

Alder Asset Management Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 01312833

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Alder Asset Management Limited

Report and financial statements for the year ended 31 December 2013

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Directors

R David C Henderson (Chairman – appointed 24 January 2013)
Christopher J Brougham
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney
The Lord Vestey
George M W Vestey

Secretary and registered office

R T A Postlethwaite
1 King's Arms Yard, London, EC2R 7AF

Company number

01312833

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Alder Asset Management Limited

Strategic report for the year ended 31 December 2013

The directors present the strategic report of Alder Asset Management Limited group for the year ended 31 December 2013

Development and performance review

The group's profit on ordinary activities after taxation for the year ended 31 December 2013 amounted to £64,653 (2012 £17,020 loss) The group's trading results are stated on page 6 of the financial statements

Alder provides services only to members of one extended family, together with trusts and pension schemes related to that family's interests. It does not actively seek new clients from outside the family. It aims to provide a consistently high level of service at a very competitive cost compared with alternative providers. During 2013 there was no significant change in the number of clients of the company or its subsidiary but turnover increased by 5.1% following the decision by the board to increase fees broadly in line with the anticipated escalation of costs together with increased revenue from portfolios where fees are linked to funds under management. The company and group expect to continue to trade successfully in 2014 with substantially the same client base and staffing.

Risk management review

Alder maintains close links with the family, many of whom hold ordinary shares in the company. Individual clients may hold either no shares whatsoever or 5,000 shares. In view of the close ties between Alder and the family the client base is considered to be very strong which, together with the comparatively low charges and maintenance of high standards of service, reduces competitive risks. Nevertheless the board is not complacent and actively confirms that clients are receiving a level of service that matches their needs and expectations.

The group and company are of such a scale that the business model is not complex and the risks inherent in the business are effectively managed. Fees are generally fixed in advance and are not subject to investment market movements. Where fees are a function of market values these are calculated monthly to reduce the effect of any short term fluctuations. In addition substantial reserves have been established to absorb the consequences of more sustained periods of reduced levels of income from such market value related income. Costs largely derive from property and payroll, which can usually be forecast with a relatively high degree of accuracy. The company's performance is primarily measured in terms of comparison to such financial forecasts. The assets are highly liquid and cash balances are deposited with highly rated UK banks and available at short notice. There are no borrowings and no significant exposure to foreign currency risk. Naturally there are always operational risks but these are controlled through the establishment of comprehensive systems and procedures, including disaster recovery arrangements, and mitigated further by insurance policies, where appropriate.

The group has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

Median repurchase price of ordinary shares

The median repurchase price calculated at 31 October 2013, under the terms set out in the private offer document dated 5 March 1992, for the ordinary shares in issue was 184.272p per share (2012 179.663p).

Key performance indicators ('KPIs')

As described above the company aims to provide a consistently high level of service at a very competitive cost to its clients and it is therefore considered that further analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

Approved by the Board of Directors and signed on behalf of the Board



R T A Postlethwaite
Secretary

26 March 2014

Alder Asset Management Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited consolidated financial statements of Alder Asset Management Limited (the "Company") and its subsidiary undertaking (together, the "Group") for the year ended 31 December 2013

Results

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

The directors recommend the payment of a dividend of 5.5p per share (2012: 5.5p) for both share classes

Principal activity

The principal activities of the group are the servicing of clients' investments and trust management accounting services

Directors

The directors of the company during the year and up to the date of this report were

R David C Henderson + (appointed 24 January 2013)
Christopher J Brougham +
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney +
The Lord Vestey +
George M W Vestey +

+ Non-executive

Directors' responsibilities

The directors are responsible for preparing the directors' report, 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 group and company 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 group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then 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.

Alder Asset Management Limited

Report of the directors for the year ended 31 December 2013 (*Continued*)

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.

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.

By order of the Board



R T A Postlethwaite
Secretary

26 March 2014

Alder Asset Management Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDER ASSET MANAGEMENT LIMITED

We have audited the financial statements of Alder Asset Management Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated 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 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 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 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent 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 matters 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.

