

**ALEXANDER DAVID SECURITIES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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# ALEXANDER DAVID SECURITIES LIMITED

## COMPANY INFORMATION

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**Directors**

Mr D Scott  
Mr A Bull  
Mr A F Rose

**Company number**

06015379

**Registered office**

30 Percy Street  
London  
W1T 2DB

**Auditors**

Welbeck Associates  
30 Percy Street  
London  
W1T 2DB

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# ALEXANDER DAVID SECURITIES LIMITED

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# ALEXANDER DAVID SECURITIES LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2013

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

#### Principal activities and review of the business

The principal activity of the company continued to be that of an investment broker and corporate adviser.

As foreshadowed in last year's accounts, during 2013 Alexander David Securities Limited (the Company) sold its private client business to Highstone Investment Management Limited for £100,000 in cash and the assumption of £169,000 worth of the Company's liabilities.

During the same period the Company was disposed of by its parent to the existing shareholders at the time. This was done with the intention of selling the Company eventually to the Company's corporate finance management for £1 and for a right to share in future Company profits of up to £300k over a three year period.

These disposals have allowed the Company to concentrate on its remaining core business of corporate finance and corporate broking with a simplified corporate structure and without the distractions of sharing in the management of a retail broker.

During 2013 revenue including net income from portfolio revaluations were significantly up at £521,000 (2012 £193,000), expenses were also up at £636,000 (2012: £528,000) resulting in net income of £279,000 (loss £335,000) for the period.

It should be noted that net income in 2013 is stated above after taking into account exceptional profits on sale of the private client business and capital reorganisation of £394,000 and that the 2012 figures have been taken from the Segmental Reporting note (excluding non corporate finance business).

As for 2014, the Directors are optimistic as to the outlook for the coming year, with the UK economy, market placings and the Company work in progress running at higher levels than at the time last year's accounts were published.

#### Results and dividends

The results for the year are set out on page 5.

#### Directors

The following directors have held office since 1 January 2013:

Mr D Scott

Mr A Bull

Mr A F Rose

Mr T D Coote

Mr M Hicks

(Resigned 4 September 2013)

(Resigned 4 September 2013)

#### Auditors

Welbeck Associates have indicated their willingness to continue in office and in accordance with Section 489 of the Companies Act 2006, a resolution proposing that Welbeck Associates be appointed as auditor of the Company will be put to the Annual General Meeting.

# ALEXANDER DAVID SECURITIES LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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### **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:

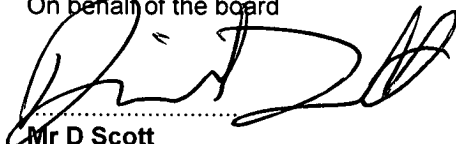
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

On behalf of the board



Mr D Scott

Director

24 September 2014

# ALEXANDER DAVID SECURITIES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF ALEXANDER DAVID SECURITIES LIMITED

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We have audited the financial statements of Alexander David Securities Limited for the year ended 31 December 2013 set out on pages 5 to 13. 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 page 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 Report of the Directors 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 implication for our report.

A description of the scope of an audit of financial statements is provided on the APB'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 December 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.

# ALEXANDER DAVID SECURITIES LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ALEXANDER DAVID SECURITIES 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;



**Jonathan Bradley-Heare**  
(Senior Statutory Auditor)  
for and on behalf of Welbeck Associates

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

**24 September 2014**

30 Percy Street  
London  
W1T 2DB

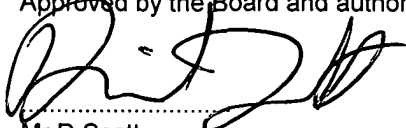
# ALEXANDER DAVID SECURITIES LIMITED

## BALANCE SHEET

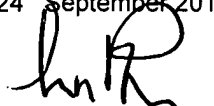
AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Investments	8		314,962		112,000
Fixed assets	7		-		178
			<u>314,962</u>		<u>112,178</u>
<b>Current assets</b>					
Debtors	9	141,359		315,822	
Cash at bank and in hand		23,149		-	
			<u>164,508</u>		<u>315,822</u>
<b>Creditors: amounts falling due within one year</b>	10	(386,693)		(622,000)	
<b>Net current liabilities</b>			<u>(222,185)</u>		<u>(306,178)</u>
<b>Total assets less current liabilities</b>			<u>92,777</u>		<u>(194,000)</u>
<b>Capital and reserves</b>					
Called up share capital	12		3,891,644		3,883,974
Profit and loss account	13		(3,798,867)		(4,077,974)
<b>Shareholders' funds</b>	14		<u>92,777</u>		<u>(194,000)</u>

Approved by the Board and authorised for issue on 24<sup>th</sup> September 2014



Mr D Scott  
Director



Mr A F Rose  
Director

Company Registration No. 06015379



# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention, unless otherwise stated.

