

Registration number: 07091239

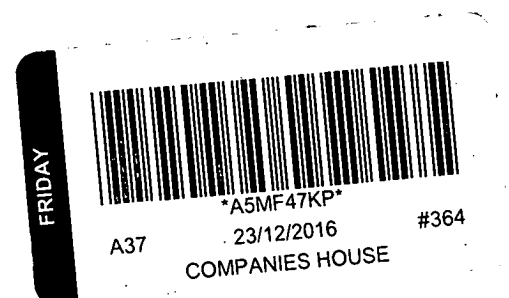
Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Annual Report and Financial Statements

for the Year Ended 31 March 2016

Warrener Stewart Chartered Accountants
43 Harwood Road
London
SW6 4QP



Strategic Report for the Year Ended 31 March 2016

The Directors present their strategic report for the year ended 31 March 2016.

Principal activity

The principal activity of the company is the provision of investment management services

Fair review of the business

The company made a pre-tax profit of £159,197 compared to £149,603 in 2015 and had net assets of £411,967 at the balance sheet date.

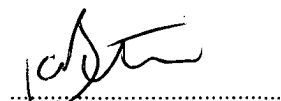
The directors consider this to be a satisfactory outcome for the year representing a significant increase in funds under management.

Principal risks and uncertainties

The principal risk facing the company is the potential loss of discretionary clients and investors from managed funds in the event of poor performance. This risk is mitigated by offering a diversified range of funds and investment strategies.

The company also minimises this risk whenever possible through diversification of its own client base. To this end, the company is actively engaging with potential offshore clients to complement and build on its current onshore operational presence.

Approved by the Board on 22 July 2016 and signed on its behalf by:



Matthew Brittain
Director

Directors' Report for the Year Ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

Directors of the Company

The directors who held office during the year were as follows:

Matthew Brittain

Andrew McKenzie-Smart (appointed 28 September 2015)

David Brimacombe (appointed 17 December 2015)

Gaurav Modgill (resigned 24 September 2015)

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 March 2016.

Financial instruments

Objectives and policies

The main financial performance indicator applicable to the company is the value of funds under management. This increased by approximately 20% over the course of the year.

The value of funds under management is an indicator of the performance of individual portfolios and fund and these are regularly reviewed against industry standards.

Price risk, credit risk, liquidity risk and cash flow risk

The company's Pillar 3 disclosures can be found on its website on www.ariacm.com.


Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Warrener Stewart Chartered Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 22 July 2016 and signed on its behalf by:


.....
Matthew Brittain
Director

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Absolute Return Investment Advisers (ARIA) Limited

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Independent Auditor's Report

We have audited the financial statements of Absolute Return Investment Advisers (ARIA) Limited for the year ended 31 March 2016, set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Including Financial Reporting Standard 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland."

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 to the financial statements.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

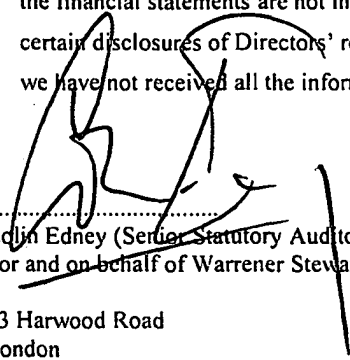
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

Absolute Return Investment Advisers (ARIA) Limited

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Independent Auditor's Report

- 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.



.....
Colin Edney (Senior Statutory Auditor)

For and on behalf of Warrener Stewart Chartered Accountants, Statutory Auditor

43 Harwood Road
London
SW6 4QP

Date:

25 July 2016

Profit and Loss Account for the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4	3,114,634	1,777,866
Cost of sales		<u>(2,350,493)</u>	<u>(827,501)</u>
Gross profit		764,141	950,365
Administrative expenses		<u>(609,767)</u>	<u>(797,774)</u>
Operating profit	5	<u>154,374</u>	<u>152,591</u>
Interest payable and similar charges	6	<u>4,823</u>	<u>(2,988)</u>
		<u>4,823</u>	<u>(2,988)</u>
Profit before tax		159,197	149,603
Taxation	10	<u>(28,781)</u>	<u>(31,700)</u>
Profit for the financial year		<u><u>130,416</u></u>	<u><u>117,903</u></u>

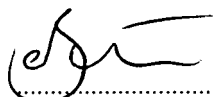
The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

(Registration number: 07091239)
Balance Sheet as at 31 March 2016

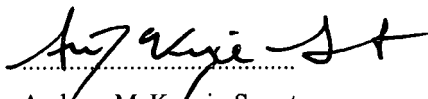
	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	20,634	-
Current assets			
Debtors	12	514,601	424,462
Cash at bank and in hand		182,943	169,923
		697,544	594,385
Creditors: Amounts falling due within one year	14	(306,211)	(144,353)
Net current assets		391,333	450,032
Total assets less current liabilities		411,967	450,032
Creditors: Amounts falling due after more than one year	14	-	(180,965)
Net assets		411,967	269,067
Capital and reserves			
Called up share capital	16	73,636	61,152
Profit and loss account		338,331	207,915
Total equity		411,967	269,067

Approved and authorised by the Board on 22 July 2016 and signed on its behalf by:



Matthew Brittain

Director



Andrew McKenzie-Smart

Director

The notes on pages 10 to 16 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 March 2016

	Share capital £	Profit and loss account £	Total £
At 1 April 2015	61,152	207,915	269,067
Profit for the year	-	130,416	130,416
Total comprehensive income	-	130,416	130,416
New share capital subscribed	12,484	-	12,484
At 31 March 2016	73,636	338,331	411,967
	Share capital £	Profit and loss account £	Total £
At 1 April 2014	61,152	90,012	151,164
Profit for the year	-	117,903	117,903
Total comprehensive income	-	117,903	117,903
At 31 March 2015	61,152	207,915	269,067

The notes on pages 10 to 16 form an integral part of these financial statements.

