

Aalto Invest UK Ltd

FINANCIAL STATEMENTS

for the year ended

31 December 2013

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COMPANIES HOUSE

Company Registration No 07377274

Aalto Invest UK Ltd

COMPANY INFORMATION

DIRECTOR	I L Harding
COMPANY NUMBER	07377274
REGISTERED OFFICE	Mutual House 70 Conduit Street London W1S 2GF
AUDITOR	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB

Aalto Invest UK Ltd

DIRECTOR'S REPORT

For the year ended 31 December 2013

The director presents his report and the consolidated financial statements of Aalto Invest UK Ltd (Company Registration No 07377274) and its subsidiary undertaking ("the group") for the year ended 31 December 2013

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a corporate member of Aalto Invest LLP, a limited liability partnership registered in the UK. The principal activity of Aalto Invest LLP is the provision of the investments advisory services regulated by the Financial Conduct Authority

RESULTS AND DIVIDENDS

The results of the group for the year are set out on page 6

The director is not able to recommend the payment of a dividend

DIRECTOR

The following director has held office since 1 January 2013

I L Harding

AUDITOR

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The director who is in office on the date of approval of these financial statements has confirmed that, as far as he is aware, there is no relevant audit information of which the auditor is unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor

This report was approved by the director on 21 May 2014

Signed


I L Harding
DIRECTOR

Dated 21 May 2014

Aalto Invest UK Ltd

STRATEGIC REPORT

For the year ended 31 December 2013

REVIEW OF THE BUSINESS

This report and the related financial statements reflect the results for the year ended 31 December 2013

The assets under management and investor commitments continued to grow strongly throughout 2013. The group investment strategies have continued to perform in accordance with the group's initial expectations.

The foundations laid by the group in 2012/13 have enabled a successful growth of the direct real estate and senior real estate lending strategies. Looking out to 2014, the group continues to expand its direct real estate investments in the US, and to continue to, selectively invest across the senior real estate lending market.

The group continues to measure near-term success of its strategies by analysing performance of the investments both in absolute performance terms as well as relative to risk and performance targets established prior to executing the investment strategy.

There have been no events since the balance sheet date, which materially affect the position of the group.

This report was approved by the director on 21 May 2014

Signed


I L Harding
DIRECTOR

Dated 21 May 2014

Aalto Invest UK Ltd

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period

In preparing those financial statements, the director is required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and accounting estimates that are reasonable and prudent,
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

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

Aalto Invest UK Ltd

INDEPENDENT AUDITOR'S REPORT

To the members of Aalto Invest UK Ltd

We have audited the financial statements on pages 6 to 16. 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 THE DIRECTOR AND THE AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2013 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Director's 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 no exceptions 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

David Blacher (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 2 June 2014

Aalto Invest UK Ltd

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

	Notes	2013 £	2012 £
TURNOVER	1	1,462,459	422,163
Other operating expenses	2	(1,461,426)	(930,641)
OPERATING PROFIT/(LOSS)		<u>1,033</u>	<u>(508,478)</u>
Investment income	3	171	34
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>1,204</u>	<u>(508,444)</u>
Taxation	5	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>1,204</u>	<u>(508,444)</u>

Turnover and operating profit/(loss) are derived from the group's continuing operations

No separate Consolidated Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Consolidated Profit and Loss Account

Aalto Invest UK Ltd**BALANCE SHEETS**

As at 31 December 2013

	Notes	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
FIXED ASSETS					
Tangible assets	6	22,544	-	23,104	-
Investments	7	-	1,687,000	-	1,399,000
		<u>22,544</u>	<u>1,687,000</u>	<u>23,104</u>	<u>1,399,000</u>
CURRENT ASSETS					
Debtors	8	414,809	12,446	245,051	5,000
Cash at bank and in hand		507,622	1,897	214,776	49,504
		<u>922,431</u>	<u>14,343</u>	<u>459,827</u>	<u>54,504</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	(691,339)	(397,344)	(207,999)	(143,479)
NET CURRENT ASSETS/ (LIABILITIES)					
		<u>231,092</u>	<u>(383,001)</u>	<u>251,828</u>	<u>(88,975)</u>
NET ASSETS					
		<u><u>253,636</u></u>	<u><u>1,303,999</u></u>	<u><u>274,932</u></u>	<u><u>1,310,025</u></u>
CAPITAL AND RESERVES					
Called up share capital	10	1,322,001	1,322,001	1,322,001	1,322,001
Profit and loss account	11	(1,073,365)	(18,002)	(1,074,569)	(11,976)
SHAREHOLDERS' FUNDS					
	12	<u>248,636</u>	<u>1,303,999</u>	<u>247,432</u>	<u>1,310,025</u>
Minority interests – capital contributions of other members of Aalto Invest LLP					
		5,000	-	27,500	-
		<u><u>253,636</u></u>	<u><u>1,303,999</u></u>	<u><u>274,932</u></u>	<u><u>1,310,025</u></u>

