

# Financial Statements

## Barratt & Cooke Limited

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**For the year ended 31 March 2013**



**Registered number: 05378036**

## Company Information

<b>Directors</b>	C W L Barratt M K Warren W J Barratt S C L Barratt J R Barclay (Non-executive)
<b>Company secretary</b>	M K Warren
<b>Registered number</b>	05378036
<b>Place of business</b>	5 Opie Street Norwich NR1 3DW
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB
<b>Solicitors</b>	Mills & Reeve LLP 1 St James Court Whitefriars Norwich NR3 1RU

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## **Chairman's Statement**

**For the year ended 31 March 2013**

The chairman presents his statement for the period

2012/2013 has been a year of consolidation in the UK private client stockbroking industry, indeed most firms suffered a fall in turnover due to the lack of M&A activity, and expenses rising sharply, especially the Financial Services Compensation Scheme

The FTSE 100 stood at 6250 on 5th April 2013 and in line with other firms our profits fell slightly. However, our funds under management grew to a record level as more and more clients appreciated

Barratt & Cooke's service

The lack of a management charge (except on ISAs)

There has been no change in the staff, and this gives me a good opportunity to thank our staff who all appreciate that loyalty works both ways, which appears so rare in these competitive days of 'dog eat dog'

With a strong balance sheet, which has been built up with retained profits over many years, and the loyalty of our clients and staff we face the future with considerable optimism

C W L Barratt

Chairman

Date 14 June 2013

## Directors' Report

For the year ended 31 March 2013

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

### Principal activities

The principal activity of the company during the year was that of an independent firm of stockbrokers

### Business review

A review of the business can be found in the Chairman's statement. Key performance indicators are

	2013	2012
	£	£
Turnover	6,226,392	6,491,381
Operating profit	801,472	1,480,853
Fixed asset investments	8,242,286	6,814,767
Firms' cash	2,509,459	2,594,944
Equity shareholder's funds	12,180,202	11,147,514
Number of employees	49	48

### Results and dividends

The profit for the year, after taxation, amounted to £860,513 (2012 - £1,337,505)

A dividend of £142,733 was paid on 27 March 2013 to the parent company, Barratt & Cooke Holdings Limited

### Directors

The directors who served during the year were

C W L Barratt  
M K Warren  
W J Barratt  
S C L Barratt  
J R Barclay (Non-executive)

### Principal risks and uncertainties

The company's core activities are stockbroking, and management of investments. In common with other businesses carrying out similar activity, the principal risks and uncertainties it faces are fluctuations in the stock market and loss of consumer confidence in the financial markets. The directors believe the company is well placed to successfully deal with any such challenges should they arise.

### Financial risk management objectives and policies

The company uses various financial instruments including deposit accounts, cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to ensure sufficient finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are credit risk, liquidity risk, and investment risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

## **Directors' Report**

**For the year ended 31 March 2013**

### **Credit risk**

The company's principal credit risk relates to the recovery of amounts owed by clients and counterparties. In order to manage credit risk management set limits for customers which are reviewed on a regular basis. Debts are regularly chased.

### **Liquidity risk**

As a result of positive cash flows from operating activity and the net current asset position, the directors do not consider liquidity or cashflow risk to be a significant issue. During the year the directors decided to realise part of the net assets to provide increased cash liquidity and minimise risk, as these funds may have been required to meet the client money requirements, however the funds were not fully utilised and were subsequently reinvested back into the same asset class. This area will be closely monitored to ensure the company's procedures continue to operate effectively in order to minimise risk.

### **Investment risk**

The directors continue to build up the liquid capital of the company with the long term aim of achieving a minimum of 10 times liquidity requirements. The directors have chosen to invest in Index Linked Gilts to minimise, as far as possible, the risks associated with the investments.

### **Directors' liability insurance**

During the year the company maintained liability insurance for its directors, as permitted by Section 233 of the Companies Act 2006.

