

COMPANY NO: 04683428

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL
STATEMENTS

◆ *Year ended 31 March 2011* ◆

FRIDAY



A46

AQM21YY2

04/11/2011

204

COMPANIES HOUSE

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

CONTENTS

| | Page |
|-----------------------------------------|-------------|
| Company Information | 1 |
| Report of the Directors | 2-3 |
| Report of the Independent Auditor | 4-5 |
| Consolidated Profit and Loss Account | 6 |
| Consolidated and Company Balance Sheets | 7 |
| Consolidated Cash Flow Statement | 8 |
| Notes to the Financial Statements | 9-20 |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

COMPANY INFORMATION

| | |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | Joy-Isabelle Besse (resigned 8 December 2010) David Miller (resigned 8 December 2010) Rupert Della-Porta (appointed 7 December 2010) Christopher Middleton (appointed 7 December 2010) |
| Company secretary | David Miller |
| Registered office | 20-22 Bedford Row London WC1R 4JS |
| Registered number | 04683428 |
| Auditor | Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 30 Finsbury Square London EC2P 2YU |
| Bankers | Coutts & Co 188 Fleet Street London EC4A 2HT |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited consolidated financial statements for the year ended 31 March 2011

Principal activities

The principal activity of the company is the provision of management services to Atlantic Equities LLP (the "LLP")

Results and dividends

The group profit for the year after tax and before dividends amounted to £195,349 (2010 £352,220)
The company made a profit after tax and before dividend of £137,860 (2010 £321,743)

During the year an interim dividend of £175,000 (2010 £150,000) was paid in addition to the final dividend of £140,000 (2010 £Nil) in respect of the year ending 31 March 2010. The directors do not propose to pay a final dividend (2010 £140,000)

Business review and future developments

The company continues to provide management services to the LLP and during the year received £11,106,453 (2010 £6,440,645) to cover its expenses in carrying on the business of the LLP. The directors expect continued profitability during the forthcoming year

On 9 March 2011 the company purchased Atlantic Equities LLC (formerly known as Execution Noble LLC) (the "LLC"), a company incorporated in the United States of America. The LLC is a wholly owned subsidiary of the company and is included in the consolidation. The principal activity of LLC is the provision of brokerage services

During the year, the company continued to operate a growth share ownership plan ("GSOP") so that employees may have the opportunity to partake in the future success of the business

Principal risks and uncertainties

The group provides management services to the LLP and as such is indirectly exposed to the risks and uncertainties faced by the LLP. As an independent broker and investment research business that specialises in US equities, the LLP is exposed to the risks and uncertainties of the financial markets

Directors and their interests

The directors and secretary of the company at 31 March 2011 are set out on page 1 and held office throughout the year unless otherwise stated

During the period, rights to subscribe for shares in the company have not been granted to, or exercised by, any director or member of his immediate family

Financial instruments

The company is exposed to credit risk as evidenced by its debtor balances. The company has no material exposure to either liquidity risk or price risk

The company attempts to mitigate its exposure to credit risk by regular monitoring of debtor balances by the credit control department to help ensure prompt payment

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

REPORT OF THE DIRECTORS

(Continued)

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required to 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 the financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business

The directors are responsible for keeping adequate records which 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

In so far as each of the directors is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Auditor

Grant Thornton UK LLP have indicated their willingness to continue in office as auditor. A resolution concerning their reappointment will be proposed at the annual general meeting

The report of the directors was approved by the Board on 1 November 2011 and signed on its behalf by

Rupert Della-Porta
Director



ATLANTIC EQUITIES SERVICE COMPANY LIMITED

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
ATLANTIC EQUITIES SERVICE COMPANY LIMITED**

We have audited the financial statements of Atlantic Equities Service Company Limited for the year ended 31 March 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's 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 matters prescribed by the Companies Act 2006

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

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
ATLANTIC EQUITIES SERVICE COMPANY LIMITED
(continued)**

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 parent company 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