Statement of Cash Flows for the Year Ended 31 March 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		130,416	117,903
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	11,020	-
Finance costs	6	171	-
Income tax expense	10	<u>28,781</u>	<u>31,700</u>
		170,388	149,603
Working capital adjustments			
Increase in trade debtors	12	(90,139)	(109,953)
Increase/(decrease) in trade creditors	14	<u>115,886</u>	<u>(257,439)</u>
Cash generated from operations		196,135	(217,789)
Income taxes paid	10	<u>(31,662)</u>	<u>(5,423)</u>
Net cash flow from operating activities		<u>164,473</u>	<u>(223,212)</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(31,654)	-
Cash receipts from repayment of loans, classified as investing activities		(180,965)	-
Advances of loans, classified as investing activities		<u>-</u>	<u>180,965</u>
Net cash flows from investing activities		<u>(212,619)</u>	<u>180,965</u>
Cash flows from financing activities			
Interest paid	6	(171)	-
Proceeds from issue of ordinary shares, net of issue costs		12,484	-
Proceeds from other borrowing draw downs		<u>48,853</u>	<u>14,687</u>
Net cash flows from financing activities		<u>61,166</u>	<u>14,687</u>
Net increase/(decrease) in cash and cash equivalents		13,020	(27,560)
Cash and cash equivalents at 1 April		<u>169,923</u>	<u>197,483</u>
Cash and cash equivalents at 31 March		<u><u>182,943</u></u>	<u><u>169,923</u></u>

The notes on pages 10 to 16 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2016

1 General information

The company is a private company limited by share capital incorporated in England.

The address of its registered office is:

Ground Floor

2 Bell Court

Leapale Lane

Guildford

Surrey

GU1 4LY

These financial statements were authorised for issue by the Board on 22 July 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Notes to the Financial Statements for the Year Ended 31 March 2016

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	4 years straight line
Fixtures and fittings	5 years straight line
Website	2 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements for the Year Ended 31 March 2016

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Management considers the key estimates and judgements made in the financial statements to be related to:

A. Valuation of the shares, securities and other assets held by the Company's investment funds which determine the Company's management and performance fees receivable.

B. The timing of commissions and fees receivable from the Company's investment funds.

C. The company has also included commissions receivable by the Company which are payable to the firm's introducers as income and associated costs during the year. Under these agreements the Company considers it is acting as principal with an agent to pay the introducer rather than as the introducers' agent.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016 £	2015 £
Rendering of services	3,114,634	1,777,866

The analysis of the company's turnover for the year by class of business is as follows:

	2016 £	2015 £
Management of funds	3,114,634	1,777,866

The analysis of the company's turnover for the year by market is as follows:

	2016 £	2015 £
UK	3,114,634	1,777,866

5 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	11,020	-

6 Interest payable and similar charges

	2016 £	2015 £
Interest expense on other finance liabilities	171	-
Foreign exchange (gains) / losses	(4,994)	2,988
	(4,823)	2,988

Notes to the Financial Statements for the Year Ended 31 March 2016

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	184,842	325,627
Social security costs	16,577	-
Redundancy costs	42,500	-
Other employee expense	2,720	11,742
	<u>246,639</u>	<u>337,369</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and support	<u>5</u>	<u>7</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>50,000</u>	<u>100,000</u>

9 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	<u>10,000</u>	<u>10,000</u>
Other fees to auditors		
All other non-audit services	<u>2,350</u>	<u>2,640</u>

10 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	28,819	31,700
UK corporation tax adjustment to prior periods	<u>(38)</u>	<u>-</u>
	<u>28,781</u>	<u>31,700</u>

Notes to the Financial Statements for the Year Ended 31 March 2016

11 Tangible assets

	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation			
Additions	16,224	15,430	31,654
At 31 March 2016	16,224	15,430	31,654
Depreciation			
Charge for the year	3,305	7,715	11,020
At 31 March 2016	3,305	7,715	11,020
Carrying amount			
At 31 March 2016	12,919	7,715	20,634

12 Debtors

	2016 £	2015 £
Trade debtors	78,030	359,238
Other debtors	377,179	50,480
Prepayments	59,392	14,744
Total current trade and other debtors	514,601	424,462

13 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	182,943	169,923

Notes to the Financial Statements for the Year Ended 31 March 2016

14 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	17	63,540	14,687
Trade creditors		195,947	46,992
Social security and other taxes		3,405	9,847
Other payables		-	1,931
Accrued expenses		14,500	39,196
Income tax liability	10	28,819	31,700
		<u>306,211</u>	<u>144,353</u>
Due after one year			
Other non-current financial liabilities		<u>-</u>	<u>180,965</u>

15 Financial instruments

The company had financial assets measured at fair value through the profit and loss account of £78,030 (2015 £359,238).

The company had financial liabilities measured at fair value through the profit and loss account of £195,947 (2015 £46,992).

16 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>73,636</u>	<u>73,636</u>	<u>61,152</u>	<u>61,152</u>

New shares allotted

During the year 12,484 Ordinary shares having an aggregate nominal value of £12,484 were allotted for an aggregate consideration of £12,484. These shares were issued to enable an increase in equity capital.

17 Loans and borrowings

	2016 £	2015 £
Current loans and borrowings		
Other borrowings	<u>63,540</u>	<u>14,687</u>

Notes to the Financial Statements for the Year Ended 31 March 2016

18 Transition to FRS 102

The policies adopted under the entity's previous accounting framework are not materially different to FRS102 and hence there is no impact on equity of profit or loss.