

CLOSE ASSET MANAGEMENT (UK) LIMITED

Report and Financial Statements

31 July 2012

**Registered Office:
10 Crown Place
London
EC2A 4FT**

MONDAY



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COMPANIES HOUSE

CLOSE ASSET MANAGEMENT (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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CLOSE ASSET MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 July 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Close Brothers Group plc ("CBG") and operates as part of CBG's Asset Management division. The Company is authorised and regulated by the Financial Services Authority with firm reference 175827

The principal activity of the Company is to act as manager of collective investment schemes. The Company is the Authorised fund manager of the Close Discretionary Fund ("the Trust"), an umbrella unit trust comprising a number of funds

The Company continues to be the Authorised fund manager of the Close Special Situations Fund and the technology index-tracking fund "The Close FTSE techMARK Fund", both unit trusts. In addition, the Company is the Authorised Corporate Director to two investment companies with varying capital (ICVCs) namely "The Close Beacon Investment Fund", and "The Winchester Fund". During the year the "Close Escalator" range of funds and "The Close Reserve Equity Fund" were closed

The Directors of the Company do not foresee any change to its main activities, that of acting as Authorised fund manager or Authorised Corporate Director to UK Authorised funds

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

RESULTS

The results for the year are set out in the profit and loss account on page 6. These show a profit before tax for the year of £558,000 (2011 – £1,021,000)

The balance sheet on page 7 shows that the Company's financial position at the year end remains strong, in both net assets and cash terms

CBG manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position. The performance of CBG's Asset Management Division is presented in its Annual Report which does not form part of this report

DIVIDENDS

The Directors approved a final dividend of £nil per share (2011 - £nil per share). An interim dividend of £0.50 per share was paid during the year (2011 - £0.80 per share)

CLOSE ASSET MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Damage to our reputation and competitive pressure are continuing risks for the Company. The Company mitigates these risks by launching investment products that meet the investment performance risk, taxation and liquidity requirements of its client base.

The Company falls under the Group Risk Management Framework, Pillar 3 disclosures for the Group are available at www.closebrothers.co.uk/pillar3disclosures.aspx. In addition, Group risks are discussed in CBG's Annual Report.

The Company's activities expose it to a number of potential, but in practice limited, financial risks. These are classified as credit, interest, liquidity and market risks, and are addressed as follows:

The Company's credit risk is primarily attributable to its trade and receivables. The amounts presented in the balance sheet are, to the extent applicable, net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Board monitors credit risk by reviewing regular reports on the concentration risk of its counterparties with reference to pre-defined limits linked with its regulatory capital position.

The Company is financed by its share capital and has no debt financing. It therefore has little interest rate exposure. In order to mitigate liquidity risk, management routinely reviews a cash flow projection which indicates that the Company will remain strongly cash generative and is able to meet its working capital requirements from its own resources.

In terms of market risk, the Company does not trade in derivatives on its own account and has no significant exposure to foreign currency fluctuations. Similarly, the Company's recurring fee income has very limited exposure to market movements because the majority of such income is computed by reference to capital protected collective investment schemes.

ENVIRONMENT

CBG recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the CBG's activities. The Company operates within CBG's Corporate Social Responsibility statement, which is described in CBG's Annual Report.

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the Company's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in CBG's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. CBG's employee share scheme has been running successfully since its inception in 1993 and is open to all employees after a qualifying service period.

CLOSE ASSET MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

Except where noted, the following directors served throughout the year and to the date of this report

M Andrew	
P Chambers	(resigned 1 March 2012)
G Clarke	
R Curry	
E B Davis	(appointed 25 July 2012)
S Dyer	(resigned 1 April 2012)
D Naismith	(appointed 1 April 2012)

DONATIONS

The Company made no political or charitable donations in the current or prior year

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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



E B Davis
Director
17 September 2012

CLOSE ASSET MANAGEMENT (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLOSE ASSET MANAGEMENT (UK) LIMITED

We have audited the financial statements of Close Asset Management (UK) Limited for the year ended 31 July 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 July 2012 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.

