differences. Deferred tax liabilities are provided in full. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Timing differences arise from certain items being included in taxation computations in periods different from those in which they appear in the accounts

Hire purchase and leasing commitments

Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title. Rentals payable under operating leases are charged on a straight line basis over the lease term

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account

Preference shares

Preference shares that meet the definition of a liability are recognised as a liability on the balance sheet. The corresponding dividends on those shares are recognised as finance costs through the profit and loss account

2 STAFF COSTS

	2012 £	2011 £
Wages and salaries	712,438	921,778
Social security costs	89,130	114,687
Other pension costs	20,460	17,213
	<u>822,028</u>	<u>1,053,678</u>

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

2 STAFF COSTS - continued

The average monthly number of employees during the year was as follows

	2012	2011
Directors	4	4
Advisors	11	9
	<u>15</u>	<u>13</u>

3 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Hire of plant and machinery	2,393	2,393
Depreciation - owned assets	23,701	23,392
Loss on disposal of fixed assets	-	1,764
Auditors' remuneration	6,000	6,000
Rent of land and buildings	<u>30,019</u>	<u>30,019</u>
Directors' remuneration	35,752	412,256
Directors' pension contributions to money purchase schemes	<u>5,760</u>	<u>5,760</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
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4 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	132,021	664
Deferred tax	<u>6,096</u>	<u>-</u>
Tax on profit on ordinary activities	<u>138,117</u>	<u>664</u>

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

4 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK
The difference is explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>534,420</u>	<u>13,035</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 20%)	106,884	2,607
Effects of		
Permanent differences	5,968	665
Capital allowances for year in excess of depreciation	-	1,810
Utilisation of tax losses	(1,467)	(4,671)
Depreciation on assets not qualifying for capital allowances	629	629
Change in standard rate of corporation tax in year	-	24
Difference on deferred taxation arising from change in rates of taxation	-	(400)
Difference between standard rate of corporation tax and marginal rates of tax	26,103	-
Depreciation for year in excess of capital allowances	<u>(6,096)</u>	<u>-</u>
Current tax charge	<u>132,021</u>	<u>664</u>

5 DIVIDENDS

	2012 £	2011 £
'A' Ordinary shares of 10p each dividends during the year	115,000	15,000
'B' Ordinary shares of 10p each dividends during the year	225,000	26,400
Redeemable shares of 10p each dividends during the year	13,300	-
	<u>353,300</u>	<u>41,400</u>

ARLINGCLOSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2012**

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2011	57,212	22,783	27,906	107,901
Additions	-	6,439	7,838	14,277
At 30 June 2012	57,212	29,222	35,744	122,178
DEPRECIATION				
At 1 July 2011	20,978	9,215	16,024	46,217
Charge for year	11,442	4,331	7,928	23,701
At 30 June 2012	32,420	13,546	23,952	69,918
NET BOOK VALUE				
At 30 June 2012	24,792	15,676	11,792	52,260
At 30 June 2011	36,234	13,568	11,882	61,684

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	62,902	213,430
Other debtors	19,375	18,116
Prepayments and accrued income	124,672	98,271
	206,949	329,817

8 CURRENT ASSET INVESTMENTS

Listed investments - Liquidity Funds		
Cost 1 July 2011	608,774	405,580
Additions	700,000	250,000
Withdrawals	(610,000)	(50,000)
Distribution reinvestment	2,838	3,194
Cost 30 June 2012	701,612	608,774
Market value at 30 June 2012	703,737	608,774

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	24,259	51,275
Corporation tax	132,021	664
Social security and other taxes	-	154,250
VAT	153,030	-
Other creditors	16,655	5,465
Accruals and deferred income	707,731	700,032
	<u>1,033,696</u>	<u>911,686</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Preference shares (see note 11)	<u>-</u>	<u>50</u>

11 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due in more than five years		
Repayable otherwise than by instalments		
Preference shares	<u>-</u>	<u>50</u>

Details of shares shown as liabilities are as follows

Allotted, issued and fully paid				
Number	Class	Nominal value	2012	2011
			£	£
NIL	Preference	10p	<u>-</u>	<u>50</u>

