

Fitzallan Limited

Report and Financial Statements

Year Ended

30 June 2007

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BDO Stoy Hayward
Chartered Accountants

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Directors

AL Stuart
GS Johnston
RP Wadsworth
NJ Brennan

Secretary and registered office

Bain Henry Reid, 4 West Craibstone Street, Aberdeen, AB11 6YL

Company number

SC263565

Auditors

BDO Stoy Hayward LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Bankers

The Royal Bank of Scotland plc, 1 Moncrieff Street, Paisley, PA3 2AW

Solicitors

MacRoberts, 152 Bath Street, Glasgow, G2 4TB

Report of the directors for the year ended 30 June 2007

The directors present their report together with the audited financial statements for the year ended 30 June 2007

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

Principal activities, review of business and future developments

Principal activities

The company's principal activities are

- the provision of genuinely independent, fee based financial advice to partners in professional services firms, private clients and trustees, and entrepreneurs and their businesses, and
- the execution of transactions arising from that advice

Review of business

Trading performance for the period was broadly in line with expectation, with turnover of £528,226 (2006 £303,312), Operating Profit of £98,050 (2006 £66,948) and Profit before Tax of £103,041 (2006 £69,038)

The significant rises in turnover and profit are the natural outcome of the company becoming established in its field

The company has continued to expand its customer base, gaining new clients in its target markets, as well as winning significant additional business from existing clients. New client business meets the company's development criterion of sustainable relationships with significant growth potential. It remains the company's core objective to come to be seen as a leader in its field, and the directors are firm in their commitment to ensuring that customer development remains underpinned by excellence in our support function capability.

During the period, the company moved, without significant disruption, to larger offices in central Glasgow. These provide a much better working environment and place the company at the heart of the local professional community, and are already reaping returns in the form of increased client referrals from that source.

Key performance indicators

The main key performance indicators (KPIs) used by the company to measure its success in meeting its business objectives relate to

- Client satisfaction and ensuring that clients are treated fairly
- Complying with the requirements of the Financial Services Authority
- Staff training and development
- Financial performance
- Environmental responsibility

Principal activities, review of business and future developments

Management changes

There were no changes in management during the period under review

Since the period end there has been some reallocation of responsibilities between directors and some delegation by the directors to a project manager previously employed in another capacity

Current trading

Trading in the first months of the new financial year has been at satisfactory levels with concomitant profitability (notwithstanding the significant increase in the company's cost base arising from the costs associated with its new offices) and provides an encouraging basis from which to drive the business forward

Future prospects

The directors continue to believe that the company is superbly placed, by virtue of its business model and the quality of its advisers and support staff, to take advantage of developments in the financial services sector, particularly if the proposals put forward by the Financial Services Authority, in its Review of Retail Distribution, currently out for public consultation, are enacted broadly as proposed.

The company's clients have remained loyal and supportive and the directors thank them for their continuing confidence in us

The directors also wish to thank the company's staff for their continuing hard work, commitment and enthusiasm in supporting the company's growth

Directors

The directors of the company during the year were

AL Stuart
GS Johnston
RP Wadsworth
NJ Brennan

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

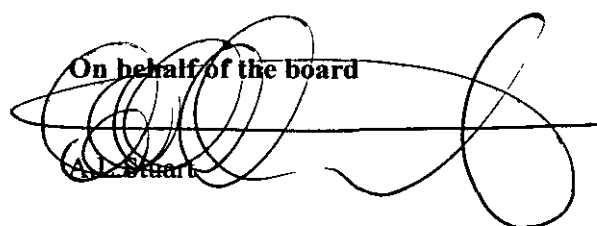
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the board


Director

18 December 2007

To the shareholders of Fitzallan Limited

We have audited the financial statements of Fitzallan Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report (*Continued*)

Opinion

In our opinion.

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Glasgow

18 December 2007

Fitzallan Limited**Profit and loss account for the year ended 30 June 2007**

	Note	2007 £	2006 £
Turnover	2	528,226	303,312
Administrative expenses		430,426	236,614
		<u>97,800</u>	<u>66,698</u>
Other operating income		250	250
Operating profit	3	98,050	66,948
Other interest receivable and similar income		4,991	2,090
Profit on ordinary activities before taxation		103,041	69,038
Taxation on profit on ordinary activities	6	19,057	89
Profit on ordinary activities after taxation		<u>83,984</u>	<u>68,949</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 9 to 14 form part of these financial statements

Fitzallan Limited

Balance sheet at 30 June 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	7		20,826		16,380
Current assets					
Debtors	8	63,948		51,973	
Cash at bank and in hand		260,254		110,777	
		<u>324,202</u>		<u>162,750</u>	
Creditors: amounts falling due within one year	9	<u>233,533</u>		<u>31,719</u>	
Net current assets			<u>90,669</u>		<u>131,031</u>
Total assets less current liabilities			<u>111,495</u>		<u>147,411</u>
Creditors: amounts falling due after more than one year	10				120,000
Capital and reserves					
Called up share capital	12	30,400		30,300	
Profit and loss account	13	81,095		(2,889)	
		<u></u>		<u></u>	
Shareholders' funds	14		<u>111,495</u>		<u>27,411</u>
			<u>111,495</u>		<u>147,411</u>

The financial statements were approved by the board and authorised for issue on 18 December 2007