The financial statements set out on pages 6 to 16 were approved by the director and authorised for issue on 21/May/2014 and are signed

I L Harding
DIRECTOR

Dated

21/May/2014

Aalto Invest UK Ltd

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013 £	2012 £
NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	1,033	(508,478)
Payments to other members of Aalto Invest LLP treated as an expense	-	307,222
Depreciation charges	13,405	8,584
Increase in debtors	(169,758)	(215,453)
Increase in creditors	483,340	902,354
Net cash flow from operating activities	<u>328,020</u>	<u>494,229</u>
RETURNS ON INVESTMENTS		
Interest received	171	34
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(12,845)	(21,716)
TRANSACTIONS WITH OTHER MEMBERS OF AALTO INVEST LLP		
Payments to other members of Aalto Invest LLP	(22,500)	(314,722)
INCREASE IN CASH IN THE YEAR	<u>292,846</u>	<u>157,825</u>
Cash at beginning of the year	<u>214,776</u>	<u>56,951</u>
Cash at end of the year	<u><u>507,622</u></u>	<u><u>214,776</u></u>

Aalto Invest UK Ltd

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the results and balances relating to Aalto Invest UK Ltd together with those of Aalto Invest LLP prepared on an acquisition accounting basis as if the company controlled the limited liability partnership of which it is the corporate member

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account for the company has been presented. The company's result after taxation for the financial year amounted to a loss of £6,026 (2012 £1,195 loss)

COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

GOING CONCERN

Having reviewed the twelve month period from the date of the approval of these financial statements, the director has concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt upon the ability of the company to continue as a going concern. The ultimate parent company, Aalto Invest Limited, will continue to support the company and the development of its business to ensure that all liabilities of the company are met as they fall due

TURNOVER

Turnover represents the value of investment fund management services carried out for customers during the reporting period. Turnover is recognised when services are rendered and investment fund management fees become payable

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Office equipment, fixtures & fittings	33 3% straight line
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INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Participating interests are stated at cost in the company balance sheet and after the initial financial reporting period of investment are then subject to annual impairment reviews. Provision is then made for any impairment in the value of fixed asset investments that is assessed by the directors to be permanent

LEASING

All of the company's leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line bases over the lease term

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account

Aalto Invest UK Ltd

ACCOUNTING POLICIES (CONTINUED)

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1 TURNOVER

During the year ended 31 December 2013 98% (2012 52%) of the group's turnover was generated from markets outside the United Kingdom

2 OTHER OPERATING EXPENSES (NET)

	2013 £	2012 £
Administrative expenses	1,461,426	930,641

3 INVESTMENT INCOME

	2013 £	2012 £
Bank interest	171	34

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation is stated after charging		
Depreciation of tangible assets		
- Owned assets	13,405	8,584
Operating lease rentals		
- Land and buildings	79,619	54,497
Auditor's remuneration		
- Audit fees	10,500	10,000
- Other services	28,054	13,664

EMPLOYEES

	No	No
The average monthly number of persons employed by the group (excluding directors) during the year was		
Administration	11	6

	£	£
Staff costs for the above persons		
Wages and salaries	688,095	265,587
Social security costs	83,599	29,198
	771,694	294,785

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

5 TAXATION

	2013 £	2012 £
UK CORPORATION TAX		
Current tax on profit/(loss) for the year	-	-
CURRENT TAX CHARGE	-	-
FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
The tax assessed for the year is higher than the standard rate of UK corporation tax for small companies (20%) (2012 20%) as explained below		
Profit/(loss) on ordinary activities before taxation	1,204	(508,444)
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax for small companies of 20% (2012 20%)	241	(101,689)
Effects of		
Operating (profits)/losses of Aalto Invest LLP attributable to		
Aalto Invest UK Ltd	(1,446)	101,450
Other tax losses carried forward	1,205	239
CURRENT TAX CHARGE	-	-

The company has estimated losses of £473,000 (2012 £474,000) available for carry forward against relevant future taxable profits. A deferred tax asset in respect of tax losses carried forward has not been recognised on the grounds of uncertainty with regard to recoverability.