Preference shares : The 500 Preference shares were reclassified to 100 'A' Ordinary shares and 400 'Z' Ordinary shares on the adoption of amended Articles of Association and Shareholders Agreement dated 1 December 2011

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

12 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring Between one and five years	<u>34,637</u>	<u>34,637</u>	<u>2,393</u>	<u>2,393</u>

13 PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred tax	<u>6,096</u>	<u>-</u>
		Deferred tax £
Provided during year		<u>6,096</u>
Balance at 30 June 2012		<u>6,096</u>

14 CALLED UP SHARE CAPITAL

Allotted, Number	issued and fully paid Class	Nominal value	2012 £	2011 £
4,056	'A' Ordinary	10p	406	396
3,538	'B' Ordinary	10p	354	394
3,800,000	Redeemable	10p	380,000	380,000
403	'C' Ordinary	10p	40	-
400	'Z' Ordinary	10p	40	-
			<u>380,840</u>	<u>380,790</u>

ARLINCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

CALLED UP SHARE CAPITAL - continued

Rights of each class of shares

'A' Ordinary shares, 'B' Ordinary shares and 'C' Ordinary shares : Full voting rights and the right to participate in profits by way of dividend and on winding up

Redeemable shares : No voting rights or right to attend meetings of the company unless the meeting is to consider variations in respect of the Redeemable shares, wind up the company or reduce the company's share capital. The right to receive a dividend, but non-cumulative for any year in which no dividend is paid. The company shall have the right at any time after the date of allotment of any redeemable share to redeem that share at par

'Z' Ordinary shares : No voting rights and no rights to participate in profits by way of dividend or on winding up

Full details of the rights of each class of shares are set out in the amended Articles of Association and Shareholders Agreement dated 1 December 2011

15 RESERVES

	Profit and loss account £
At 1 July 2011	23,941
Profit for the year	396,303
Dividends	(353,300)
	<hr/>
At 30 June 2012	66,944
	<hr/>

16 RELATED PARTY DISCLOSURES

a) Control

The company was under the effective control of P L Clein and C Humphry, as 'A' Ordinary shareholders, throughout the current and preceding year

b) Dividends to directors

Dividends paid to directors in the year were £340,000 (2010 £41,400)

c) Directors' current accounts

The company owed P L Clein £nil (2010 £401), C Humphry £nil (2010 £1,364), M Horsfield £nil (2010 £56) and M Pickering £nil (2010 £424) at the end of the year

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 30 JUNE 2012**

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	396,303	12,371
Dividends	(353,300)	(41,400)
New share capital subscribed	50	-
Net addition/(reduction) to shareholders' funds	43,053	(29,029)
Opening shareholders' funds	404,731	433,760
Closing shareholders' funds	447,784	404,731

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	531,582	9,405
Depreciation charges	23,701	23,391
Loss on disposal of fixed assets	-	1,764
Decrease/(increase) in debtors	122,868	(110,622)
(Decrease)/increase in creditors	(9,397)	246,404
Net cash inflow from operating activities	668,754	170,342

19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	2,838	3,630
Net cash inflow for returns on investments and servicing of finance	2,838	3,630
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(14,277)	(10,286)
Purchase of current asset investments	(2,838)	(3,194)
Disposal of current asset investments	610,000	50,001
Additions to current asset investments	(700,000)	(250,000)
Net cash outflow for capital expenditure and financial investment	(107,115)	(213,479)
Financing		
Share issue	50	-
Net cash inflow from financing	50	-

ARLINGCLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2012

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 7 11 £	Cash flow £	At 30 6 12 £
Net cash			
Cash at bank	316,192	210,563	526,755
	<u>316,192</u>	<u>210,563</u>	<u>526,755</u>
Liquid resources			
Current asset investments	608,774	92,838	701,612
	<u>608,774</u>	<u>92,838</u>	<u>701,612</u>
Debt			
Debts falling due after one year	(50)	50	-
	<u>(50)</u>	<u>50</u>	<u>-</u>
Total	<u>924,916</u>	<u>303,451</u>	<u>1,228,367</u>