Alder Asset Management 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



*Daniel Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU*

26 March 2014

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

Alder Asset Management Limited

Consolidated profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	3,227,593	3,071,076
Operating costs			
Staff costs	3	(2,465,945)	(2,308,820)
Other operating costs		(754,865)	(856,296)
Other operating income		68,000	68,000
Operating profit / (loss)		74,783	(26,040)
Other interest receivable		35,649	21,716
Profit / (loss) on ordinary activities before taxation	5	110,432	(4,324)
Tax on profit on ordinary activities	6	(45,779)	(12,696)
Profit / (loss) on ordinary activities after taxation	12	64,653	(17,020)

All of the amounts above are in respect of continuing operations

The group's historical cost results are the same as its reported results

The company has taken advantage of section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The profit dealt with in the financial statements of the company was £17,140 (2012 £132,702)

The notes on pages 11 to 22 form part of these financial statements

Alder Asset Management Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2013

	2013 £	2012 £
Profit / (loss) on ordinary activities after taxation	64,653	(17,020)
Actuarial loss on unfunded defined benefit pension scheme	(25,300)	(25,500)
Taxation in respect of loss on unfunded pension scheme	3,845	5,565
	<hr/>	<hr/>
Total recognised gains and losses in the year	43,198	(36,955)
	<hr/>	<hr/>

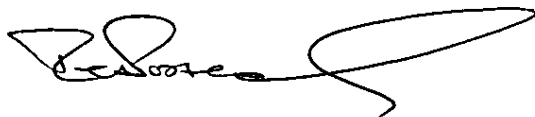
The notes on pages 11 to 22 form part of these financial statements

Alder Asset Management Limited

Consolidated balance sheet at 31 December 2013

Company number 01312833	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		136,226		203,806
Investments	8		19		19
			<hr/>		<hr/>
			136,245		203,825
Current assets					
Debtors	9	179,619		215,958	
Cash at bank and in hand		3,028,084		2,766,192	
		<hr/>		<hr/>	
		3,207,703		2,982,150	
Creditors amounts falling due within one year	10	497,375		489,210	
		<hr/>		<hr/>	
Net current assets			2,710,328		2,492,940
			<hr/>		<hr/>
Net assets excluding pension liability			2,846,573		2,696,765
			<hr/>		<hr/>
Pension liability	16		299,920		183,337
			<hr/>		<hr/>
Net assets including pension liability			2,546,653		2,513,428
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	11		865,000		845,000
Share premium account	12		153,580		137,078
Share capital redemption reserve	12		10,000		10,000
Profit and loss account	12		1,518,073		1,521,350
			<hr/>		<hr/>
Shareholders' funds	13		2,546,653		2,513,428
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2014



R T A Postlethwaite
Director

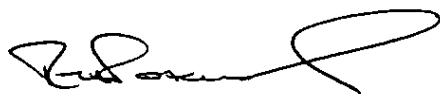
The notes on pages 11 to 22 form part of these financial statements

Alder Asset Management Limited

Company balance sheet at 31 December 2013

<i>Company number 01312833</i>	<i>Note</i>	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		119,615		184,140
Investments	8		640,159		640,159
			<hr/>		<hr/>
			759,774		824,299
Current assets					
Debtors	9	353,135		323,385	
Cash at bank and in hand		809,354		728,548	
		<hr/>		<hr/>	
		1,162,489		1,051,933	
Creditors amounts falling due within one year	10	212,417		235,373	
		<hr/>		<hr/>	
Net current assets			950,072		816,560
			<hr/>		<hr/>
Net assets excluding pension liability			1,709,846		1,640,859
Pension liability	16		74,980		-
			<hr/>		<hr/>
Net assets including pension liability			1,634,866		1,640,859
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	11		865,000		845,000
Share premium account	12		153,580		137,078
Share capital redemption reserve	12		10,000		10,000
Profit and loss account	12		606,286		648,781
			<hr/>		<hr/>
Shareholders' funds	13		1,634,866		1,640,859
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2014