### **Fixed assets**

In the opinion of the directors, the market value of the freehold land and buildings at 31 March 2013 would exceed the book value included in the financial statements but they are unable to quantify this excess in the absence of a full professional valuation, the costs of which are not considered justifiable in view of the company's intention to retain ownership of the freehold land and buildings for use in its existing business for the foreseeable future.

### **Donations**

The company donated £5,860 (2012 £1,644) to local charities during the year and intend to make further donations in 2013/2014.

Barratt & Cooke have also donated to the Norfolk Community Foundation to facilitate major donations. During the year £19,500 was donated to charity from the Barratt & Cooke Norfolk Community Foundation fund.

### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

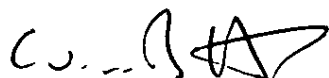
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**Barratt & Cooke Limited**

## **Directors' Report**

**For the year ended 31 March 2013**

This report was approved by the board on 14 June 2013 and signed on its behalf

A handwritten signature in black ink, appearing to read 'C W L Barratt', with a stylized flourish at the end.

C W L Barratt  
Director

## **Directors' Responsibilities Statement**

**For the year ended 31 March 2013**

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 judgments and accounting estimates that are reasonable and prudent,
- 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 Member of Barratt & Cooke Limited

We have audited the financial statements of Barratt & Cooke Limited for the year ended 31 March 2013, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the note of historical cost profits and losses, 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 member 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 member 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 member 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 (APB'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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 March 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Member of Barratt & Cooke Limited

### **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

*Grant Thornton UK LLP*

Alison Seekings (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditors  
Norwich

Date 14 June 2013

## Profit and Loss Account

For the year ended 31 March 2013

	Note	2013 £	2012 £
<b>Turnover</b>	1,2	6,226,392	6,491,381
Cost of sales		(14,298)	(41,396)
<b>Gross profit</b>		6,212,094	6,449,985
Administrative expenses		(5,465,622)	(5,024,132)
Other operating income	3	55,000	55,000
<b>Operating profit</b>	4	801,472	1,480,853
Income from other fixed asset investments	7	133,763	106,169
Loss on disposal of fixed asset investments		(16,274)	(2,670)
Interest receivable and similar income	8	281,617	216,790
Interest payable and similar charges	9	(12,126)	(5,655)
<b>Profit on ordinary activities before taxation</b>		1,188,452	1,795,487
Tax on profit on ordinary activities	10	(327,939)	(457,982)
<b>Profit for the financial year</b>	20	860,513	1,337,505

All amounts relate to continuing operations

The notes on pages 12 to 23 form part of these financial statements

## Statement of Total Recognised Gains and Losses

For the year ended 31 March 2013

	Note	2013 £	2012 £
<b>Profit for the financial year</b>		<b>860,513</b>	<b>1,337,505</b>
Unrealised surplus on revaluation of fixed asset investments	12	<u>314,908</u>	<u>373,748</u>
<b>Total recognised gains and losses relating to the year</b>		<b><u>1,175,421</u></b>	<b><u>1,711,253</u></b>

## Note of Historical Cost Profits and Losses

For the year ended 31 March 2013

	2013 £	2012 £
<b>Reported profit on ordinary activities before taxation</b>	<b>1,188,452</b>	<b>1,795,487</b>
Realisation of quoted investments revaluation gains of previous years	<u>153,018</u>	<u>72,973</u>
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>1,341,470</u></b>	<b><u>1,868,460</u></b>
<b>Historical profit for the year after taxation</b>	<b><u>1,013,531</u></b>	<b><u>1,410,478</u></b>

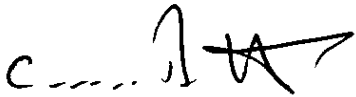
The notes on pages 12 to 23 form part of these financial statements