Julian Bartlett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, England

1 November 2011

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

| | Note | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|------------------------------------------------------|-------|----------------------------------------------|----------------------------------------------|
| Turnover | 1 & 2 | 10,930,380 | 8,251,307 |
| Administrative expenses | | <u>(10,572,597)</u> | <u>(7,762,496)</u> |
| Operating profit | 4 | 357,783 | 488,811 |
| Bank interest receivable | | 314 | 1,382 |
| Bank interest payable | | <u>(2,504)</u> | <u>-</u> |
| Profit on ordinary activities before taxation | | 355,593 | 490,193 |
| Taxation | 7 | <u>(160,244)</u> | <u>(137,973)</u> |
| Profit for the financial year after taxation | 18 | <u>195,349</u> | <u>352,220</u> |

All of the group's operations are continuing

The group had no recognised gains or losses other than the profit for the financial year

The notes on pages 9 to 20 form part of these financial statements

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS
at 31 March 2011

| | Note | Group 31 March 2011 £ | Company 31 March 2011 £ | Group 31 March 2010 £ | Company 31 March 2010 £ |
|----------------------------------------------------------------|------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | 222,534 | 157,480 | 47,047 | 46,402 |
| Intangible assets - goodwill | 10 | 230,173 | - | - | - |
| Investments | 11 | - | 1,214,482 | - | 657 |
| | | 452,707 | 1,371,962 | 47,047 | 47,059 |
| Current assets | | | | | |
| Debtors | 12 | 2,873,314 | 1,590,179 | 4,019,848 | 3,889,256 |
| Cash at bank and in hand | | 1,027,849 | 731,393 | 122,387 | 67,496 |
| | | 3,901,163 | 2,321,572 | 4,142,235 | 3,956,752 |
| Creditors: Amounts falling due within one year | 13 | (3,128,548) | (2,575,333) | (2,606,122) | (2,470,283) |
| Net current assets/(liabilities) | | 772,615 | (253,761) | 1,536,113 | 1,486,469 |
| Total assets less current liabilities | | 1,225,322 | 1,118,201 | 1,583,160 | 1,533,528 |
| Creditors: Amounts falling due after more than one year | 14 | (1,058,743) | (1,058,743) | - | - |
| Provisions for liabilities and charges | 15 | (31,644) | (31,644) | (1,328,650) | (1,328,650) |
| Net assets | | 134,935 | 27,814 | 254,510 | 204,878 |
| Capital and reserves | | | | | |
| Called up share capital | 16 | 10,076 | 10,076 | 10,000 | 10,000 |
| Profit and loss account | 17 | 124,859 | 17,738 | 244,510 | 194,878 |
| Equity shareholder's funds | 18 | 134,935 | 27,814 | 254,510 | 204,878 |

The financial statements were approved by the Board on 1 November 2011 and signed on its behalf by



Christopher Middleton
Director
Atlantic Equities Service Company Limited
Company No 04683428

The notes on pages 9 to 20 form part of these financial statements

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011**

| | Note | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|------------------------------------------------------------------|------|----------------------------------------------|----------------------------------------------|
| Net cash (outflow)/inflow from operating activities | 19 | 790,749 | 2,259,323 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 314 | 132 |
| Interest paid | | (203) | - |
| | | <u>111</u> | <u>132</u> |
| Taxation paid | | (149,866) | (80,755) |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | | (156,461) | (20,231) |
| Acquisitions and Disposals | | | |
| Purchase of investments | | (1,246,261) | - |
| Dividends paid | | (315,000) | (150,000) |
| Financing | | | |
| Call on bank loan facility | | 1,056,442 | - |
| Loan to Atlantic Equities LLP | | - | (1,947,732) |
| Repayment of loan to Atlantic Equities LLP | | <u>689,359</u> | <u>-</u> |
| | | 1,745,801 | (1,947,732) |
| Net funds acquired on acquisition of subsidiary | | 279,560 | - |
| | | <u>279,560</u> | <u>-</u> |
| Increase in cash | 20 | <u>948,633</u> | <u>60,737</u> |
| Reconciliation of net cash flow to movement in net funds: | | | |
| Increase in cash in the year (as above) | | 948,633 | 60,737 |
| Foreign exchange differences | | <u>(2,568)</u> | <u>3,707</u> |
| Movement in net funds in the year | | 946,065 | 64,444 |
| Net funds at 1 April 2010 | | <u>55,593</u> | <u>(8,851)</u> |
| Net funds at 31 March 2011 | 20 | <u>1,001,658</u> | <u>55,593</u> |

The notes on pages 9 to 20 form part of these financial statements

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable UK accounting standards under the historical cost convention. As permitted by the Companies Act 2006, the profit and loss account of the company has not been separately presented in the financial statements.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertaking at 31 March 2011. The accounts of the overseas subsidiary are translated into pounds sterling at the closing rate of exchange.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the Directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable.