R T A Postlethwaite
Director

The notes on pages 11 to 22 form part of these financial statements

Alder Asset Management Limited

Consolidated cash flow statement for the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operating activities	18		305,449		243,435
Returns on investments and servicing of finance					
Interest received		35,649		21,716	
Net cash inflow from returns on investments and servicing of finance			35,649		21,716
Taxation					
UK corporation tax paid			(51,682)		(73,097)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(17,551)		(14,598)
Equity dividends paid					
Dividends paid on ordinary shares			(46,475)		(46,475)
Net cash inflow before use of liquid resources and financing			225,390		130,981
Financing					
Issue of ordinary share capital			36,502		-
Increase in cash during the year			261,892		130,981

The notes on pages 11 to 22 form part of these financial statements

Alder Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of accounting

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The consolidated financial statements incorporate the results of Alder Asset Management Limited and its subsidiary undertakings as at 31 December 2013 using the acquisition method of accounting. Results of the subsidiary undertakings are included from the date of acquisition.

Depreciation

Depreciation on leasehold improvements is charged over the life of the lease. All other depreciation is charged on a straight line basis at a rate of 25% a year so as to write off the cost of tangible assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Computer software costs are expensed as incurred.

Fixed asset investments

Fixed asset investments are carried at cost. Provision is made for any impairment in value as appropriate. Interest income from investments is recognised on the accruals basis.

Turnover

Turnover represents the value of investment management and related services rendered in the ordinary course of business during the year, excluding value added tax, and is accounted for on the accruals basis.

Leases

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension scheme

As more fully explained in note 16, the costs of providing defined benefit pensions within the main Western United Group Pension Scheme are treated as if they were to a defined contributions scheme. Accordingly the costs of the scheme charged to the profit and loss account are the contributions payable to the scheme for the accounting period on the accruals basis. The costs of the defined contribution pension scheme are also charged to the profit and loss account on the accruals basis. The costs of providing defined benefit pensions within the Unfunded Executive Pension Arrangement are calculated using the actuarial basis and are disclosed in accordance with FRS 17.

Expenses

Expenses are accounted for on the accruals basis. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred tax

Deferred tax is recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation, or a right to pay less taxation, in future. An asset is only recognised to the extent that it is more likely than not that there will be a transfer of economic benefits in future. Deferred tax assets and liabilities are not discounted.

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013

1 Accounting policies (Continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Fees receivable in foreign currencies are recognised in the profit and loss account at the rates of exchange ruling at the date they were invoiced and foreign exchange differences are taken to the profit and loss account on the date the fees are received.

2 Turnover

Turnover relates to the group's principal activity.

3 Staff costs

	2013 £	2012 £
Staff costs consist of		
Wages and salaries	1,792,821	1,712,955
Social security costs	207,959	196,787
Pension scheme	465,165	399,078
	<u>2,465,945</u>	<u>2,308,820</u>

The average number of employees, including directors, during the year and the number at the end of the year was 26 (2012: 25).

4 Directors' remuneration

	2013 £	2012 £
Aggregate remuneration and benefits	<u>639,705</u>	<u>593,198</u>

Directors' remuneration is stated in respect of 7 (2012: 7) directors. All of the directors are directors of the subsidiary company, Alder Investment Management Limited.

The highest paid director's remuneration totalled £317,712 (2012: £287,821) and his accrued pension entitlement under the defined benefit scheme at the end of the year was £52,523 (2012: £51,504). Contributions to the scheme on his behalf in 2013 totalled £nil (2012: £nil). He has also received payments into a personal pension of £49,992 (2012: £49,992). In addition, another director has accrued benefits under an unfunded defined benefit scheme to the value of £374,900 (2012: £238,100).