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.



Stuart McLaren (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 September 2012

CLOSE ASSET MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 July 2012**

	Notes	2012 £000	2011 £000
Management fees receivable		16,645	13,614
Fees and commission payable		(12,854)	(10,297)
Gross profit		3,791	3,317
Administrative expenses		(3,245)	(2,313)
Operating profit		546	1,004
Interest receivable		12	17
Profit on ordinary activities before taxation	4	558	1,021
Tax charge on ordinary activities	5	(153)	(338)
Profit on ordinary activities after taxation	12	405	683

All activities derive from continuing operations

There are no recognised gains or losses other than as disclosed in the above profit and loss account and, accordingly, no statement of total recognised gains and losses has been presented

The notes on Pages 8 to 13 form an integral part of these financial statements

CLOSE ASSET MANAGEMENT (UK) LIMITED

BALANCE SHEET

31 July 2012

	Notes	2012 £000	2011 £000
CURRENT ASSETS			
Investments	7	50	33
Debtors	8	13,369	10,573
Cash at bank and in hand		2,194	2,311
		<u>15,613</u>	<u>12,917</u>
CREDITORS Amounts falling due within one year	9	(12,889)	(10,278)
NET CURRENT ASSETS		<u>2,727</u>	<u>2,639</u>
CREDITORS Amounts falling due after more than one year	10	(121)	(188)
NET ASSETS		<u>2,603</u>	<u>2,451</u>
CAPITAL AND RESERVES			
Called up share capital	11	500	500
Share premium account		397	397
Capital redemption reserve		1,100	1,100
Profit and loss account		606	454
TOTAL SHAREHOLDERS' FUNDS	12	<u>2,603</u>	<u>2,451</u>

These financial statements were approved and authorised for issue by the Board of Directors of Close Asset Management (UK) Limited (company registration number 2998803) on 17 September 2012

The notes on Pages 8 to 13 form an integral part of these financial statements

Signed on behalf of the Board of Directors



E B Davis
Director



R I Curry
Director

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The principal risks and uncertainties facing the Company are discussed within the Directors' Report on page 2. After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Fund income and fees

Fees are recognised in the profit and loss account as the right to consideration or payment accrues through performance of services. To the extent that fees are recognised in advance of billing, they are included as accrued income.

Initial fees or front end income which the Company derives from products for which the Company acts as investment manager constitutes consideration for the performance of services to clients, and is recognised in accordance with the performance of such services. The service with respect to the Company's products is provided over the lifetime of an investor's holding in the product. Net upfront profits (after allowing for variable costs directly incurred in the acquisition of relevant new business) are recognised over the period during which the investments are typically held.

All income is shown exclusive of value added tax where applicable.

Investments

Current asset investments are held at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rate or laws enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. SEGMENT INFORMATION

Turnover and operating profit is attributable to the United Kingdom only and is wholly derived from the company's principal activity.

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 July 2012

3 DIRECTORS' REMUNERATION AND TRANSACTIONS

Directors' remuneration	2012 £000	2011 £000
Emoluments	346	235
Amounts receivable (other than shares and share options)	25	27
Company contributions to money purchase pension schemes	17	8
Compensation for loss of office	62	-
	<u>450</u>	<u>270</u>

Retirement benefits are accruing under money purchase schemes to 6 Directors (2011 5)

The emoluments above represent the qualifying services provided to the Company by 7 Directors (2011 5)

The Directors of the Company are all employed and remunerated by CAMHL

	2012 £000	2011 £000
Remuneration of the highest paid director:		
Emoluments	139	62
Company contributions to money purchase schemes	<u>7</u>	<u>3</u>

The highest paid director did not exercise any share options during the year

The highest paid director is a member of the Company's defined benefit scheme and had accrued entitlements of £6,600 under the scheme at the end of the year There is no accrued lump sum

Directors' transactions

There were no further transactions with directors during the year

Number of directors employed

The number of directors who provide qualifying services in the year was 7 (2011 5)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