Accounting for acquisition of subsidiaries

On acquisition the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the net assets acquired is recognised as goodwill on consolidation. The results of the subsidiary acquired during the year are included in the consolidated profit and loss from the effective date of acquisition.

Provisions

Where the incident of a liability which has been incurred is uncertain, a provision is made of the estimated liability incurred at the balance sheet date.

Turnover

Turnover comprises a reimbursement of expenses incurred on behalf of Atlantic Equities LLP, a partnership of which the company is a corporate member, and is accounted for on an accrual basis (see note 2). Turnover also comprises broker commissions earned by Atlantic Equities LLC, the company's wholly owned subsidiary.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31 March 2011. Exchange differences are taken to the profit and loss account.

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is provided on a straight line basis to allocate the cost, less estimated residual value, of the tangible fixed assets over their estimated useful lives -

| | | |
|------------------------|---|---------|
| Office Equipment | - | 3 years |
| Computer Equipment | - | 3 years |
| Leasehold Improvements | - | 3 years |

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit.

Leased Assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

Fixed Asset Investments

These consist of investments in the company's two wholly owned subsidiaries, namely Atlantic Equities LLC and Atlantic Equities (US) Inc. Both investments are held at cost.

Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

2. TURNOVER

The turnover for the period is attributable to service management fees received to cover expenses incurred in the operational support of Atlantic Equities LLP, and broker commissions earned by the LLC.

3. SUBSIDIARY COMPANIES

On 8 March 2011 the company purchased Atlantic Equities LLC (formerly known as Execution Noble LLC) (the "LLC"), a company incorporated in the United States of America. The LLC is a wholly owned subsidiary of the company and is included in the consolidation. The principal activity of LLC is the provision of brokerage services. For the period from 9 to 31 March 2011, the LLC made a profit after tax of equivalent £Nil. The LLC has a financial year end of 31 December and as the company acquired the LLC shortly before its year end of 31 March 2011 there was no time to consider changing the year end of the LLC to be consistent with that of the company. For the period 1 January 2011 to 8 March 2011, date of acquisition, the LLC made a loss of \$680,833 (*equivalent £424,247*) (year ending 31 December 2010 loss of \$1,263,307 (*equivalent £787,205*)).

Atlantic Equities (US) Inc ("AEUS"), a company incorporated in the United States of America, is a wholly owned subsidiary of the company and is included in the consolidation. The principal activity of AEUS is the provision of management services. For the year ended 31 March 2011, AEUS made a profit after tax of equivalent £54,960 (2010 £30,309).

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

4. OPERATING PROFIT

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| The operating profit is stated after charging | | |
| Auditors' remuneration – | | |
| Fees payable to the company's auditor for the audit of the annual financial statements of the company | 12,000 | 3,500 |
| Fees payable to the company's auditor and its associates for other services | | |
| – other services relating to taxation | 9,780 | 4,000 |
| – other services | 25,000 | 115,000 |
| Operating lease rentals – property | 108,279 | 40,115 |
| Depreciation | 50,627 | 42,971 |
| Foreign exchange differences | 2,568 | (1,037) |
| | <u> </u> | <u> </u> |

5. DIRECTORS' REMUNERATION

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Emoluments | 32,500 | - |
| Gain on crystallisation of CFD contracts | 1,109,582 | - |
| | <u>1,142,082</u> | <u>-</u> |

The highest paid director received remuneration of £930,875 (2010 £Nil)