## Balance Sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible fixed assets	11		2,848,595		2,868,151
Fixed asset investments	12		8,242,286		6,814,767
			<u>11,090,881</u>		<u>9,682,918</u>
<b>Current assets</b>					
Debtors	13	2,031,683		1,052,743	
Cash at bank and in hand		6,432,551		5,561,768	
		<u>8,464,234</u>		<u>6,614,511</u>	
<b>Creditors:</b> amounts falling due within one year	15	(7,374,913)		(5,149,915)	
<b>Net current assets</b>			<u>1,089,321</u>		<u>1,464,596</u>
<b>Net assets</b>			<u>12,180,202</u>		<u>11,147,514</u>
<b>Capital and reserves</b>					
Called up equity share capital	19		100,000		100,000
Revaluation reserve	20		881,280		719,390
Merger Reserve	20		2,697,071		2,697,071
Profit and loss account	20		8,501,851		7,631,053
<b>Equity shareholders' funds</b>	21		<u>12,180,202</u>		<u>11,147,514</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 June 2013

  
C W L Barratt  
Director

  
S C L Barratt  
Director

The notes on pages 12 to 23 form part of these financial statements

## Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	24	2,180,119	1,446,968
Returns on investments and servicing of finance	25	400,130	318,227
Taxation		(516,790)	(682,481)
Capital expenditure and financial investment	25	(1,192,676)	(1,528,732)
<b>Cash inflow/(outflow) before financing</b>		<b>870,783</b>	<b>(446,018)</b>
Equity dividends paid	25	-	(124,027)
<b>Increase/(Decrease) in cash in the year</b>		<b>870,783</b>	<b>(570,045)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 March 2013

	2013 £	2012 £
Increase/(Decrease) in cash in the year	870,783	(570,045)
<b>Movement in net funds in the year</b>	<b>870,783</b>	<b>(570,045)</b>
Net funds at 1 April 2012	5,561,768	6,131,813
<b>Net funds at 31 March 2013</b>	<b>6,432,551</b>	<b>5,561,768</b>

The notes on pages 12 to 23 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 March 2013

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accounting Practice) and under the historical cost convention, except they have been modified to include the revaluation of quoted investments

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.2 Going concern

The company has generated sufficient financial resources from its activities to allow the directors to believe that the company is well placed to manage its business risks successfully in the current economic climate.

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

### 1.3 Turnover

Credit is taken for brokerage, commissions, and settlement fees on the basis of completed deals and bought and sold contract notes issued up to the last business day, prior to the year end.

ISA management fee income is based on portfolio valuations at two specified dates during the year. Nominee fees are based on a charge per investment held in a nominee name on a specified date. Income from management fees and nominee fees is taken to the profit and loss account in accordance with Urgent Issues Task Force Abstract 40, "Revenue Recognition and Service Contracts".

### 1.4 Rental income

Rental income is recognised in the profit and loss account in the year in which the income is receivable.

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Buildings	-	2% straight line
Short leasehold Property	-	over the length of the lease
Furniture and Equipment	-	25% straight line

Freehold land is not depreciated.

### 1.6 Fixed asset investments

Quoted investments are stated at market value. Unquoted investments are stated at cost.

# Notes to the Financial Statements

For the year ended 31 March 2013

## **1. Accounting Policies (continued)**

### **1.7 Operating leases**

Operating lease payments are charged to the Profit and loss account in the year which they accrue

### **1.8 Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standards 19, provision is made for deferred tax assets only to the extent that they are regarded as recoverable. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

### **1.9 Conversion of foreign currencies**

Assets and liabilities expressed in currencies other than sterling have been converted at rates of exchange ruling at the end of the year. Profits or losses on exchange arising from trading transactions have been dealt with in the profit and loss account.

### **1.10 Pension Scheme**

Employer's contributions to the employees' personal pension schemes are charged to the profit and loss account in the year in which they accrue.

### **1.11 Related party disclosures**

The company is exempt under the terms of Financial Reporting Standard 8 (revised) from disclosing related party transactions with the Barratt & Cooke Holdings Limited group as all undertakings in the group are wholly owned.

