

Company Registration No. 04049180 (England and Wales)

**AFH INDEPENDENT FINANCIAL SERVICES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2013**

THURSDAY



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COMPANIES HOUSE

# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr A Hudson Mrs A Brown Miss A James
<b>Secretary</b>	Mrs A Brown
<b>Company number</b>	04049180
<b>Registered office</b>	AFH House Stoke Heath Bromsgrove Worcestershire B60 4JE
<b>Auditors</b>	Baldwins (Stourbridge) Ltd 1st Floor Copthall House 1 New Road Stourbridge West Midlands DY8 1PH

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# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1
Directors' report	2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

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# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

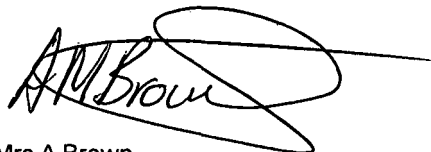
## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 OCTOBER 2013***

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The directors present the strategic report and financial statements for the year ended 31 October 2013.

A review of the business, principal risks and uncertainties and key performance indicators has been performed at Group level and can be found within the consolidated accounts of AFH Financial Group Plc for the year ended 31 October 2013.

A handwritten signature in black ink, appearing to read 'AMBrown', with a large, sweeping loop at the end.

Mrs A Brown  
**Secretary**  
31 March 2014

# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2013**

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The directors present their report and financial statements for the year ended 31 October 2013.

### **Principal activities**

The principal activity of the company continued to be that of independent financial advisers.

### **Directors**

The following directors have held office since 1 November 2012:

Mr A Hudson  
Mrs A Brown  
Miss A James

### **Auditors**

The auditors, Baldwins (Stourbridge) Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' 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 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:

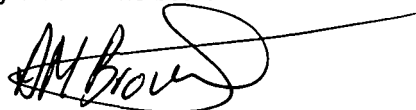
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Mrs A Brown

**Secretary**

31 March 2014

# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

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We have audited the financial statements of AFH Independent Financial Services Limited for the year ended 31 October 2013 set out on pages 5 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 auditors' 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 Directors' Responsibilities Statement set out on pages 2, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 October 2013 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

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#### **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.



**Mr Steve Southall (Senior Statutory Auditor)**  
**for and on behalf of Baldwins (Stourbridge) Ltd**

31.03.2014

**Chartered Certified Accountants**  
**Statutory Auditor**

1st Floor  
Copthall House  
1 New Road  
Stourbridge  
West Midlands  
DY8 1PH

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2013

	Notes	2013 £	2012 £
Turnover	2	10,227,854	7,200,950
Cost of sales		(4,861,257)	(3,512,227)
<b>Gross profit</b>		<b>5,366,597</b>	<b>3,688,723</b>
Administrative expenses		(3,536,341)	(2,583,072)
<b>Operating profit</b>	3	<b>1,830,256</b>	<b>1,105,651</b>
Other interest receivable and similar income	4	99	-
Interest payable and similar charges	5	(8)	-
<b>Profit on ordinary activities before taxation</b>		<b>1,830,347</b>	<b>1,105,651</b>
Tax on profit on ordinary activities	6	(215,327)	(131,480)
<b>Profit for the year</b>	13	<b>1,615,020</b>	<b>974,171</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2013

	Notes	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Tangible assets	8		144,782		96,887
<b>Current assets</b>					
Debtors	9	2,120,292		2,101,623	
Cash at bank and in hand		614,448		137,049	
		<u>2,734,740</u>		<u>2,238,672</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,798,994)</u>		<u>(1,475,188)</u>	
<b>Net current assets</b>			<u>935,746</u>		<u>763,484</u>
<b>Total assets less current liabilities</b>			<u>1,080,528</u>		<u>860,371</u>
<b>Provisions for liabilities</b>	11		<u>(20,818)</u>		<u>(15,681)</u>
			<u>1,059,710</u>		<u>844,690</u>
<b>Capital and reserves</b>					
Called up share capital	12		170,100		170,100
Profit and loss account	13		889,610		674,590
<b>Shareholders' funds</b>	14		<u>1,059,710</u>		<u>844,690</u>

Approved by the Board and authorised for issue on 31 March 2014

Mr A Hudson  
Director

Company Registration No. 04049180

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2013

	2013	2012
	£	£
<b>Net cash inflow from operating activities</b>	2,130,692	965,733
<b>Returns on investments and servicing of finance</b>		
Interest received	99	-
Interest paid	(8)	-
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>	91	-
<b>Taxation</b>	(172,686)	(172,686)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(80,698)	(54,110)
<b>Net cash outflow for capital expenditure</b>	(80,698)	(54,110)
<b>Equity dividends paid</b>	(1,400,000)	(750,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	477,399	(11,063)
<b>(Decrease)/increase in cash in the year</b>	477,399	(11,063)

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2013

1 Reconciliation of operating profit to net cash outflow from operating activities		2013	2012
		£	£
Operating profit		1,830,256	1,105,651
Depreciation of tangible assets		32,802	17,626
Increase in debtors		(18,669)	(608,568)
Increase in creditors within one year		286,303	451,024
Net cash inflow from operating activities		2,130,692	965,733

2 Analysis of net funds	1 November 2012	Cash flow	Other non-cash changes	31 October 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	137,049	477,399	-	614,448
Bank deposits	-	-	-	-
Net funds	137,049	477,399	-	614,448

3 Reconciliation of net cash flow to movement in net funds		2013	2012
		£	£
Increase/(decrease) in cash in the year		477,399	(11,063)
Movement in net funds in the year		477,399	(11,063)
Opening net funds		137,049	148,112
Closing net funds		614,448	137,049

# **AFH INDEPENDENT FINANCIAL SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2013**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Compliance with accounting standards**

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

#### **1.3 Turnover**

Turnover represents commissions and fees receivable in relation to the Company's role as independent financial advisors.