6. STAFF COSTS

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|-------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Wages and Salaries | 3,209,590 | 2,704,332 |
| Social Security Costs | 273,906 | 314,476 |
| | <u>3,483,496</u> | <u>3,018,808</u> |
| The average monthly number of employees and directors was as follows | No. | No. |
| Directors | 2 | 2 |
| Others | 33 | 19 |
| Office and Management | <u>35</u> | <u>21</u> |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

7. TAXATION

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|---------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| UK Corporation tax at 28% (2010 28%) | <u>130,648</u> | <u>141,551</u> |
| Tax charge in respect of current year | 130,648 | 141,551 |
| Prior year adjustments | 246 | (60) |
| Deferred tax | <u>29,350</u> | <u>(3,518)</u> |
| | <u>160,244</u> | <u>137,973</u> |

The current taxation charge for the year is different from the rate of corporation tax in the UK (28%) (2010 28%) The differences are explained below

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|--------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Profit on ordinary activities before taxation | <u>355,593</u> | <u>490,193</u> |
| Theoretical tax at UK corporation tax rate of 28% (2010 28%) | 99,566 | 137,254 |
| Effects of | | |
| - Capital allowances in excess of depreciation | (17,797) | 3,518 |
| - Other expenditure which is not tax deductible | 56,363 | 6,706 |
| - Marginal relief | (1,370) | (4,617) |
| - Difference in overseas tax rate | (6,686) | (1,230) |
| - Consolidation adjustment | <u>572</u> | <u>(80)</u> |
| Actual current tax charge | <u>130,648</u> | <u>141,551</u> |

8. DIVIDENDS

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|-----------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Dividends paid on ordinary shares | <u>315,000</u> | <u>150,000</u> |

The directors do not propose to pay a final dividend (2010 £140,000)

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

9. FIXED ASSETS

Group

| | Office Equipment | Computer Equipment | Leasehold Improvements | Total |
|-----------------------------------------------------|-----------------------------|-------------------------------|-----------------------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2010 | 92,323 | 193,531 | - | 285,854 |
| Acquisition of subsidiary undertaking - at cost | 803,858 | - | 287,728 | 1,091,586 |
| Additions | 11,762 | 42,731 | 101,969 | 156,461 |
| At 31 March 2011 | <u>907,943</u> | <u>236,262</u> | <u>389,696</u> | <u>1,533,901</u> |
| Depreciation | | | | |
| At 1 April 2010 | 77,444 | 161,363 | - | 238,807 |
| Acquisition of subsidiary undertaking - accumulated | | | | |
| Depreciation | 742,282 | - | 279,651 | 1,021,933 |
| Charge for the year | 17,537 | 29,449 | 3,641 | 50,627 |
| At 31 March 2011 | <u>837,263</u> | <u>190,812</u> | <u>283,292</u> | <u>1,311,367</u> |
| Net Book Value | | | | |
| At 31 March 2010 | 14,879 | 32,168 | - | 47,047 |
| At 31 March 2011 | <u>70,680</u> | <u>45,450</u> | <u>106,404</u> | <u>222,534</u> |

Company

| | Office Equipment | Computer Equipment | Leasehold Improvements | Total |
|-----------------------|-----------------------------|-------------------------------|-----------------------------------|----------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2010 | 92,323 | 191,676 | - | 283,999 |
| Additions | 11,761 | 42,731 | 101,969 | 156,461 |
| At 31 March 2011 | <u>104,084</u> | <u>234,407</u> | <u>101,969</u> | <u>440,460</u> |
| Depreciation | | | | |
| At 1 April 2010 | 77,444 | 160,153 | - | 237,597 |
| Charge for the year | 13,246 | 28,804 | 3,333 | 45,383 |
| At 31 March 2011 | <u>90,690</u> | <u>188,957</u> | <u>3,333</u> | <u>282,980</u> |
| Net Book Value | | | | |
| At 31 March 2010 | 14,879 | 31,523 | - | 46,402 |
| At 31 March 2011 | <u>13,394</u> | <u>45,450</u> | <u>98,636</u> | <u>157,480</u> |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