### **1.12 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.



# Notes to the Financial Statements

For the year ended 31 March 2013

## 2. Turnover

All turnover arose within the United Kingdom

## 3. Other operating income

	2013	2012
	£	£
Other operating income	55,000	55,000

This relates to rental income receivable

## 4. Operating profit

The operating profit is stated after charging

	2013	2012
	£	£
Depreciation of tangible fixed assets		
- owned by the company	83,347	81,207
Auditor's remuneration - audit	27,825	26,500
Auditor's remuneration - taxation services	6,985	6,450
Auditor's remuneration - other services	11,500	8,000
Operating lease rental payable	20,400	20,400

**Liability Limitation Agreement with the auditor** - the company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2013. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the shareholder on 15 June 2012.

# Notes to the Financial Statements

For the year ended 31 March 2013

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and salaries	3,381,665	3,177,232
Social security costs	418,512	378,756
Other pension costs (note 17)	410,932	200,980
	<u>4,211,109</u>	<u>3,756,968</u>

The average monthly number of employees, including the directors, during the year was as follows

	2013	2012
	No	No
Directors	5	6
Administration	44	42
	<u>49</u>	<u>48</u>

## 6. Directors' remuneration

	2013	2012
	£	£
Emoluments	<u>1,385,830</u>	<u>1,170,230</u>
Contributions to directors' personal pension schemes	<u>218,000</u>	<u>18,000</u>

The highest paid director received remuneration of £579,077 (2012 - £350,717) No amounts were paid in respect of the highest paid director's pension scheme (2012 £Nil)

Retirement benefits are accruing to three directors (2012 two directors)

# Notes to the Financial Statements

For the year ended 31 March 2013

## 7. Income from fixed asset investments

	2013 £	2012 £
<b>Dividends receivable</b>		
Overseas investments	19,309	11,616
<b>Interest receivable</b>		
UK investments	114,454	94,553
	<u>133,763</u>	<u>106,169</u>

## 8. Interest receivable

	2013 £	2012 £
Bank interest receivable	274,169	209,845
Foreign exchange gain	7,448	6,945
	<u>281,617</u>	<u>216,790</u>

## 9. Interest payable

	2013 £	2012 £
Interest payable on purchase of fixed asset investments	9,403	2,476
Bank interest paid and bank charges	2,619	1,968
Interest on late payment of tax	104	1,211
	<u>12,126</u>	<u>5,655</u>

## Notes to the Financial Statements

For the year ended 31 March 2013

**10. Taxation**

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	344,441	516,778
Adjustments in respect of prior periods	-	(1,442)
<b>Total current tax</b>	<b>344,441</b>	<b>515,336</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(18,050)	(57,354)
Adjustment in respect of previous years	1,548	-
<b>Total deferred tax</b> (see note 16)	<b>(16,502)</b>	<b>(57,354)</b>
<b>Tax on profit on ordinary activities</b>	<b>327,939</b>	<b>457,982</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	1,188,452	1,795,487
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	285,228	466,826
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,002	965
Deprecation on assets not qualifying for capital allowances	8,890	10,036
Capital allowances in excess of depreciation	1,089	(1,976)
Adjustments to tax charge in respect of prior periods	-	(1,442)
Short term timing difference leading to an increase (decrease) in taxation	48,000	-
Sundry	(780)	-
Franked investment income	(3,853)	(3,020)
Treasury stock adjustments	1,865	43,947
<b>Current tax charge for the year</b> (see note above)	<b>344,441</b>	<b>515,336</b>

# Notes to the Financial Statements

For the year ended 31 March 2013

## 10. Taxation (continued)

### Factors that may affect future tax charges

As a result of the changes implemented by the 2012 Finance Act, the rate of corporation tax in the United Kingdom is being reduced to 23% for the financial year 2013. A further reduction in tax rates to 21% for 2014 and 20% for 2015 is included in the Budget resolutions for 2013, expected to be substantively enacted in the Finance Act for 2013.