The presentational and functional currency of the Company is Sterling.

##### 1.2 Changes in accounting policies

The company has adopted UK GAAP that applies to accounting periods commencing 1 January 2012. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure.

##### 1.3 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).

##### 1.4 Turnover

Turnover represents amounts receivable for corporate advisory fees, fund management fees, commission income and other ancillary fees. It also includes the fair value of options over securities which have been received as consideration for corporate finance services rendered.

Fees for advisory engagements for which the work is substantially complete or which are at a stage where for which separate payment is due is substantially complete, and which will become due but are not yet are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a they are only accounted for after the transaction has completed.

##### 1.5 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:

Fixtures, fittings & equipment	over 4 years
Plant & Machinery	over 4 years

##### 1.6 Leasing

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

##### 1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

##### 1.8 Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.9 Taxation

Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal basis using the company's effective rate of corporation tax for the accounting period.

##### 1.10 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.

# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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### **1 Accounting policies (*continued*)**

#### **1.11 Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### **1.12 Financial assets**

Investments are recognised and derecognised on trade date. Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" (FVTPL) and "loans and receivables". The classification depends on the nature and purpose of the asset and is determined at the

#### **1.13 Financial assets at fair value through profit and loss**

Financial assets are held at fair value through profit and loss (FVTPL) in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the board of directors.

The Investments held at FVTPL are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which the investments is listed. In some instances, the board may consider whether a provision needs to be applied against the value of the investment depending upon on the liquidity in the market. Ordinarily this is not the case for any of the premium or standard international markets, just the secondary and tertiary exchanges.

The Gains and losses on investments are recognised as other operating income in the Profit and Loss account. Purchases and sales of financial assets are recognised on the trade date, being the date the company commits to purchase or sell the assets.

After initial recognition unquoted stocks are valued by the board on an annual basis.

### **2 Turnover**

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

# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

<b>3</b>	<b>Operating profit/(loss)</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	178	3,000
	Operating lease rentals	36,104	39,000
	Auditors' remuneration (including expenses and benefits in kind)	10,000	15,000
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Gains/(losses) on investments</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Gains or (losses) on fixed asset investments	155,190	(236,000)
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Other interest	4,892	6,000
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>2013</b>	<b>2012</b>
	<b>Total current tax</b>	<b>-</b>	<b>-</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) from continuing operations before taxation	279,107	(604,000)
		<u>          </u>	<u>          </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2012 – 24.5%)	55,821	(147,980)
	Expenses not deductible for tax purposes	2,698	61,575
	Capital allowances	(1,012)	(1,562)
	Utilisation/(increase) of tax losses brought forwards	(57,507)	87,967
		<u>          </u>	<u>          </u>
	<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>
		<u>          </u>	<u>          </u>

The Company has unrelieved tax losses of approximately £3,257,634 (2012: £3,545,169). The Company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future taxable profits.

# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2013 & at 31 December 2013	170,293	14,162	184,455
<b>Depreciation</b>			
At 1 January 2013	170,293	13,984	184,277
Charge for the year	-	178	178
At 31 December 2013	170,293	14,162	184,455
<b>Net book value</b>			
At 31 December 2013	-	-	-
At 31 December 2012	-	178	178

#### 8 Fixed asset investments

	Listed investments £
<b>Cost</b>	
At 1 January 2013 & at 31 December 2013	314,962
<b>Net book value</b>	
At 31 December 2013	314,962
At 31 December 2012	112,000

# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

<b>9 Debtors</b>	<b>2013 £</b>	<b>2012 £</b>
Trade debtors	25,718	87,822
Amounts owed by parent and fellow subsidiary undertakings	595	-
Other debtors	109,807	57,000
Prepayments and accrued income	5,239	171,000
	<u>141,359</u>	<u>315,822</u>
<b>10 Creditors: amounts falling due within one year</b>	<b>2013 £</b>	<b>2012 £</b>
Trade creditors	194,512	299,000
Taxes and social security costs	70,704	146,000
Directors' current accounts	16,500	-
Other creditors	27,124	100,000
Accruals and deferred income	77,853	77,000
	<u>386,693</u>	<u>622,000</u>
<b>11 Pension and other post-retirement benefit commitments</b>		
<b>Defined contribution</b>		
	<b>2013 £</b>	<b>2012 £</b>
Contributions payable by the company for the year	<u>589</u>	<u>18,000</u>
<b>12 Share capital</b>	<b>2013 £</b>	<b>2012 £</b>
<b>Allotted, called up and fully paid</b>		
3,891,644 Ordinary shares of £1 each	<u>3,891,644</u>	<u>3,883,974</u>

During the year 7,670 ordinary shares were issued for a total consideration of £7,670.