AL Stuart
Director

The notes on pages 9 to 14 form part of these financial statements

Fitzallan Limited

Cash flow statement for the year ended 30 June 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	15	152,294	41,715
Returns on investments and servicing of finance			
Interest received		4,991	2,090
Taxation			
Corporation tax paid		(89)	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(7,819)	(6,228)
Cash inflow before financing		149,377	37,577
Financing			
Share capital issued		100	
Increase in cash	16	149,477	37,577

The notes on pages 9 to 14 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

Turnover

Turnover represents fees for advice and execution receivable in the period

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates

Computer equipment	25% straight line
Furniture & equipment	25% straight line

Pension costs

Contributions to employee personal pension plans are charged to the profit and loss account in the period

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Operating profit

	2007 £	2006 £
This is arrived at after charging		
Depreciation of tangible fixed assets	7,889	5,843
Audit services	4,800	4,750
Non audit services	800	800
	<hr/>	<hr/>

4 Employees

Staff costs (including directors) consist of:

	2007 £	2006 £
Wages and salaries	269,114	123,155
Social security costs	27,623	12,598
Other pension costs	4,126	1,875
	<u>300,863</u>	<u>137,628</u>

The average number of employees (including directors) during the year was 9 (2006 7)

5 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	<u>158,000</u>	<u>62,000</u>

6 Taxation on profit on ordinary activities

	2007 £	2006 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	<u>19,057</u>	<u>89</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	<u>103,041</u>	<u>69,038</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2006 19%)	19,835	13,117
Effect of:		
Expenses not deductible for tax purposes	682	104
Capital allowances for period in deficit of depreciation	213	155
Starting rate relief		(270)
Tax losses brought forward	(1,673)	(13,017)
	<u>19,057</u>	<u>89</u>
Current tax charge for period	<u>19,057</u>	<u>89</u>

6 Taxation on profit on ordinary activities (*continued*)

As at 30 June 2007 taxation losses of £NIL are available for carry forward

7 Tangible fixed assets

	Computer equipment £	Furniture & equipment £	Total £
<i>Cost</i>			
At 1 July 2006	17,971	8,090	26,061
Additions	9,544	2,791	12,335
	<hr/>	<hr/>	<hr/>
At 30 June 2007	27,515	10,881	38,396
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 2006	6,910	2,771	9,681
Provided for the year	5,777	2,112	7,889
	<hr/>	<hr/>	<hr/>
At 30 June 2007	12,687	4,883	17,570
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2007	14,828	5,998	20,826
	<hr/>	<hr/>	<hr/>
At 30 June 2006	11,061	5,319	16,380
	<hr/>	<hr/>	<hr/>

8 Debtors

	2007 £	2006 £
Trade debtors	15,306	24,046
Prepayments and accrued income	48,642	27,927
	<hr/>	<hr/>
	63,948	51,973
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Shareholder loans	120,000	
Trade creditors	60,475	16,148
Corporation tax	19,057	89
Other taxation and social security	17,588	6,712
Accruals and deferred income	16,413	8,770
	<u>233,533</u>	<u>31,719</u>

10 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Shareholder loans		120,000
	<u> </u>	<u> </u>
Maturity of debt		
	Loans and overdrafts	Loans and overdrafts
	2007 £	2006 £
In one year or less, or on demand	120,000	
	<u> </u>	<u> </u>
In more than one year but not more than two years		120,000
	<u> </u>	<u> </u>

The shareholder loans were repaid in full in July 2007

11 Pensions

The company makes contributions to personal pension plans. The pension charge amounted to £4,126 (2006: £1,875).

12 Share capital

	2007	Authorised	Allotted, called up	and fully paid
	2007	2006	2007	2006
	£	£	£	£
Ordinary shares of £1 each	500,000	500,000	30,400	30,300

	Ordinary shares of £1 each	
	Number	£
In issue at 1 July 2006	30,300	30,300
Issued in year	100	100
In issue at 30 June 2007	30,400	30,400

13 Reserves

	Profit and loss account £
At 1 July 2006	(2,889)
Profit for the year	83,984
At 30 June 2007	81,095

14 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the year	83,984	68,949
Issue of shares	100	
Net additions to shareholders' funds	84,084	68,949
Opening shareholders' funds	27,411	(41,538)
Closing shareholders' funds	111,495	27,411

15 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	98,050	66,948
Depreciation of tangible fixed assets	7,889	5,843
Increase in debtors	(11,975)	(49,017)
Increase in creditors	58,330	17,941
	<hr/>	<hr/>
Net cash inflow from operating activities	152,294	41,715
	<hr/>	<hr/>

16 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase in cash	149,477	37,577
	<hr/>	<hr/>
Movement in net debt	149,477	37,577
Opening net debt	(9,223)	(46,800)
	<hr/>	<hr/>
Closing net funds/(debt)	140,254	(9,223)
	<hr/>	<hr/>

17 Analysis of net debt

	At 1 July 2006 £	Cash flow £	Other non- cash items £	At 30 June 2007 £
Cash at bank and in hand	110,777	149,477		260,254
Debt due within one year			(120,000)	(120,000)
Debt due after one year	(120,000)		120,000	
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(9,223)	149,477		140,254
	<hr/>	<hr/>	<hr/>	<hr/>

18 Ultimate controlling party

The company is controlled by the directors