10. INTANGIBLE ASSETS - GOODWILL**Group**

| | Total £ |
|---------------------|--------------------|
| Cost | |
| At 1 April 2010 | - |
| Additions | <u>230,173</u> |
| At 31 March 2011 | <u>230,173</u> |
| Amortisation | |
| At 1 April 2010 | - |
| Charge for the year | <u>-</u> |
| At 31 March 2011 | <u>-</u> |
| Net Book Value | |
| At 31 March 2010 | <u>-</u> |
| At 31 March 2011 | <u>230,173</u> |

11. INVESTMENTS

| | Group £ | Company £ |
|-------------------------|--------------------|----------------------|
| At 1 April 2010 | - | 657 |
| Additions | - | 1,213,858 |
| Movement on translation | <u>-</u> | <u>(33)</u> |
| At 31 March 2011 | <u>-</u> | <u>1,214,482</u> |

Investments relate to shares in group undertakings (Note 3)

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

12. DEBTORS

| | Group 31 March 2011 £ | Company 31 March 2011 £ | Group 31 March 2010 £ | Company 31 March 2010 £ |
|-------------------------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
| Other debtors | 738,647 | 72,519 | 29,985 | 29,985 |
| Prepayments and accrued Income | 211,296 | 149,577 | 1,542,592 | 1,536,938 |
| Amounts due from Atlantic Equities LLP | 1,690,361 | 1,081,726 | 2,379,721 | 2,216,141 |
| Amounts due from Atlantic Equities (US) Inc | - | 54,632 | - | 40,000 |
| Recoverable VAT | 56,932 | 56,932 | 40,107 | 40,107 |
| | | | | |
| Amounts falling due within one year | 2,697,236 | 1,415,386 | 3,992,405 | 3,863,171 |
| | | | | |
| Amounts falling due after more than one year | | | | |
| Rent deposit | 176,078 | 174,793 | 27,443 | 26,085 |
| | | | | |
| | <u>2,873,314</u> | <u>1,590,179</u> | <u>4,019,848</u> | <u>3,889,256</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 31 March 2011 £ | Company 31 March 2011 £ | Group 31 March 2010 £ | Company 31 March 2010 £ |
|-------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
| Bank overdraft | 26,191 | 26,191 | 66,794 | 66,794 |
| Trade creditors | 280,682 | 216,422 | 159,798 | 155,634 |
| Other creditors | 58,942 | 58,942 | - | - |
| Corporation tax payable | 116,709 | 116,709 | 134,853 | 131,460 |
| Other taxes & social security | 52,681 | 52,681 | 48,808 | 45,059 |
| Accruals | 2,593,343 | 2,104,388 | 2,195,869 | 2,071,336 |
| | | | | |
| | <u>3,128,548</u> | <u>2,575,333</u> | <u>2,606,122</u> | <u>2,470,283</u> |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group 31 March 2011 £ | Company 31 March 2011 £ | Group 31 March 2010 £ | Company 31 March 2010 £ |
|-------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
| Loans | 1,058,743 | 1,058,743 | - | - |

The loan was drawn down on 8 March 2011 and is repayable in twenty equal quarterly instalments commencing 8 September 2011. Interest is charged at 2.5% above LIBOR. As security the company has provided the lender with a mortgaged debenture over all its assets including a specific charge over book debts. The loan is also secured by a joint and several guarantee and a composite guarantee (note 22).

15. PROVISIONS FOR LIABILITIES AND CHARGES

| | Group Year ended 31 March 2011 £ | Company Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ | Company Year ended 31 March 2010 £ |
|--------------------------------|---------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
| Deferred taxation provided | | | | |
| Accelerated capital allowances | 31,644 | 31,644 | 2,294 | 2,294 |
| Other | - | - | 1,326,356 | 1,326,356 |
| | <u>31,644</u> | <u>31,644</u> | <u>1,328,650</u> | <u>1,328,650</u> |

The movement in accelerated capital allowances is as follows

| | | | | |
|------------------|---------------|---------------|--------------|--------------|
| At 1 April 2010 | 2,294 | 2,294 | 5,812 | 5,812 |
| Movement | 29,350 | 29,350 | (3,518) | (3,518) |
| At 31 March 2011 | <u>31,644</u> | <u>31,644</u> | <u>2,294</u> | <u>2,294</u> |

The movement in other provision is as follows

| | | | | |
|------------------|-------------|-------------|------------------|------------------|
| At 1 April 2010 | 1,326,356 | 1,326,356 | - | - |
| Movement | (1,326,356) | (1,326,356) | 1,326,356 | 1,326,356 |
| At 31 March 2011 | <u>-</u> | <u>-</u> | <u>1,326,356</u> | <u>1,326,356</u> |

Deferred tax has been provided at 26% (2010: 28%), the company's current rate of corporation tax, because of uncertainty as to the average rate of tax that will apply when the underlying timing differences will reverse.

