

**Company Registration No. 6127869**

**STOW SECURITIES PLC**

**Report and Financial Statements**

**31 December 2011**

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# **STOW SECURITIES PLC**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Independent auditor's report to the members</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 12</b>

# **STOW SECURITIES PLC**

## **Officers and professional advisers**

**Directors** J R Milne  
S T Mainee

**Secretary** S T Mainee

**Registered Office** 53 Mount Street  
London W1K 2SG

**Auditor** Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

# STOW SECURITIES PLC

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011. This report has been prepared in accordance with the special provisions relating to small companies.

### Principal activities and business review

The principal activity of the Company during the year was that of a management and administration company and expects to continue this activity for the foreseeable future. See note 1 for further details and other considerations of the company's ability to continue as a going concern.

### Results and dividends

The profit after taxation for the year amounted to £ 104,196 (2010 – £ 111,237). The directors paid a dividend of £125,000 during the year (2010 - £ 100,000).

### Financial risk management objectives and policies

The Company makes little use of financial instruments and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

### Directors and their interests

The directors who served the Company during the year were as follows:

J R Milne

S T Mainee

The Company is a wholly owned subsidiary and interests of the group directors are disclosed in the financial statements of the parent company.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Auditor

Each of the persons who are 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 are unaware, and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office 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



S T Mainee

Company Secretary

Dated 20 June 2012

# **STOW SECURITIES PLC**

## **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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, 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 Stow Securities plc**

We have audited the financial statements of Stow Securities plc for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 December 2011 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.

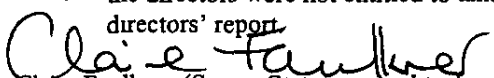
### **Opinion on other matter prescribed by the Companies Act 2006**

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

  
Claire Faulkner (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

21 June 2012

# STOW SECURITIES PLC

## Profit and loss account Year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	1,672,082	1,847,338
Administrative expenses		(1,520,075)	(1,679,599)
Operating profit	3	152,007	167,739
Interest receivable		0	201
Profit on ordinary activities before taxation		152,007	167,940
Tax on profit on ordinary activities	5	(47,811)	(56,703)
Profit on ordinary activities after taxation		104,196	111,237

All of the activities of the Company are classed as continuing

The Company has no recognised gains or losses other than the results for the year as set out above

# STOW SECURITIES PLC

## Balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	6		20,270		10,170
<b>Current assets</b>					
Debtors	7	1,031,857		1,007,213	
Cash at bank		17,475		11,604	
		<u>1,049,332</u>		<u>1,018,817</u>	
<b>Creditors: amounts falling within one year</b>	8	<u>(1,005,412)</u>		<u>(943,993)</u>	
<b>Net current assets</b>			43,920		74,824
<b>NET ASSETS</b>			<u>64,190</u>		<u>84,994</u>
<b>Capital and reserves</b>					
Called up share capital	12		50,000		50,000
Profit and loss account	13		14,190		34,994
<b>Shareholders' funds</b>	14		<u>64,190</u>		<u>84,994</u>

These financial statements were approved by the Board of Directors on 20 June 2012

Signed on behalf of the Board of Directors

Company registration number 6127869

J R Milne  
Director

S T Mainee  
Director



# **STOW SECURITIES PLC**

## **Notes to the financial statements**

### **Year ended 31 December 2011**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the Company is set out in the Balance Sheet and the accompanying notes to the financial statements.

The Company has satisfactory financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. 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 Annual Report and Accounts.

##### **Accounting convention**

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

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent, Stow Capital Partners Limited, publishes a consolidated cash flow statement which is publicly available.

##### **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 amount of the assets over their expected useful lives on the straight line basis at the following rates per annum:

Office equipment, fixtures and fittings - 20%

##### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Turnover**

The turnover shown in the profit and loss account represents management and administration fees invoiced during the year, exclusive of Value Added Tax.

#### **2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover is generated from the parent company and in the United Kingdom.