# ALEXANDER DAVID SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Profit and loss account
	£
Balance at 1 January 2013	(4,077,974)
Profit for the year	279,107
	<hr/>
Balance at 31 December 2013	(3,798,867)
	<hr/>

#### 14 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit/(Loss) for the financial year	279,107	(328,000)
Proceeds from issue of shares	7,670	314,000
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	286,777	(14,000)
Opening shareholders' funds	(194,000)	(180,000)
	<hr/>	<hr/>
Closing shareholders' funds	92,777	(194,000)
	<hr/>	<hr/>

#### 15 Financial commitments

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

	Land and buildings	
	2013 £	2012 £
Operating leases which expire:		
Within one year	9,474	130,000
Between two and five years	-	44,000
	<hr/>	<hr/>
	9,474	174,000
	<hr/>	<hr/>

As a result of the reorganisation that happened during the year the Company is committed to pay a profit share up to a maximum of £300,000 to the shareholders of Rosendale Investments Limited for the years 1 July 2013 to 30 June 2016 following the FCA authorising the change in control (see page 1). The profit share is based on profits after tax.

#### 16 Sale of business asset

On 4 January 2013 the Company was committed to disposing of the business assets relating to Private Client Broking ("PCB"). The results of the discontinued operations in this regard which have been included in the profit and loss account were as follows:

**ALEXANDER DAVID SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**16 Sale of business asset (continued)**

	<b>2013</b> <b>£</b>
Consideration	<u>100,000</u>
Fair value of Net assets at time of disposal	<u>(168,611)</u>
Profit on disposal of discontinued operations	<u>268,611</u>

**17 Directors' remuneration**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Remuneration for qualifying services	67,234	80,000
Company pension contributions to defined contribution schemes	-	4,000
	<u>67,234</u>	<u>84,000</u>

**18 Employees**

**Number of employees**

There were 6 employees during the year including directors.

**Employment costs**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Wages and salaries	217,109	572,000
Social security costs	39,921	53,000
Other pension costs	589	18,000
Costs of share option scheme	-	8,000
	<u>257,619</u>	<u>651,000</u>

**19 Control**

Control of Alexander David Holdings Limited will pass to the Company's executive Directors as soon as the FCA authorises this change of control (see page 1). In the meantime the ultimate controlling party is Rosendale Investments Limited. Rosendale Investments Limited is incorporated in England & Wales and the accounts are available from their registered address which is 30 Percy Street, London W1T 2DB.

**20 Profit share arrangement**

No profits have accrued under the profit share arrangements referred to in note 15, because the exceptional profits on sale of business shown in the profit and loss account occurred prior to June 30.

# ALEXANDER DAVID SECURITIES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Notes	£	£
Turnover			
From continuing operations	2	365,848	429,000
From discontinued operations		-	1,009,000
		<u>365,848</u>	<u>1,438,000</u>
Cost of sales		-	(18,000)
Discontinued operations			<u>(305,000)</u>
<b>Gross profit</b>		<b>365,848</b>	<b>1,115,000</b>
Administrative expenses		(630,650)	(496,000)
Discontinued operations			(981,000)
Other operating income		125,000	-
		<u></u>	<u></u>
<b>Operating loss from continuing operations</b>	<b>3</b>	<b>(139,802)</b>	<b>(85,000)</b>
<b>Operating loss from discontinuing operations</b>		<b>-</b>	<b>(277,000)</b>
Gains/(losses) on investments	4	155,190	(236,000)
Profit on disposal of discontinued operations	16	268,611	-
Interest payable and similar charges	5	(4,892)	(6,000)
		<u></u>	<u></u>
<b>Profit/(loss) on continuing operations before taxation</b>		<b>279,107</b>	<b>(327,000)</b>
Tax on profit/(loss) on ordinary activities	6	-	-
		<u></u>	<u></u>
<b>Profit/(loss) on continuing operations after taxation</b>		<b>279,107</b>	<b>(327,000)</b>
<b>Loss on discontinued operations after taxation</b>		<b>-</b>	<b>(277,000)</b>
		<u></u>	<u></u>
<b>Profit/(loss) for the year</b>	<b>13</b>	<b>279,107</b>	<b>(604,000)</b>

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