

Alder Investment Management Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 02123798

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Alder Investment Management Limited

Report and financial statements for the year ended 31 December 2011

Contents

Page:

1	Report of the directors
4	Independent auditor's report
6	Profit and loss account
7	Statement of total recognised gains and losses
8	Balance sheet
9	Cash flow statement
10	Notes forming part of the financial statements

Directors

John P D Hancox (Chairman)
Christopher J Brougham
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney
The Lord Vestey
George M W Vestey

Secretary and registered office

R T A Postlethwaite
1 King's Arms Yard, London, EC2R 7AF

Company number

2123798

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Alder Investment Management Limited

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

The directors do not recommend the payment of a dividend (2010 £Nil)

Principal activity

The principal activity of the company is the management of clients' investments. The company is authorised and regulated by the Financial Services Authority Limited ("FSA")

Review of the business and future developments

The company's profit on ordinary activities after taxation for the year ended 31 December 2011 amounted to £6,613 (2010 £50,995). The company's trading results are stated on page 6 of the financial statements

Alder provides services only to members of one extended family, together with trusts and pension schemes related to that family's interests. It does not actively seek new clients from outside the family. It aims to provide a consistently high level of service at a very competitive cost compared with alternative providers. During 2011 there was no significant change in the number of clients but turnover increased by 19% following the decision by the board to increase fees broadly in line with anticipated escalation of costs together with increased revenue from portfolios where fees are linked to funds under management.

Alder maintains close links with the family, many of whom hold ordinary shares in the parent company. In view of the close ties between Alder and the family the client base is considered to be very strong which, together with the comparatively low charges and maintenance of high standards of service, reduces competitive risks. Nevertheless the board is not complacent and actively confirms that clients are receiving a level of service that matches their needs and expectations.

The company has maintained a comfortable excess of FSA regulatory capital during the year. The board's policy of maintaining the balance sheet strength should ensure that capital continues to exceed requirements by a significant margin.

Details of the company's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Services Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms are available on www.pillar3.eu

The company has purchased and maintained throughout the year directors and officers liability insurance in respect of itself and its directors. The company is of such a scale that the business model is not complex and the risks inherent in the business are effectively managed. Fees are generally fixed in advance and are not subject to investment market movements. Where fees are a function of market values these are calculated monthly to reduce the effect of any short term fluctuations. In addition substantial reserves have been established to absorb the consequences of more sustained periods of reduced levels of income from such market value related income. Costs largely derive from property and payroll, which can usually be forecast with a relatively high degree of accuracy. The company's performance is primarily measured in terms of comparison to such financial forecasts. The assets are highly liquid and cash balances are deposited with highly rated UK banks and available at short notice. There are no borrowings and no significant exposure to foreign currency risk. Naturally there are always operational risks but these are controlled through the establishment of comprehensive systems and procedures, including disaster recovery arrangements, and mitigated further by insurance policies, where appropriate.

The company expects to continue to trade successfully in 2012 with substantially the same client base and staffing.

Alder Investment Management Limited

Report of the directors for the year ended 31 December 2011 (*Continued*)

Fixed assets

Changes in the fixed assets of the company took place during the year as shown in note 7 to the financial statements

Directors

The directors of the company during the year were

John P D Hancox (Chairman) +
Christopher J Brougham +
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney +
The Lord Vestey +
George M W Vestey +

+ Non-executive

Directors' responsibilities

The directors are responsible for preparing the directors' report/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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Alder Investment Management Limited

Report of the directors for the year ended 31 December 2011 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'R T A Postlethwaite', with a large, stylized flourish extending to the right.

R T A Postlethwaite
Secretary

27 March 2012

Alder Investment Management Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDER INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements of Alder Investment Management Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains 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 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 APB's website at 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 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 matters 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.

Alder Investment Management Limited

Independent auditor's report (*Continued*)

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



*Daniel Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU*

Date 27 March 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Alder Investment Management Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	2,190,120	1,838,311
Operating costs			
Staff costs	3	(1,737,850)	(1,353,937)
Other operating costs		(460,875)	(445,330)
Operating (loss)/profit		(8,605)	39,044
Income from fixed asset investments		-	4,367
Other interest receivable		20,409	29,113
Profit on ordinary activities before taxation	5	11,804	72,524
Tax on profit on ordinary activities	6	(5,191)	(21,529)
Profit on ordinary activities after taxation	12	6,613	50,995

All of the amounts above are in respect of continuing operations
The company's historical cost results are the same as its reported results

The notes on pages 10 to 19 form part of these financial statements

Alder Investment Management Limited

Statement of total recognised gains and losses for the year ended 31 December 2011

	2011	2010
	£	£
Profit on ordinary activities after taxation	6,613	50,995
Actuarial loss on unfunded defined benefit pension scheme	(15,000)	-
Taxation in respect of loss on unfunded pension scheme	3,750	-
Surplus on disposal of investment	-	14,937
Total recognised gains and losses in the year	(4,637)	65,932

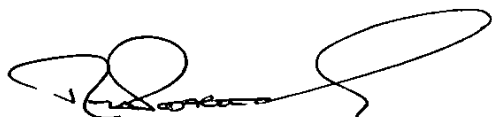
The notes on pages 10 to 19 form part of these financial statements