#### **1.4 Tangible fixed assets and depreciation**

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

Computer equipment	25% on reducing balance
Fixtures, fittings & equipment	20% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.7 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.8 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of AFH Financial Group Plc, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

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<b>3</b>	<b>Operating profit</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	32,802	17,626
	Operating lease rentals	249,651	195,411
	Fees payable to the company's auditor for the audit of the company's annual accounts	11,311	7,200
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Bank interest	99	-
		<u>          </u>	<u>          </u>
		99	-
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	On overdue tax	8	-
		<u>          </u>	<u>          </u>

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# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

6	Taxation	2013 £	2012 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	210,190	128,844
	<b>Total current tax</b>	210,190	128,844
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	5,137	2,636
		215,327	131,480
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	1,830,347	1,105,651
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.41% (2012 - 24.83%)	428,484	274,533
	Effects of:		
	Non deductible expenses	1,959	698
	Depreciation add back	7,679	4,376
	Capital allowances	(13,574)	(8,409)
	Tax losses utilised	(214,358)	(142,354)
		(218,294)	(145,689)
	<b>Current tax charge for the year</b>	210,190	128,844
7	<b>Dividends</b>	2013 £	2012 £
	Ordinary interim paid	1,400,000	750,000

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

### 8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 November 2012	89,979	84,932	174,911
Additions	65,603	15,094	80,697
At 31 October 2013	155,582	100,026	255,608
<b>Depreciation</b>			
At 1 November 2012	39,220	38,804	78,024
Charge for the year	20,150	12,652	32,802
At 31 October 2013	59,370	51,456	110,826
<b>Net book value</b>			
At 31 October 2013	96,212	48,570	144,782
At 31 October 2012	50,759	46,128	96,887

### 9 Debtors

	2013 £	2012 £
Trade debtors	1,915,619	1,527,386
Amounts owed by participating interests	13,026	306,149
Other debtors	106,316	89,049
Prepayments and accrued income	85,331	179,039
	2,120,292	2,101,623

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

10 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	97,307	154,825
Amounts owed to participating interests	37,988	-
Corporation tax	166,348	128,844
Other taxes and social security costs	62,125	59,169
Directors' current accounts	249	-
Other creditors	1,403,786	1,012,398
Accruals and deferred income	31,191	119,952
	<u>1,798,994</u>	<u>1,475,188</u>

11 Provisions for liabilities	Deferred tax liability £
Balance at 1 November 2012	15,681
Profit and loss account	5,137
Balance at 31 October 2013	<u>20,818</u>

The deferred tax liability is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	<u>20,818</u>	<u>15,681</u>

12 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
170,100 Ordinary shares of £1 each	<u>170,100</u>	<u>170,100</u>



# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

### 13 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 November 2012	674,590
Profit for the year	1,615,020
Dividends paid	(1,400,000)
Balance at 31 October 2013	<u>889,610</u>

### 14 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,615,020	974,171
Dividends	(1,400,000)	(750,000)
Net addition to shareholders' funds	<u>215,020</u>	<u>224,171</u>
Opening shareholders' funds	844,690	620,519
Closing shareholders' funds	<u>1,059,710</u>	<u>844,690</u>

### 15 Financial commitments

At 31 October 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2014:

	Other 2013 £	2012 £
Operating leases which expire:		
Within one year	484	830
Between two and five years	39,605	8,059
	<u>40,089</u>	<u>8,889</u>

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
Office	89	64

#### Employment costs

	2013 £	2012 £
Wages and salaries	2,182,353	1,469,833
Social security costs	194,780	136,302
	<u>2,377,133</u>	<u>1,606,135</u>

### 17 Control

The ultimate parent company and controlling party as at 31 October 2013 was AFH Financial Group Plc, a company incorporated in England and Wales.

AFH Financial Group Plc owns 100% of the issued ordinary share capital of AFH Group Limited, which in turn owns 100% of the issued ordinary share capital of AFH Independent Financial Services Ltd.

AFH Financial Group Plc prepares group financial statements and copies can be obtained from AFH House, Stoke Heath, Bromsgrove, Worcestershire, B60 4JE.

### 18 Related party relationships and transactions

# AFH INDEPENDENT FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

### 18 Related party relationships and transactions

(Continued)

At the balance sheet date there were loans due from/(to) fellow group companies as follows:

	2013 £	2012 £
AFH Group Ltd	(37,988)	306,149
AFH SPV1 Ltd	(107,144)	(8,787)
AFH Financial Group Plc	13,026	(18,674)
St Johns Asset Management Ltd	(8,320)	(3,581)
Shape Financial Ltd	3,637	-
AFH Legal Ltd	3,096	-

During the period commissions were paid to related parties as follows

	2013 £	2012 £
Mercury House Financial Services Ltd	7,274	5,745
Holland House Financial Services Ltd	9,066	18,166
Groucott Moor Financial Services Ltd	27,025	26,614
Price Deacon Witham Financial Services Ltd	7,538	3,557
Swinford Independent Financial Advisors Ltd	11,760	12,031
Cotswold Financial Advisors Ltd	21,487	20,685
PPW Financial Services Ltd	35,021	28,930
Strand House Wealth Management Ltd	25,862	24,306
Bloomer Heaven Wealth Management Ltd	3,586	7,402
Lindasi Ltd	17,421	12,683
Broomfield and Alexander Wealth Management Ltd	110,762	27,835
Palmer Clark Financial Services Ltd	3,422	4,800

### 19 Transactions with directors

During the period commissions of £18,012 (2012 - £38,892) were paid to the partnership "A & F Hudson". The director, Mr A Hudson, has a material interest in this partnership.