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

5 Profit on ordinary activities

	2013 £	2012 £
This has been arrived at after charging		
Depreciation	85,131	81,558
Hire of equipment	18,881	18,314
Rent on property	143,578	143,578
Auditor's remuneration for audit - Group	16,750	16,750
- Company	8,750	8,750
Auditor's remuneration for audit-related assurance services	2,750	2,750
Auditor's remuneration for taxation compliance services	5,750	5,000
	<u> </u>	<u> </u>

6 Taxation

	2013 £	2012 £
(a) Analysis of the charge in the year		
<i>Current tax</i>		
UK corporation tax on result of the year	67,633	43,662
	<u> </u>	<u> </u>
Total current tax	67,633	43,662
<i>Deferred tax</i>		
Unfunded pension scheme timing differences	(16,372)	(26,473)
Other timing differences	(5,482)	(4,493)
	<u> </u>	<u> </u>
	45,779	12,696
	<u> </u>	<u> </u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2013 £	2012 £
Profit / (loss) on ordinary activities before tax	110,432	(4,324)
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	25,675	(1,059)
Effects of		
Expenses not deductible for tax purposes	28,286	33,056
Capital allowances for period less than depreciation	13,672	12,702
Change to corporation tax rate	-	(1,037)
	<u> </u>	<u> </u>
Current tax charge for year (note 6(a))	67,633	43,662
	<u> </u>	<u> </u>

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*Continued*)

6 Taxation (*Continued*)

(c) Factors that may affect future tax charges

There are no significant factors affecting future tax charges

7 Tangible assets

	Fixtures and fittings Group £	Fixtures and fittings Company £
<i>Cost</i>		
At 1 January 2013	449,395	364,848
Additions	17,551	7,476
Disposals	(9,340)	(4,838)
	<hr/>	<hr/>
At 31 December 2013	457,606	367,486
	<hr/>	<hr/>
<i>Accumulated depreciation</i>		
At 1 January 2013	245,589	180,708
Charge for the year	85,131	72,001
Eliminated in respect of disposals	(9,340)	(4,838)
	<hr/>	<hr/>
At 31 December 2013	321,380	247,871
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2013	136,226	119,615
	<hr/>	<hr/>
At 31 December 2012	203,806	184,140
	<hr/>	<hr/>

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

8 Investments

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Investment in subsidiary at cost	-	-	640,141	640,141
Other investments				
Investment in Alder Nominees Ltd	1	1	-	-
Investment in thewealthworks Ltd at cost	18	18	18	18
	<u>19</u>	<u>19</u>	<u>640,159</u>	<u>640,159</u>
Total investments	<u>19</u>	<u>19</u>	<u>640,159</u>	<u>640,159</u>

Alder Asset Management Limited owns 100% of the issued share capital of Alder Investment Management Limited, a company registered in England and Wales. The principal activity of the company is the management of clients' investments. The subsidiary's results have been included in the consolidated profit and loss account on page 6.

Alder Nominees Limited is a non-trading company formed to hold client investments for, and wholly owned by, Alder Investment Management Limited. thewealthworks Ltd is a company that manages a trust accounting software development project.

9 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts falling due within one year				
Trade debtors	72,770	83,769	36,806	37,941
Amounts owed by subsidiary undertaking	-	-	274,153	244,694
Corporation tax	-	13,735	-	-
Other debtors	11,600	17,325	3,372	3,865
Prepayments and accrued income	81,356	92,718	29,536	31,955
	<u>165,726</u>	<u>207,547</u>	<u>343,867</u>	<u>318,455</u>
Amounts falling due after more than one year				
Deferred taxation (note 15)	13,893	8,411	9,268	4,930
	<u>179,619</u>	<u>215,958</u>	<u>353,135</u>	<u>323,385</u>

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

10 Creditors amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade creditors	68,175	36,311	11,807	8,201
Corporation tax	26,883	24,668	17,011	24,668
Other taxation and social security	261,041	245,493	114,424	111,821
Accruals	141,276	182,738	69,175	90,683
	<u>497,375</u>	<u>489,210</u>	<u>212,417</u>	<u>235,373</u>

11 Share capital

	Authorised			
	2013 Number	2012 Number	2013 £	2012 £
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
'B' shares of £1 each	500,000	500,000	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

	Allotted, called up and fully paid			
	2013 Number	2012 Number	2013 £	2012 £
Ordinary shares of £1 each	415,000	395,000	415,000	395,000
'B' shares of £1 each	450,000	450,000	450,000	450,000
	<u>865,000</u>	<u>845,000</u>	<u>865,000</u>	<u>845,000</u>