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

15. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The Company has continued to operate the GSOP under which awards are linked to key performance indicators of Atlantic Equities LLP (the "LLP") of which the Company is corporate member. Any payment made to employees in settlement of the awards is reimbursed by a service management fee from the LLP. At 31 March 2011 a total provision of £Nil (2010 £1,326,356) has been made in respect of the estimated future cost of the awards accrued to date and related income of £Nil (2010 £1,366,147) has been accrued representing the amount provided plus a margin of 3 per cent that would be recoverable from the LLP. The value of the awards is subject to the uncertainties of the financial markets, including foreign exchange volatility, and the continuing employment of the Company's employees.

16. CALLED UP SHARE CAPITAL

| Group and Company | 31 March 2011 £ | 31 March 2010 £ |
|----------------------------------------------------------|-----------------------|-----------------------|
| Authorised - 20,000 ordinary shares of £1 each | 20,000 | 20,000 |
| Allotted - 10,076 ordinary share of £1 | 10,076 | 10,000 |

17. RESERVES

| | Group Profit and loss account £ | Company Profit and loss account £ |
|-----------------------------------------|------------------------------------------|--------------------------------------------|
| At 1 April 2010 | 244,510 | 194,878 |
| Profit for the financial year after tax | 195,349 | 137,860 |
| Dividends | (315,000) | (315,000) |
| At 31 March 2011 | 124,859 | 17,738 |

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | Group Year ended 31 March 2011 £ | Company Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ | Company Year ended 31 March 2010 £ |
|-----------------------------------------|----------------------------------------------|------------------------------------------------|----------------------------------------------|------------------------------------------------|
| Opening shareholders' funds | 254,510 | 204,878 | 42,291 | 23,136 |
| Profit for the financial year after tax | 195,349 | 137,860 | 352,220 | 321,743 |
| Issue of ordinary £1 shares | 76 | 76 | 9,999 | 9,999 |
| Dividends | (315,000) | (315,000) | (150,000) | (150,000) |
| Closing shareholders' funds | 134,935 | 27,814 | 254,510 | 204,878 |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | Group Year ended 31 March 2011 £ | Group Year ended 31 March 2010 £ |
|------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Operating profit | 357,783 | 488,811 |
| Depreciation | 50,627 | 42,971 |
| Decrease/(increase) in debtors | 1,234,560 | (1,399,456) |
| (Decrease)/increase in creditors | (854,789) | 3,128,034 |
| Foreign exchange differences | 2,568 | (1,037) |
| Net cash (outflow)/inflow from operating activities | <u>790,749</u> | <u>2,259,323</u> |

20. ANALYSIS OF NET DEBT

| Group | At 1 April 2010 £ | Cash Inflow/ (Outflow) £ | Non-cash movement £ | At 31 March 2011 £ |
|--------------------------|--------------------------------------|---------------------------------------------|------------------------------------|---------------------------------------|
| Net cash | | | | |
| Cash at bank and in hand | 122,387 | 908,030 | (2,568) | 1,027,849 |
| Bank overdraft | (66,794) | 40,603 | - | (26,191) |
| Net debt | <u>55,593</u> | <u>948,633</u> | <u>(2,568)</u> | <u>1,001,658</u> |

21. FINANCIAL COMMITMENTS – OPERATING LEASES

As at 31 March 2011 the company had annual commitments under operating leases as follows

| | 31 March 2011 £ | 31 March 2010 £ |
|------------------------------------|--------------------------------|--------------------------------|
| Land and Buildings leases expiring | | |
| Less than 1 year | - | 44,400 |
| Between 5 and 10 years | <u>150,414</u> | <u>-</u> |
| | <u>150,414</u> | <u>44,400</u> |