## 11. Tangible fixed assets

	Freehold land and buildings £	Short leasehold property £	Furniture and equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2012	2,959,244	29,125	645,630	3,633,999
Additions	-	-	63,791	63,791
Disposals	-	(29,125)	-	(29,125)
At 31 March 2013	<u>2,959,244</u>	<u>-</u>	<u>709,421</u>	<u>3,668,665</u>
<b>Depreciation</b>				
At 1 April 2012	166,831	29,125	569,892	765,848
Charge for the year	37,423	-	45,924	83,347
On disposals	-	(29,125)	-	(29,125)
At 31 March 2013	<u>204,254</u>	<u>-</u>	<u>615,816</u>	<u>820,070</u>
<b>Net book value</b>				
At 31 March 2013	<u>2,754,990</u>	<u>-</u>	<u>93,605</u>	<u>2,848,595</u>
At 31 March 2012	<u>2,792,413</u>	<u>-</u>	<u>75,738</u>	<u>2,868,151</u>

Freehold land & buildings includes land at cost of £1,079,712 (2012 £1,079,712) which is not depreciated

## Notes to the Financial Statements

For the year ended 31 March 2013

**12. Fixed asset investments**

	Investments in subsidiary companies £	Quoted investments £	Unquoted investments £	Total £
<b>Cost or valuation</b>				
At 1 April 2012	300	6,740,036	74,431	6,814,767
Additions	-	2,351,737	-	2,351,737
Disposals	-	(1,239,126)	-	(1,239,126)
Revaluations	-	314,908	-	314,908
At 31 March 2013	300	8,167,555	74,431	8,242,286
<b>Net book value</b>				
At 31 March 2013	300	8,167,555	74,431	8,242,286
At 31 March 2012	300	6,740,036	74,431	6,814,767

**Quoted investments**

The market value of the listed investments at 31 March 2013 was £8,167,555 (2012 - £6,740,036)

The historic net book value of the revalued quoted investments is £7,286,275 (2012 £6,020,646)

**Investments in subsidiary companies**

The shares in subsidiary undertakings represent the entire issued share capital of three dormant companies, Barratt & Cooke Nominees Limited, Barratt & Cooke GSI Nominees Limited and Barratt & Cooke Trustees Limited, all of which are registered in England and Wales. All of the companies have 100 issued ordinary shares of £1 each and net assets of £100. The companies' financial year end is 31 March 2013. These companies exist solely to act as nominees in whose name investments are held by clients of Barratt & Cooke Limited. They do not trade in their own right.

**Unquoted investments**

The unquoted investments are stated at cost.

**13. Debtors**

	2013 £	2012 £
Trade debtors	1,486,809	581,090
Amounts recoverable on contracts	319,699	294,115
Other debtors	14,786	12,436
Prepayments and accrued income	156,748	127,963
Deferred tax asset (see note 16)	53,641	37,139
	<u>2,031,683</u>	<u>1,052,743</u>

# Notes to the Financial Statements

For the year ended 31 March 2013

## 14. Cash at bank and in hand

	2013	2012
	£	£
Client settlement money	1,741,886	476,508
Client free monies	2,181,206	2,490,316
Firm money	2,509,459	2,594,944
Total	<u>6,432,551</u>	<u>5,561,768</u>

## 15. Creditors:

### Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	2,926,944	941,255
Amounts owed to group undertakings	142,733	-
Corporation tax	94,441	266,790
Social security and other taxes	318,469	292,352
Client free monies	2,209,904	2,498,685
Accruals and deferred income	1,682,422	1,150,833
	<u>7,374,913</u>	<u>5,149,915</u>