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2011

### 3. Operating profit

	2011 £	2010 £
<b>Operating profit is after charging</b>		
Depreciation of tangible assets	5,616	7,802
Fees payable for the audit of the Company's annual accounts	3,000	3,000
Staff costs (note 4)	1,202,394	1,361,348

### 4 Director and employee remuneration

	2011 £	2010 £
Wages and salaries	1,024,590	1,187,103
Social security costs	125,184	137,707
Other pension costs	52,620	36,538
	1,202,394	1,361,348

The average number of persons employed by the group (including directors) during the year was 11 (2010 – 11)

#### Directors' emoluments:

Employment costs include the following remuneration in respect of directors

	2011 £	2010 £
Emoluments (including employer's NI)	622,484	778,102
Pension contributions	41,388	32,300
	663,872	810,402
	2011 £	2010 £
Emoluments of the highest paid director	436,190	589,867

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2011

### 5. Tax on profit on ordinary activities

#### (a) Analysis of charge in the year

	2011 £	2010 £
Current tax charge – current year	46,522	56,742
Adjustment in respect of prior year	200	778
	<hr/>	<hr/>
	46,722	57,520
<b>Deferred tax</b>		
- Origination and reversal of timing differences	805	(817)
- Effect of decreased tax rate	284	0
	<hr/>	<hr/>
Tax on profit on ordinary activities	47,811	56,703
	<hr/>	<hr/>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.5% (2010 – 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	152,007	167,940
	<hr/>	<hr/>
Profit on ordinary activities by rate of tax	40,282	47,023
Effects of		
Expenses not deductible for tax purposes	7,105	11,098
Capital allowances for period in excess of depreciation	(575)	575
Utilisation of tax losses and other timing differences	(290)	(1,954)
	<hr/>	<hr/>
Adjustments to tax charge in respect of previous periods	200	778
	<hr/>	<hr/>
Total current tax	46,722	57,520
	<hr/>	<hr/>

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2011

### 6. Tangible fixed assets

	Office equipment, fixtures and fittings £
<b>Cost</b>	
At 1 January 2011	
Additions in the year	46,473
	15,716
At 31 December 2011	<u>62,189</u>
<b>Depreciation</b>	
At 1 January 2011	
Charge for the year	36,303
	5,616
At 31 December 2011	<u>41,919</u>
<b>Net book value</b>	
At 31 December 2011	<u>20,270</u>
At 31 December 2010	<u>10,170</u>

### 7. Debtors

	2011 £	2010 £
Trade debtors	10,130	13
Deferred Tax (see note 9)	2,745	3,834
Other debtors	4,443	4,997
Amounts owed by group undertakings	943,427	937,472
Prepayments and accrued income	71,112	60,897
	<u>1,031,857</u>	<u>1,007,213</u>

# STOW SECURITIES PLC

## Notes to the financial statements

### Year ended 31 December 2011

#### 8. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	84,170	77,885
Amounts due to group companies	86,827	240,190
Corporation tax payable	33,652	42,331
VAT	63,456	69,917
PAYE and National Insurance	29,834	24,080
Accruals and deferred income	707,473	489,590
	<u>1,005,412</u>	<u>943,993</u>

#### 9. Deferred taxation

The movement in the deferred taxation during the year was

	2011	2010
	£	£
Balance brought forward	3,834	3,017
Profit and loss account movement arising during the year	(869)	817
Effect of decreased tax rate	(220)	0
	<u>2,745</u>	<u>3,834</u>

The deferred tax asset consists of the tax effect of timing differences in respect of

	2011 recognised	2010 recognised
	£	£
Excess of capital allowances over depreciation on fixed assets	2,675	3,463
Other short term timing differences	70	371
	<u>2,745</u>	<u>3,834</u>

#### 10. Derivatives

The Company has no financial instruments that are required to be disclosed as derivatives

#### 11. Related Party Transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company

#### 12. Called up share capital

	2011	2010
	£	£
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<b>Called up, allotted and fully paid</b>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

# STOW SECURITIES PLC

## Notes to the financial statements Year ended 31 December 2011

### 13. Profit and loss account

	2011 £	2010 £
Balance brought forward	34,994	23,757
Profit for the financial year	104,196	111,237
Dividend paid	(125,000)	(100,000)
Balance carried forward	<u>14,190</u>	<u>34,994</u>

### 14. Reconciliation of Movements in Shareholders' Funds

	2011 £	2010 £
Profit for the financial year	104,196	111,237
Dividend paid	(125,000)	(100,000)
(Reduction)/net addition to shareholder funds	<u>(20,804)</u>	<u>11,237</u>
Opening shareholders' funds	84,994	73,757
Closing shareholders' funds	<u>64,190</u>	<u>84,994</u>

### 15. Ultimate parent company

The Company is a wholly owned subsidiary of Stow Capital Partners Limited. The directors regard Stow Capital Partners Limited, a company registered in Bermuda, as the immediate and the ultimate parent company.

The Board is not aware that the Company has a controlling party.