

Registration number: 07091239

Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Annual Report and Financial Statements

for the Year Ended 31 March 2017

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Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Strategic Report for the Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

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 £177,109 compared to £159,197 in 2016 and had net assets of £568,551 at the balance sheet date.

The directors consider this to be a satisfactory outcome for the year given the company's focus on establishing UCITS V fund structures, as well as establishing a Dubai based branch. The directors consider the company is well placed to take advantage of changes in the global financial services industry.

Principal risks and uncertainties

The directors have, in May 2017, undergone a thorough analysis of the risks inherent in the company's activities. The analysis identified the likelihood of the event occurring as well as the magnitude of the impact on the company should the event occur. The directors considered the level of control exercised by the company to manage the risk that the event occurs, as well as identifying the persons to manage the risk and those persons to supervise and monitor the risk.

The main risk that the directors identified was from the disintermediation of the Financial Services industry and its increasingly global nature. The directors consider that the company's size and the ability to react rapidly to changing market and industry conditions marks a considerable strength as well as presenting opportunities.

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 27 July 2017 and signed on its behalf by:



Andrew McKenzie-Smart
Director

Absolute Return Investment Advisers (ARIA) Limited

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Directors' Report for the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors of the company

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

Matthew Brittain

David Brimacombe

Andrew McKenzie-Smart

Financial instruments

Objectives and policies

The main financial performance indicator applicable to the company is the value of funds under management. Following changes to the permissible assets owned by approved pension funds and the cessation of certain pension scheme administrators the Company's funds under management reduced by 24% over the course of the year. During the year, the Company has obtained approval from industry regulators to provide UCITS V funds, which are within the range of permissible assets for approved pension funds. Following approval of the UCITS V funds, the Company expects that the funds it has under management will return to previous levels.

Moreover the Company has taken steps to diversify its income through the development of corporate fiduciary and the establishment of family office services.

The value of funds under management is an indicator of the performance of individual portfolios and the 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.

Absolute Return Investment Advisers (ARIA) Limited

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Directors' Report for the Year Ended 31 March 2017

Disclosure of information to the auditors

Each of the directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. Each director confirms 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 27 July 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Andrew McKenzie-Smart', written over a dotted line.

Andrew McKenzie-Smart
Director

Absolute Return Investment Advisers (ARIA) Limited

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Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 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 to the Members of Absolute Return Investment Advisers (ARIA) Limited

We have audited the financial statements of Absolute Return Investment Advisers (ARIA) Limited for the year ended 31 March 2017, set out on pages 7 to 18. 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 2017 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.

Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Independent Auditor's Report to the Members of Absolute Return Investment Advisers (ARIA) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

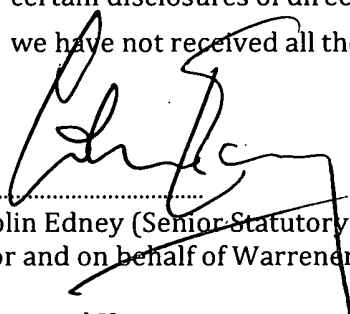
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



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

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

Harwood House
43 Harwood Road
London
SW6 4QP

27 July 2017

Absolute Return Investment Advisers (ARIA) Limited

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Profit and Loss Account for the Year Ended 31 March 2017

	Note	Total 31 March 2017 £	Total 31 March 2016 £
Turnover	4	2,561,312	3,114,634
Cost of sales		<u>(1,212,855)</u>	<u>(2,350,493)</u>
Gross profit		1,348,457	764,141
Administrative expenses		<u>(1,149,991)</u>	<u>(609,767)</u>
Operating profit	5	<u>198,466</u>	<u>154,374</u>
Other interest receivable and similar income	6	21	-
Interest payable and similar expenses	7	<u>(21,378)</u>	<u>4,823</u>
		<u>(21,357)</u>	<u>4,823</u>
Profit before tax		177,109	159,197
Taxation	11	<u>(20,525)</u>	<u>(28,781)</u>
Profit for the financial year		<u><u>156,584</u></u>	<u><u>130,416</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.