## 16. Deferred tax asset

	2013	2012
	£	£
At beginning of year	37,139	(20,215)
Released during year	16,502	57,354
At end of year	<u>53,641</u>	<u>37,139</u>

The deferred tax asset is made up as follows

	2013	2012
	£	£
Accelerated capital allowances	(5,938)	(7,285)
Other short term timing differences	59,579	44,424
	<u>53,641</u>	<u>37,139</u>

# Notes to the Financial Statements

For the year ended 31 March 2013

## 17. Pension commitments

Employer's pension contributions to the employees' personal pension schemes during the year were £410,932 (2012 £200,980) At 31 March 2013 there were £200,000 of outstanding pension contributions included in accruals (2012 £Nil)

## 18. Operating lease commitments

At 31 March 2013 the company had a commitment to pay annual rentals under an operating lease due to expire as follows

	2013 £	2012 £
<b>Expiry date</b>		
Between 2 and 5 years	20,400	20,400
Total	<u>20,400</u>	<u>20,400</u>

## 19. Share capital

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares shares of £1 each	<u>100,000</u>	<u>100,000</u>

## 20. Reserves

	Revaluation reserve £	Merger reserve £	Profit and loss account £
At 1 April 2012	719,390	2,697,071	7,631,053
Profit for the year			860,513
Equity dividends paid			(142,733)
Unrealised gain on revaluation of quoted investments	314,908		
Transfer of gains realised on disposal of quoted investments	(153,018)		153,018
At 31 March 2013	<u>881,280</u>	<u>2,697,071</u>	<u>8,501,851</u>



# Notes to the Financial Statements

For the year ended 31 March 2013

## 21. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	11,147,514	9,560,288
Profit for the year	860,513	1,337,505
Dividends (Note 22)	(142,733)	(124,027)
Unrealised gain on revaluation of quoted investments	314,908	373,748
Closing shareholders' funds	<u>12,180,202</u>	<u>11,147,514</u>

## 22. Dividends

	2013 £	2012 £
Dividends paid on equity capital	<u>142,733</u>	<u>124,027</u>

On 27 March 2013 the directors paid a dividend of £142,733, credited to the intercompany account

## 23. Related party transactions

The parent undertaking of Barratt & Cooke Limited is Barratt & Cooke Holdings Limited. The company is incorporated in England and Wales. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

Throughout the year, the controlling party remained C W L Barratt by virtue of his 100% interest in the share capital of Barratt & Cooke Holdings Limited.

In 2012 the company earned commission of £1,417 from JO Hambro Capital Management Limited, an entity linked to J D Hambro, director. J D Hambro resigned as director on 23 March 2012.

## 24. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	801,472	1,480,853
Depreciation of tangible fixed assets	83,347	81,207
(Increase)/decrease in debtors	(959,314)	1,902,323
Increase/(decrease) in creditors	2,254,614	(2,017,415)
Net cash inflow from operating activities	<u>2,180,119</u>	<u>1,446,968</u>

## Notes to the Financial Statements

For the year ended 31 March 2013

**25. Analysis of cash flows for headings netted in cash flow statement**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	278,493	217,713
Interest paid	(12,126)	(5,655)
Income from fixed asset investments	133,763	106,169
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>400,130</b>	<b>318,227</b>
	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(63,791)	(44,737)
Purchase of fixed asset investments	(2,351,737)	(2,635,586)
Proceeds of disposal of fixed asset investments	1,222,852	1,151,591
<b>Net cash outflow from capital expenditure</b>	<b>(1,192,676)</b>	<b>(1,528,732)</b>
	2013 £	2012 £
<b>Financing</b>		
Equity dividends paid	-	(124,027)

**26. Analysis of changes in net debt**

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	5,561,768	870,783	-	6,432,551
<b>Net funds</b>	<b>5,561,768</b>	<b>870,783</b>	<b>-</b>	<b>6,432,551</b>

# BARRATT & COOKE

STOCKBROKERS SINCE 1880

## Pillar 3 Disclosure

31<sup>st</sup> March 2013



## **Introduction**

Barratt and Cooke Ltd is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority. The Company has performed an Internal Capital Adequacy Assessment Plan (ICAAP) which highlights the financial risks to the business.