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

6 TANGIBLE FIXED ASSETS

Group	Office equipment, fixtures & fittings £
COST	
At 1 January 2013	33,974
Additions	12,845
At 31 December 2013	<u>46,819</u>
DEPRECIATION	
At 1 January 2013	10,870
Charge for the year	13,405
At 31 December 2013	<u>24,275</u>
NET BOOK VALUE	
At 31 December 2013	<u><u>22,544</u></u>
At 31 December 2012	<u><u>23,104</u></u>

7 FIXED ASSET INVESTMENTS

Company	Unlisted investments £
COST	
At 1 January 2013	1,399,000
Additions	288,000
At 31 December 2013	<u>1,687,000</u>
NET BOOK VALUE	
At 31 December 2013	<u><u>1,687,000</u></u>
At 31 December 2012	<u><u>1,399,000</u></u>

During the year, an amount of £288,000 (2012 £829,000) was invested by the company in Aalto Invest LLP

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

8 DEBTORS

	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
Amounts falling due within one year				
Amounts due from other members of Aalto Invest LLP	151,695	-	66,695	-
Other debtors	51,532	12,446	72,528	-
Amounts due from Aalto Invest LLP	-	-	-	5,000
Prepayments and accrued income	211,582	-	105,828	-
	<u>414,809</u>	<u>12,446</u>	<u>245,051</u>	<u>5,000</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
Trade creditors	6,456	-	330	330
Other taxation and social security costs	68,800	-	29,975	-
Amounts owed to parent	359,749	359,749	137,749	137,749
Amounts owed to Aalto Invest LLP	-	34,195	-	-
Accruals	256,334	3,400	39,945	5,400
	<u>691,339</u>	<u>397,344</u>	<u>207,999</u>	<u>143,479</u>

10 SHARE CAPITAL

	2013 £	2012 £
Company		
ISSUED, ALLOTTED AND FULLY PAID		
1,322,001 Ordinary shares of £1 each	<u>1,322,001</u>	<u>1,322,001</u>

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

11 RESERVES

	Profit and loss Account £
Group	
At 1 January 2013	(1,074,569)
Profit for the financial year	1,204
At 31 December 2013	<u>(1,073,365)</u>

	Profit and loss account £
Company	
At 1 January 2013	(11,976)
Loss for the financial year	(6,026)
At 31 December 2013	<u>(18,002)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
Profit/(loss) for the financial year	1,204	(6,026)	(508,444)	(1,195)
Ordinary share capital issued in the year	-	-	750,000	750,000
Net addition to/(reduction in) shareholders' funds	<u>1,204</u>	<u>(6,026)</u>	<u>241,556</u>	<u>748,805</u>
Opening shareholders' funds	247,432	1,310,025	5,876	561,220
Closing shareholders' funds	<u>248,636</u>	<u>1,303,999</u>	<u>247,432</u>	<u>1,310,025</u>

13 FINANCIAL COMMITMENTS

At 31 December 2013 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	Land and buildings	
	2013 £	2012 £
Operating leases which expire In two to five years	<u>172,074</u>	<u>65,000</u>

14 CONTROL

The immediate and ultimate parent company is Aalto Invest Limited, a company incorporated in the Cayman Islands. There is no ultimate controlling party.

Aalto Invest UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

15 RELATED PARTY TRANSACTIONS

During the year, the company received £222,000 (2012 £879,750) of cash funding from its parent company, Aalto Invest Limited. Of that funding, £Nil (2012 £750,000) was accounted for as the proceeds from the issue of ordinary share capital with the remaining £222,000 (2012 £129,750) being an interest-free loan from Aalto Invest Limited. At the balance sheet date £359,749 (2012 £137,749) was owed to Aalto Invest Limited and is included in creditors.