The notes on pages 11 to 18 form an integral part of these financial statements.

Absolute Return Investment Advisers (ARIA) Limited

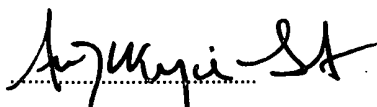
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(Registration number: 07091239)

Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	83,328	20,634
Current assets			
Debtors	13	712,493	514,601
Cash at bank and in hand		<u>52,604</u>	<u>182,943</u>
		765,097	697,544
Creditors: Amounts falling due within one year	15	<u>(279,874)</u>	<u>(306,211)</u>
Net current assets		<u>485,223</u>	<u>391,333</u>
Net assets		<u>568,551</u>	<u>411,967</u>
Capital and reserves			
Called up share capital	17	73,636	73,636
Profit and loss account		<u>494,915</u>	<u>338,331</u>
Total equity		<u>568,551</u>	<u>411,967</u>

Approved and authorised by the Board on 27 July 2017 and signed on its behalf by:



Andrew McKenzie-Smart

Director

The notes on pages 11 to 18 form an integral part of these financial statements.

Absolute Return Investment Advisers (ARIA) Limited

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Statement of Changes in Equity for the Year Ended 31 March 2017

	Share capital	Profit and	Total
	£	loss account	£
		£	
At 1 April 2016	<u>73,636</u>	<u>338,331</u>	<u>411,967</u>
Profit for the year	<u>-</u>	<u>156,584</u>	<u>156,584</u>
Total comprehensive income	<u>-</u>	<u>156,584</u>	<u>156,584</u>
At 31 March 2017	<u><u>73,636</u></u>	<u><u>494,915</u></u>	<u><u>568,551</u></u>
	Share capital	Profit and	Total
	£	loss account	£
		£	
At 1 April 2015	<u>61,152</u>	<u>207,915</u>	<u>269,067</u>
Profit for the year	<u>-</u>	<u>130,416</u>	<u>130,416</u>
Total comprehensive income	<u>-</u>	<u>130,416</u>	<u>130,416</u>
New share capital subscribed	<u>12,484</u>	<u>-</u>	<u>12,484</u>
At 31 March 2016	<u><u>73,636</u></u>	<u><u>338,331</u></u>	<u><u>411,967</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Absolute Return Investment Advisers (ARIA) Limited

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Statement of Cash Flows for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		156,584	130,416
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	29,032	11,020
Finance income	6	(21)	-
Finance costs	7	2	171
Income tax expense	11	20,525	28,781
		<u>206,122</u>	<u>170,388</u>
Working capital adjustments			
Increase in trade debtors	13	(197,892)	(90,139)
(Decrease)/increase in trade creditors	15	(46,841)	164,739
		<u>(38,611)</u>	<u>244,988</u>
Cash generated from operations		(38,611)	244,988
Income taxes paid	11	(21)	(31,662)
Net cash flow from operating activities		<u>(38,632)</u>	<u>213,326</u>
Cash flows from investing activities			
Interest received	6	21	-
Acquisitions of tangible assets		(93,996)	(31,654)
Proceeds from sale of tangible assets		2,270	-
Cash receipts from repayment of loans, classified as investing activities		<u>-</u>	<u>(180,965)</u>
Net cash flows from investing activities		<u>(91,705)</u>	<u>(212,619)</u>
Cash flows from financing activities			
Interest paid	7	(2)	(171)
Proceeds from issue of ordinary shares, net of issue costs		<u>-</u>	<u>12,484</u>
Net cash flows from financing activities		<u>(2)</u>	<u>12,313</u>
Net (decrease)/increase in cash and cash equivalents		(130,339)	13,020
Cash and cash equivalents at 1 April		<u>182,943</u>	<u>169,923</u>
Cash and cash equivalents at 31 March		<u><u>52,604</u></u>	<u><u>182,943</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

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 27 July 2017.

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.

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.

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

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.

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 clients for services performed, as well as income receivable from the funds the Company manages and administers 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.