During the year the company moved offices and has contracted to an operating lease of the premises at 1st Floor, 25 Cophall Avenue, London EC2R 7BP The lease expires on 24 December 2020

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

22. RELATED PARTY TRANSACTIONS

During the year Atlantic Equities Service Company Limited ("AE Limited") paid Meteora Partners LLP £384,409 (2010 £339,720) for professional services rendered Ms Joy-Isabelle Besse and Mr David Miller are designated members of Meteora Partners LLP and were directors of AE Limited during the year, resigning on 8 December 2010 At 31 March 2011 AE Limited owed Meteora Partners LLP £86,328 (2010 £35,575)

AE Limited is the corporate member of Atlantic Equities LLP (the "LLP") During the year the LLP paid AE Limited service management fees of £11,106,453 (2010 £6,440,645) to cover expenses incurred in the operational support of the LLP At 31 March 2011 the LLP owed AE Limited £1,081,726 (2010 £2,216,141)

Atlantic Equities LLC (the "LLC") provides brokerage services to the LLP During the year the LLP paid the LLC service management fees of £313,032 (2010 £Nil) to cover expenses incurred by the LLC in the provision of such services At 31 March 2011 the LLP owed the LLC £313,032 (2010 £Nil)

Atlantic Equities (US) Inc ("AEUS") provides management services to the LLP During the year the LLP paid AEUS service management fees of £810,259 (2010 £444,514) to cover expenses incurred by AEUS in the provision of such services At 31 March 2011 the LLP owed the AEUS £295,603 (2010 £163,580)

The company's obligations under the Agreement in respect of the loan of £1,058,743 drawn by company on 8 March 2011 (note 14) have been secured by a joint and several guarantee of Rupert Della-Porta and Christopher Middleton, limited to \$1,695,378 (*£ equivalent 1,056,442*), and a composite guarantee between the company and the LLP The company has paid no amount in respect of these guarantees

23. ACQUISITION

On 8 March 2011 the company purchased Atlantic Equities LLC ("the LLC"), (formerly Execution Noble LLC), for a total consideration of \$1,948,000 (*£ equivalent 1,213,858*)

In its last financial year to 31 December 2010, the LLC made a loss after tax and minority interests of \$1,263,307 (*£ equivalent 787,205*) For the period 1 January 2011 to 8 March 2011, the date of acquisition, the LLC management accounts reflect the following results

| | Total |
|-----------------------------------------------|------------------|
| | £ |
| Turnover | 85,537 |
| Operating loss | (140,617) |
| Loss before taxation | <u>(140,583)</u> |
| Taxation | - |
| Minority interests | - |
| Loss attributable to shareholders | <u>(140,583)</u> |
| Total recognised losses for the period | <u>(140,583)</u> |

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

23. ACQUISITION (CONTINUED)

Details of the book values of the assets and liabilities of the LLC and any adjustments required to present the net assets of the LLC at fair values in accordance with group accounting principles together with the goodwill arising are detailed as follows

| | Book Value | Fair value adjustment | Consistency of accounting policy | Provisional fair value |
|----------------------------|-------------------|------------------------------|-----------------------------------------|-------------------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 71,252 | - | - | 71,252 |
| Debtors | 766,072 | - | - | 766,072 |
| Creditors | (133,200) | - | - | (133,200) |
| Cash | 279,561 | - | - | 279,561 |
| | <u>983,675</u> | - | - | <u>983,675</u> |
| Minority interests | - | - | - | - |
| Net assets acquired | <u>983,675</u> | - | - | <u>983,675</u> |
| Goodwill | | | | 230,173 |
| Consideration | | | | <u>1,213,858</u> |
| Consideration satisfied by | | | | |
| Cash | | | | <u>1,213,858</u> |
| | | | | <u>1,213,858</u> |

The book value of the assets and liabilities have been taken from the management accounts of Atlantic Equities LLC at 8 March 2011, the date of acquisition, translated at this date

24. CONTROLLING PARTIES

The members of Atlantic Equities LLP are the joint controlling parties of the group and company. There is no single controlling party of the group or company.