The capital requirement directive has three pillars these are

- 1 ) Pillar 1 - This is a variable capital requirement based upon the market, credit and operational risk. The firm must maintain capital that is equal to or greater than this requirement.
- 2 ) Pillar 2 - Requires firms to assess the additional capital that must be retained in order to cover the risks that may not be covered under Pillar 1.
- 3 ) Pillar 3 - A firm has to publish key information on its risk exposure and its risk management. This must be updated at least annually.

## **Background of the Firm**

Barratt and Cooke Ltd is an incorporated company which has been providing traditional stockbroking advice for over 120 years. Situated in the heart of Norwich, the firm has approximately £1bn under management and although it has clients from all over the country the majority originate from Norfolk and East Anglia.

Barratt and Cooke focus on providing bespoke advice whereby they tailor individual portfolios to the requirement of each client. In order to meet client's objectives, whether their priority is for growth, income or capital preservation, the experienced team of investment managers construct balanced diversified portfolios.

## **Risk Management Objectives.**

This document has been prepared under the requirements of Pillar 3 to provide information about the risk management undertaken and the implications on the Capital requirements. The Board of Directors meet on a regular basis and they determine the risk appetite of the firm and are constantly reviewing and updating the processes and procedures to reduce the risks.

## **Risk Categories and Definitions**

The ICAAP is reviewed and approved by the board half yearly, but will be revised should there be any material changes to the Company's business or risk profile. The ICAAP outlines the risk in BIPRU 11, the following risks have been identified as material to the business and can be divided into four categories:

Operational Risk

Credit Risk

Market Risk

Liquidity Risk

Each of these risks have been addressed in the ICAAP, however the risks can never be completely eliminated

### **Operational Risk**

Operational Risk can be defined as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”

Processes and procedures are in place and available to all staff and are updated constantly The compliance department do numerous checks and monitoring and in addition Professional Indemnity Insurance is held

### **Credit Risk**

Credit Risk is the risk that a client or counterparty will fail to complete a financial transaction according to the terms of the contract, resulting in a loss to the financial institution The largest risk to the business is if counterparty was to default while the firm had outstanding unsettled stock/funds with them, however the majority of the business is traded using the deliver versus payment process

### **Market risk**

The firm does not proprietary trade and therefore has very limited market risk In the event that any position was held for any reason then it would be monitored according to a level of degree of risk agreed with by the directors The firm does hold Index link Gilts for security reasons, the price movement of these is minimal

### **Liquidity Risk**

Liquidity risk is where a firm’s cash flow is insufficient to meet its payment obligations as and when they fall due The firm invests the profits twice yearly into Index Linked Gilts which can be released on a T+0 basis if needed The board are constantly reviewing and ensuring that there is sufficient liquidity held in the business, the firm does not rely on any debt financing and also owns its own property

### **Capital Resources**

Barratt and Cooke hold sufficient monies to cover the capital requirement

### **Remuneration Code**

Barratt & Cooke are classified as a Tier 3 firm for remuneration purposes as specified in the Financial Authority rules A remuneration committee, consisting of the Directors, deals with all decisions regarding remuneration and identifying the ‘code staff’ (members of staff whose activities have a material impact of the firms risk profile) The Barratt & Cooke code staff are the Directors, Non-Executive Directors and the Associate Directors

The number of Code Staff is 7 these are categorised as senior management and staff who's professional activities have a material impact on the firms risk profile ( BIPRU 11 5 18R) The total aggregated remuneration in respect of code staff is £1,408,131 fixed remuneration is £782,916 and variable is £625,215 in addition to this there was a one off payment of £500,000 The disclosures within this document will be updated at least annually