

Fitzallan Limited

Report and Financial Statements

Year Ended

30 June 2009

Company Number SC263565

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Fitzallan Limited

Report and financial statements for the year ended 30 June 2009

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

Fitzallan Limited

Report of the directors for the year ended 30 June 2009

The directors present their report together with the audited financial statements for the year ended 30 June 2009.

Results and dividends

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

The directors agreed the payment of a final dividend of £0.71 per ordinary share. This was paid on 26 May 2009. This, when taken together with the interim dividend of £0.36 per share paid on 15 October 2008, gives a total dividend of £1.07 per share for the year ended 30 June 2009.

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 disappointing, with turnover of £573,257 (2008: £682,574), operating profit of £54,357 (2008: £189,702) and profit before tax of £56,755 (2008: £194,588).

The significant falls in turnover and profit are primarily the result of the massive dislocation in world financial markets which occurred during the year impacting adversely on the company's capacity to generate revenue, principally in the following respects:

- Fees based on the value of funds under advice stagnated because, while the number of clients subject to this fee basis increased, the value of funds under advice fell due to the stock-market collapses which occurred during the year.
- Fees from incremental revenue production (one-off pieces of advisory work and related execution of transactions) fell because the company's advisers had to spend much more time than usual assisting, at no additional charge, clients to cope with the near-collapse of the banking system and, to a lesser extent, the stock-market collapses, leaving them with less time to devote to incremental revenue production.

The company has continued gently to expand its customer base, gaining new clients in its target markets. 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.

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

Fitzallan Limited

Report of the directors for the year ended 30 June 2009 (continued)

Management changes

There were no significant changes in management during the period under review, and there has been none since.

Current trading

Trading in the first three months of the new financial year has been at satisfactory levels with reasonable profitability and this provides an encouraging basis from which to drive the business forward.

The company amended its core service offering and increased its charges to new clients with effect from 1 July 2008. It increased charges to existing clients with effect from 1 January 2009. It has retained virtually all of its existing clients and continued to acquire clients at a satisfactory rate on the new terms.

Future prospects

While the collapses in world stock-markets in Autumn 2008 and Spring 2009 have now been significantly reversed, the company's revenues remain to some extent vulnerable to stock-market volatility and uncertain direction; although the company's business model largely insulates it from stock-market movements. Another banking crisis would undoubtedly also impact adversely, though such a recurrence, at least in the medium term, seems unlikely, and the company is now better prepared to cope with the fall-out from one.

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, assuming that the latest proposals put forward by the Financial Services Authority (FSA), in its Retail Distribution Review (RDR), come to fruition in something near their existing form. The proposed final implementation date for the proposals is 31 December 2012.

Amongst the proposals in the RDR is one to increase substantially financial advisers' capital adequacy requirements. The company is confident that it will be able to meet these, should they come to pass, without undue difficulty.

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

Fitzallan Limited

Report of the directors for the year ended 30 June 2009 (continued)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (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 these 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 adequate accounting records that show and explain the company's transactions, 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.

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.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

AL Stuart

Director

13 October 2009

Fitzallan Limited

Independent auditor's report

TO THE MEMBERS OF FITZALLAN LIMITED

We have audited the financial statements of Fitzallan Limited for the year ended 30 June 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Fitzallan Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Robert Ralston (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom

13 October 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fitzallan Limited

Profit and loss account for the year ended 30 June 2009

	Note	2009 £	2008 £
Turnover	2	573,257	682,574
Administrative expenses		518,900	492,872
		<hr/>	<hr/>
Operating profit	3	54,357	189,702
Other interest receivable and similar income		2,398	4,886
		<hr/>	<hr/>
Profit on ordinary activities before taxation		56,755	194,588
Taxation on profit on ordinary activities	6	12,347	40,577
		<hr/>	<hr/>
Profit on ordinary activities after taxation		44,408	154,011
		<hr/>	<hr/>

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 15 form part of these financial statements.

Fitzallan Limited

Balance sheet at 30 June 2009

<i>Company number SC263565</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	8		13,312		20,286
Current assets					
Debtors	9	95,593		71,468	
Cash at bank and in hand		125,293		149,568	
		<u>220,886</u>		<u>221,036</u>	
Creditors: amounts falling due within one year	10	<u>107,446</u>		<u>125,765</u>	
Net current assets			<u>113,440</u>		<u>95,271</u>
Total assets less current liabilities			<u>126,752</u>		<u>115,557</u>
Provisions for liabilities	11		<u>438</u>		<u>1,251</u>
			<u>126,314</u>		<u>114,306</u>
Capital and reserves					
Called up share capital	13		30,400		30,400
Profit and loss account	14		95,914		83,906
Shareholders' funds	15		<u>126,314</u>		<u>114,306</u>

The financial statements were approved by the board of directors and authorised for issue on 13 October 2009.

AL Stuart
Director

The notes on pages 9 to 15 form part of these financial statements.

Fitzallan Limited

Cashflow statement for the year ended 30 June 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	17	49,516	183,776
Returns on investments and servicing of finance			
Interest received		2,398	4,886
Taxation			
Corporation tax paid		(39,237)	(19,146)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(4,552)	(9,002)
Dividends paid		(32,400)	(151,200)
		<hr/>	<hr/>
Cash (outflow)/inflow before use of financing		(24,275)	9,314
Financing			
Loans repaid		-	(120,000)
		<hr/>	<hr/>
Decrease in cash	18	(24,275)	(110,686)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 15 form part of these financial statements.