The ordinary shares and the 'B' shares rank pari passu as to dividends and distribution of assets on liquidation but, on a poll, whereas ordinary shareholders have one vote per share the maximum aggregate number of votes attaching to the 'B' shares is 5,000

On 22 May 2013 20,000 ordinary shares were allotted and paid for in cash at 182 5p per share pursuant to the terms of the Articles

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

12 Reserves

	Group £	Company £
Profit and loss account		
At 1 January 2013	1,521,350	648,781
Profit for the financial year on ordinary activities after taxation	64,653	17,140
Unfunded defined benefit pension actuarial losses	(21,455)	(13,160)
Dividend paid (5 5 p per share)	(46,475)	(46,475)
	<hr/>	<hr/>
At 31 December 2013	1,518,073	606,286
	<hr/>	<hr/>
Share premium account		
At 1 January 2013	137,078	137,078
Arising in the year	16,502	16,502
	<hr/>	<hr/>
At 31 December 2013	153,580	153,580
	<hr/>	<hr/>
Share capital redemption reserve		
At 1 January 2013 and 31 December 2013	10,000	10,000
	<hr/>	<hr/>

The following describes the nature and purpose of each reserve within shareholders' funds

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Share capital redemption reserve	Amount transferred from capital on redemption of issued shares
Profit and loss account	Cumulative net gains and losses recognised in the profit and loss account

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

13 Reconciliation of movements in shareholders' funds

	Group £	Company £
At 1 January 2013	2,513,428	1,640,859
Profit on ordinary activities after taxation	64,653	17,140
Dividends paid	(46,475)	(46,475)
Proceeds of issue of ordinary shares	36,502	36,502
	<u>2,568,108</u>	<u>1,648,026</u>
Unfunded defined benefit pension actuarial losses	(21,455)	(13,160)
	<u>2,546,653</u>	<u>1,634,866</u>
At 31 December 2013		

14 Commitments under operating leases

As at 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below

	Rent 2013 £	Other 2013 £	Rent 2012 £	Other 2012 £
Operating leases which expire				
Within one year	-	19,500	-	19,230
Between one and five years	<u>188,510</u>	<u>-</u>	<u>188,510</u>	<u>-</u>

15 Deferred taxation

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Deferred tax arose as follows				
Timing differences	<u>13,893</u>	<u>8,411</u>	<u>9,268</u>	<u>4,930</u>
At 1 January 2013	8,411		4,930	
Deferred tax credit in profit and loss account	<u>5,482</u>		<u>4,338</u>	
At 31 December 2013	<u>13,893</u>		<u>9,268</u>	

Alder Asset Management Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

16 Pension scheme

The total pension cost for the group charged in the 2013 financial statements was £449,509 (2012 £395,319). There were no outstanding contributions at the balance sheet date (2012 nil).

(a) Western United Group Pension Scheme

Alder Asset Management Limited and its subsidiary participated throughout the year in the Western United Group Pension Scheme ("the Scheme") a contracted out contributory scheme which provides defined benefits based on length of pensionable service and pensionable salary at retirement. The rate of contribution to the Scheme is determined by the Scheme's trustees on the advice of a qualified actuary and amounted to 31.2% of pensionable salaries up to 14 September 2013 (2012 21%) when the Scheme closed to future accrual and was replaced by a defined contribution scheme.

While the contributions may be affected by a surplus or deficit in the Scheme, the company is not able to identify its own share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis. Accordingly, in accordance with Financial Reporting Standard 17 "Retirement Benefits", the contributions are accounted for as if it were a defined contribution scheme and therefore contributions payable to the Scheme for the accounting period are charged to the profit and loss account as they arise.

Formal actuarial valuations of the Scheme are carried out at least every three years, the last of which was performed as at 31 December 2012, using the projected unit method. This valuation has been updated to 31 December 2013 by an independent actuary in accordance with FRS 17 for disclosing pension costs in the Western United Investment Company Limited accounts. The major assumptions used by the actuary for the FRS17 calculations were a discount rate of 4.4% pa, increases to pensions in payment of 3.25% pa or 2.2% pa (where guaranteed) as appropriate and price inflation of 3.4% pa corresponding to RPI and 2.4% pa corresponding to CPI. The updated valuation measured the value of the liabilities as £412.8m which, compared with assets of £492.2m at market value, gave a surplus of £79.4m. Of this surplus, £38.8m can be regarded as recoverable, and so recognised in the Western United Investment Company Limited accounts. Further details of these FRS 17 calculations are included in that company's accounts.