During the year all audit fees were borne by the Company's immediate parent entity The amount incurred on audit fees by the parent entity in respect of the Company was £25,000 (2011 £25,000)

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
1) Analysis of tax charge on ordinary activities		
United Kingdom corporation tax at 25 33% (2011 27 33%) based on profit for the year	139	276
Prior period adjustment	<u>11</u>	<u>(47)</u>
	150	229
Deferred tax		
Origination and reversal of timing differences	<u>3</u>	<u>109</u>
Tax charge on profit from ordinary activities	<u>153</u>	<u>338</u>

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 July 2012

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

ii) Factors affecting tax charge for the current year

The standard rate of tax for the year based on the UK standard rate of corporation tax is 25.33% (2011 27.33%). The actual tax charge for the year differs from the standard rate for the following reasons

	2012 £000	2011 £000
Profit on ordinary activities before tax	558	1,021
Corporation tax at 27.33% (2011 27.33 %)	141	279
Capital allowances exceeded by depreciation	(2)	(3)
Prior period adjustments	11	(47)
Total actual amount of current tax charge	150	229

6. DIVIDENDS

	2012 £000	2011 £000
Interim dividend paid on ordinary shares	250	400

The Directors approved a final dividend of £nil per share (2011 - £nil per share). An interim dividend of £0.50 per share was paid during the year (2011 £0.80 per share).

7 CURRENT ASSET INVESTMENTS

	2012 £000	2011 £000
Units held in authorised unit trusts and Investment Companies with Variable Capital (ICVCs)	50	33

8. DEBTORS

	2012 £000	2011 £000
(i) Analysis of debtor balances:		
Amounts owed by group undertakings	1,610	1,478
Other debtors	10,191	7,749
Deferred tax asset	8	10
Prepayments and accrued income	1,560	1,336
	13,369	10,573

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 July 2012

8. DEBTORS (continued)

	2012 £000	2011 £000
(ii) Analysis of deferred tax asset		
Accelerated capital allowances	8	10
	<u>8</u>	<u>10</u>

	2012 £000	2011 £000
(iii) Analysis of movement in deferred tax asset		
Balance at 1 August 2011	10	119
Charged to profit and loss account	(2)	(109)
Balance at 31 July 2012	<u>8</u>	<u>10</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000	2011 £000
Trade creditors	5	48
Amount owed to group undertakings	1,096	939
Corporation tax	426	227
Other creditors	10,167	8,512
Accruals	1,098	472
Deferred income	97	80
	<u>12,889</u>	<u>10,278</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £000	2011 £000
Deferred income	<u>121</u>	<u>188</u>

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 July 2012

11. CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid:		
500,000 ordinary shares of £1 each	500	500

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Profit for the year	402	683
Dividends	(250)	(400)
Profit on ordinary activities attributable to shareholders	152	283
Opening shareholders' funds	2,451	2,168
Closing shareholders' funds	2,603	2,451

13. RESERVES

	Called up share capital £000	Called up share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 August 2011	500	397	1,100	454	2,451
Profit for the year	-	-	-	405	405
Dividend	-	-	-	(250)	(250)
At 31 July 2012	500	397	1,100	609	2,106

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Close Brothers Group plc, the ultimate parent company. Close Brothers Group plc is incorporated in Great Britain and registered in England and Wales. Copies of the accounts of Close Brothers Group plc are available to the public at 10 Crown Place, London EC2A 4FT. The immediate parent undertaking is Close Asset Management Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

CLOSE ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 July 2012

15. RELATED PARTY TRANSACTIONS AND CASH FLOW REPORTING

The Company's ultimate controlling undertaking is Close Brothers Group plc, whilst the immediate parent company is Close Investments Limited. The company has taken advantage of the disclosure exemption permitted by Financial Reporting Standard 8 with regard to transactions with other wholly owned member companies of the Close Brothers Group plc and Financial Reporting Standard 1 (revised) with regard to cash flow reporting. There are no other related party transactions requiring disclosure.

16. POST BALANCE SHEET EVENTS

There were no post balance sheet events to report.