Fitzallan Limited

Notes forming part of the financial statements for the year ended 30 June 2009

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:

Tenants improvements	- 25% straight line
Computer equipment	- 25% straight line
Furniture & equipment	- 25% straight line

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

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.

Fitzallan Limited

Notes forming part of the financial statements for the year ended 30 June 2009 (continued)

3 Operating profit

	2009 £	2008 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	11,526	9,542
Auditors' remuneration:		
- audit services	5,200	5,200
- all other services	800	750
Hire of land and buildings - operating leases	32,667	32,500
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2009 £	2008 £
Wages and salaries	292,534	289,059
Social security costs	29,505	30,863
Other pension costs	9,265	5,970
	<u> </u>	<u> </u>
	331,304	325,892
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 10 (2008 - 10).

5 Directors' remuneration

	2009 £	2008 £
Directors' emoluments	144,000	144,000
	<u> </u>	<u> </u>

Fitzallan Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

6 Taxation on profit on ordinary activities

	2009 £	2008 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	13,160	39,326
<i>Deferred tax</i>		
Origination and reversal of timing differences	(813)	1,251
	<u>12,347</u>	<u>40,577</u>
Taxation on profit on ordinary activities		

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	56,755	194,588
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2008 - 20%)	11,919	38,918
Effect of:		
Expenses not deductible for tax purposes	265	244
Capital allowances for period in (excess)/deficit of depreciation	976	(407)
Adjustment to tax charge in respect of previous periods	-	89
Effect of change in tax rate	-	482
	<u>13,160</u>	<u>39,326</u>
Current tax charge for the year		

7 Dividends

	2009 £	2008 £
Ordinary shares		
Interim dividend of £0.36 (2008 - £1.66) per share	10,800	50,400
Ordinary shares		
Final paid of £0.71 (2008 - £3.32) per share	21,600	100,800
	<u>32,400</u>	<u>151,200</u>

Fitzallan Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

8 Tangible fixed assets

	Computer equipment £	Furniture & equipment £	Tenants improvements £	Total £
<i>Cost or valuation</i>				
At 1 July 2008	34,081	13,317	-	47,398
Additions	2,974	858	720	4,552
	<u>37,055</u>	<u>14,175</u>	<u>720</u>	<u>51,950</u>
<i>Depreciation</i>				
At 1 July 2008	19,557	7,555	-	27,112
Provided for the year	8,142	3,204	180	11,526
	<u>27,699</u>	<u>10,759</u>	<u>180</u>	<u>38,638</u>
<i>Net book value</i>				
At 30 June 2009	<u>9,356</u>	<u>3,416</u>	<u>540</u>	<u>13,312</u>
At 30 June 2008	<u>14,524</u>	<u>5,762</u>	<u>-</u>	<u>20,286</u>

9 Debtors

	2009 £	2008 £
Trade debtors	42,139	11,658
Prepayments and accrued income	53,454	59,810
	<u>95,593</u>	<u>71,468</u>

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

Fitzallan Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

10 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	73,257	64,698
Corporation tax	13,160	39,237
Other taxation and social security	9,797	10,632
Accruals and deferred income	11,232	11,198
	<u>107,446</u>	<u>125,765</u>

11 Provisions for liabilities

	Deferred taxation £
Charged to the profit and loss account and at 30 June 2009	438
	<u>438</u>

Deferred taxation

	2009 £	2008 £
Accelerated capital allowances	438	427
Prior period adjustment	-	785
Effect of rate change	-	39
	<u>438</u>	<u>1,251</u>

12 Pensions

The company makes contributions to personal pension plans. The pension charge amounted to £9,265 (2008 - £5,970).

13 Share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>30,400</u>	<u>30,400</u>

Fitzallan Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

14 Reserves

	Profit and loss account £
At 1 July 2008	83,906
Profit for the year	44,408
Dividends	(32,400)
	<hr/>
At 30 June 2009	95,914
	<hr/>

15 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the year	44,408	154,011
Dividends	(32,400)	(151,200)
	<hr/>	<hr/>
Net additions to shareholders' funds	12,008	2,811
Opening shareholders' funds	114,306	111,495
	<hr/>	<hr/>
Closing shareholders' funds	126,314	114,306
	<hr/>	<hr/>

16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2009 £	Land and buildings 2008 £
Operating leases which expire:		
In two to five years	33,000	32,500
	<hr/>	<hr/>

Fitzallan Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

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

	2009 £	2008 £
Operating profit	54,357	189,702
Depreciation of tangible fixed assets	11,526	9,542
Increase in debtors	(24,125)	(7,520)
Increase/(decrease) in creditors	7,758	(7,948)
	<u> </u>	<u> </u>
Net cash inflow from operating activities	<u>49,516</u>	<u>183,776</u>

18 Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
Decrease in cash	(24,275)	(110,686)
Cash inflow from changes in debt	-	120,000
	<u> </u>	<u> </u>
Movement in net funds	(24,275)	9,314
Opening net funds	149,568	140,254
	<u> </u>	<u> </u>
Closing net funds	<u>125,293</u>	<u>149,568</u>

19 Analysis of net funds

	At 1 July 2008 £	Cashflow £	At 30 June 2009 £
Cash at bank and in hand	149,568	(24,275)	125,293
	<u> </u>	<u> </u>	<u> </u>
Total	<u>149,568</u>	<u>(24,275)</u>	<u>125,293</u>

20 Ultimate controlling party

The company is controlled by the directors.