(b) Unfunded Executive Pension Arrangement

The unfunded executive pension arrangement is an unfunded scheme of the defined benefit type, providing retirement benefits based on final salary. Accordingly no assets are held in respect of these benefits.

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Scheme as at 31 December 2013. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 17 are the same as those used for the Western United Group Pension Scheme in Note 16 (a) above.

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a male member currently aged 60 will live on average for a further 29.3 years. For a male member who retires in 2033 at age 60 the assumptions are that they will live on average for a further 31.9 years after retirement.

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

Reconciliation of funded status to balance sheet	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Fair value of scheme assets	-	-	-	-
Present value of scheme obligations	(374,900)	(238,100)	(93,725)	-
Deficit in scheme	(374,900)	(238,100)	(93,725)	-
Related deferred tax asset	74,980	54,763	18,745	-
Net pension liability	(299,920)	(183,337)	(74,980)	-
Analysis of profit and loss account charge	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Current service cost	98,700	114,600	68,405	-
Interest cost	12,800	7,100	8,870	-
Scheme expense recognised in profit and loss	111,500	121,700	77,275	-
Related deferred tax asset	(16,372)	(26,473)	(15,455)	-
Net profit and loss charge	95,128	95,227	61,820	-
Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Total actuarial losses	(25,300)	(25,500)	(16,450)	-
Related deferred tax asset	3,845	5,565	3,290	-
Net losses recognised in STRGL	(21,455)	(19,935)	(13,160)	-
Changes to the present value of the defined benefit obligation during the year	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Opening defined benefit obligation	238,100	90,900	-	-
Current service cost	98,700	114,600	68,405	-
Interest cost	12,800	7,100	8,870	-
Actuarial losses on scheme liabilities	25,300	25,500	16,450	-
Closing defined benefit obligation	374,900	238,100	93,725	-

Alder Asset Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

17 Related party disclosure

100% of the group's turnover arises from services provided to members of the Vestey Family (four of whom were directors of the company during 2013), their spouses and pension funds set up to provide benefits for current and previous employees of companies controlled or formerly controlled by members of the Vestey Family. All fees charged are at arm's length on commercial terms.

Fees received during the year from clients who are related parties of directors or directors themselves were

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
The Lord Vestey (in relation to 7 clients for group and 6 for company)	57,427	58,151	24,256	22,247
G M W Vestey (in relation to 11 clients for group and 10 for company)	62,341	60,724	30,651	28,915
C J Brougham (in relation to 1 client for group and company)	4,782	4,319	2,148	1,781
Sir Edmund R Verney (in relation to 2 clients for group and company)	2,167	2,316	898	915

Of these amounts £nil (Company £nil) was outstanding at 31 December 2013 (2012 £nil)

There were no loans made by directors to the group and company during the year and there were no amounts outstanding at 31 December 2013 (2012 £nil). There were £4,885 of outstanding loans made by the group to directors at the start of the year with £4,885 of repayments and £nil advances made during the year. At 31 December 2013 £nil was outstanding (2012 £4,885).

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

	2013 £	2012 £
Operating profit / (loss)	74,783	(26,040)
Depreciation of tangible fixed assets	85,131	81,558
Decrease in debtors	28,084	191,764
Increase / (Decrease) in creditors	117,451	(3,847)
Net cash inflow from operating activities	305,449	243,435

19 Reconciliation of net cash inflow to movement in net debt

	2013 £	2012 £
Net funds at 1 January	2,766,192	2,635,211
Increase in cash during the year	261,892	130,981
Net funds at 31 December	3,028,084	2,766,192

Alder Asset Management Limited

**Notes forming part of the financial statements
for the year ended 31 December 2013 (*Continued*)**

20 Immediate and ultimate controlling party

In the opinion of the directors, there is no single ultimate controlling party of the group