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

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.

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:

	2017	2016
	£	£
Rendering of services	<u>2,561,312</u>	<u>3,114,634</u>

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

	2017	2016
	£	£
Management of funds	<u>2,561,312</u>	<u>3,114,634</u>

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

Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Notes to the Financial Statements for the Year Ended 31 March 2017

	2017 £	2016 £
UK	<u>2,561,312</u>	<u>3,114,634</u>

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	<u>29,032</u>	<u>11,020</u>

6 Other interest receivable and similar income

	2017 £	2016 £
Other finance income	<u>21</u>	<u>-</u>

7 Interest payable and similar expenses

	2017 £	2016 £
Interest expense on other finance liabilities	2	171
Foreign exchange (gains) / losses	<u>21,376</u>	<u>(4,994)</u>
	<u>21,378</u>	<u>(4,823)</u>

8 Staff costs

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

	2017 £	2016 £
Wages and salaries	490,498	184,842
Social security costs	8,140	16,577
Redundancy costs	-	42,500
Other employee expense	<u>8,149</u>	<u>2,720</u>
	<u>506,787</u>	<u>246,639</u>

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

	2017 No.	2016 No.
Administration and support	<u>10</u>	<u>5</u>

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	<u>74,428</u>	<u>50,000</u>

10 Auditors' remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>12,000</u>	<u>10,000</u>
Other fees to auditors		
All other non-audit services	<u>-</u>	<u>2,350</u>

11 Taxation

Tax charged/(credited) in the income statement

	2017	2016
	£	£
Current taxation		
UK corporation tax	39,151	28,819
UK corporation tax adjustment to prior periods	<u>(18,626)</u>	<u>(38)</u>
	<u>20,525</u>	<u>28,781</u>

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 April 2016	-	16,224	15,430	31,654
Additions	74,219	19,777	-	93,996
Disposals	-	(2,270)	-	(2,270)
At 31 March 2017	74,219	33,731	15,430	123,380
Depreciation				
At 1 April 2016	-	3,305	7,715	11,020
Charge for the year	14,844	6,473	7,715	29,032
At 31 March 2017	14,844	9,778	15,430	40,052
Carrying amount				
At 31 March 2017	59,375	23,953	-	83,328
At 31 March 2016	-	12,919	7,715	20,634

Included within the net book value of land and buildings above is £59,376 (2016 - £Nil) in respect of short leasehold land and buildings.

13 Debtors

	2017 £	2016 £
Trade debtors	244,961	78,030
Other debtors	423,413	377,179
Prepayments	44,119	59,392
Total current trade and other debtors	712,493	514,601

14 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	52,604	182,943

Absolute Return Investment Advisers (ARIA) Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

15 Creditors

	Note	2017 £	2016 £
Due within one year			
Trade creditors		154,350	195,947
Amounts due to related parties	18	52,543	63,540
Social security and other taxes		2,658	3,405
Accrued expenses		21,000	14,500
Income tax liability	11	<u>49,323</u>	<u>28,819</u>
		<u>279,874</u>	<u>306,211</u>

16 Financial instruments

The company had financial assets measured at fair value through the profit and loss account of £244,961 (2016 £78,030).

The company had financial liabilities measured at fair value through the profit and loss account of £154,350 (2016 £195,947).

17 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>73,636</u>	<u>73,636</u>	<u>73,636</u>	<u>73,636</u>

Absolute Return Investment Advisers (ARIA) Limited

trading as ARIA

Notes to the Financial Statements for the Year Ended 31 March 2017

18 Related party transactions

Key management personnel

Witan Partners Limited, a company in which the director David Brimacombe is also a director and Smart Accounting and Tax Solutions LLP a partnership in which Andrew McKenzie-Smart is a partner.

Summary of transactions with key management

Services provided to Absolute Return Investments Advisers (ARIA) Limited.

Expenditure with and payables to related parties

2017

Rendering of services

Key management £
<u>59,705</u>

2016

Rendering of services

Key management £
<u>21,363</u>