Alder Investment Management Limited

Balance sheet at 31 December 2011

<i>Company number 02123798</i>	<i>Note</i>	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	7		25,420		32,939
			<u>25,420</u>		<u>32,939</u>
Current assets					
Debtors	9	228,503		203,557	
Cash at bank and in hand		1,963,401		2,227,357	
		<u>2,191,904</u>		<u>2,430,914</u>	
Creditors: amounts falling due within one year	10	466,782		776,849	
		<u>466,782</u>		<u>776,849</u>	
Net current assets			1,725,122		1,654,065
Net assets excluding pension liability			<u>1,750,542</u>		<u>1,687,004</u>
Pension liability	16		68,175		-
Net assets including pension liability			<u>1,682,367</u>		<u>1,687,004</u>
Capital and reserves					
Called up share capital	11		320,000		320,000
Share premium account	12		319,900		319,900
Profit and loss account	12		1,042,467		1,047,104
			<u>1,682,367</u>		<u>1,687,004</u>
Shareholders' funds	13		<u>1,682,367</u>		<u>1,687,004</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2012



R T A Postlethwaite
Director

The notes on pages 10 to 19 form part of these financial statements

Alder Investment Management Limited

Cash flow statement for the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash outflow from operating activities	18		(252,104)		(183,676)
Returns on investments and servicing of finance					
Interest received		20,409		29,113	
Income from fixed asset investments		-		4,367	
		<u>20,409</u>		<u>33,480</u>	
Net cash inflow from returns on investments and servicing of finance			20,409		33,480
Taxation					
UK corporation tax paid			(28,066)		(28,594)
Capital expenditure					
Purchase of tangible fixed assets		(4,195)		(31,713)	
Disposal of investment		-		236,525	
		<u>(4,195)</u>		<u>204,812</u>	
(Decrease)/Increase in cash			<u>(263,956)</u>		<u>26,022</u>

The notes on pages 10 to 19 form part of these financial statements

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of listed investments which are held for the long term, which are included at their market value at the year end date under the alternative accounting rules of the Companies Act 2006. Any change in value is credited or charged as appropriate to the revaluation reserve.

Depreciation

Depreciation is charged on a straight line basis at a rate of 25% a year so as to write off the cost of tangible assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Computer software costs are expensed as incurred.

Fixed asset investments

The listed fixed asset investments are carried at their market value (excluding any accrued interest) at the year end date. Any change in value is credited or charged as appropriate to the revaluation reserve. Other fixed asset investments are carried at cost. Provision is made for any impairment in value as appropriate. Interest income from investments is recognised on the accruals basis.

Turnover

Turnover represents the value of services rendered in the ordinary course of business during the year, excluding value added tax, and is accounted for on the accruals basis.

Leases

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension scheme

As more fully explained in note 16, the costs of providing defined benefit pensions within the main Western United Group Pension Scheme are treated as if they were to a defined contributions scheme. Accordingly the costs of the scheme charged to the profit and loss account are the contributions payable to the scheme for the accounting period on the accruals basis. The costs of providing defined benefit pensions within the Unfunded Executive Pension Arrangement are calculated using the actuarial basis and are disclosed in accordance with FRS 17.

Expenses

Expenses are accounted for on the accruals basis. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred tax

Deferred tax is recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation, or a right to pay less taxation, in future. An asset is only recognised to the extent that it is more likely than not that there will be a transfer of economic benefits in future. Deferred tax assets and liabilities are not discounted.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

1 Accounting policies (Continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Fees receivable in foreign currencies are recognised in the profit and loss account at the rates of exchange ruling at the date they were invoiced and foreign exchange differences are taken to the profit and loss account on the date the fees are received.

2 Turnover

Turnover relates to the company's principal activity.

3 Staff costs

	2011 £	2010 £
Staff costs consist of		
Wages and salaries	1,287,126	1,076,547
Social security costs	147,421	111,612
Pension scheme	303,303	165,778
	<u>1,737,850</u>	<u>1,353,937</u>

The average number of employees, including directors, during the year was 20 (2010: 18).

4 Directors' remuneration

	2011 £	2010 £
Aggregate remuneration and benefits	<u>565,734</u>	<u>472,300</u>

Directors' remuneration is stated in respect of 7 (2010: 7) directors. All of the directors are directors of the parent company, Alder Asset Management Limited. The directors consider that it is not possible to accurately apportion their time between Alder Investment Management Limited and Alder Asset Management Limited and accordingly the emoluments disclosed represent the total in respect of services to both companies where appropriate.

The highest paid director's emoluments totalled £277,743 (2010: £241,982) and his accrued pension entitlement under the defined benefit scheme at the end of the year was £49,161 (2010: £40,513). Contributions to the scheme on his behalf in 2011 totalled £7,039 (2010: £25,704).

Up until 6 April 2011, when they left the defined benefit scheme, retirement benefits accrued to 2 (2010: 2) directors. Contributions to the scheme on behalf of directors in 2011 totalled £14,078 (2010: £87,145).

Since 7 April 2011 one director has received payments into a personal pension of £42,961, while the other has accrued benefits under an unfunded defined benefit scheme of £90,900.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

5 Profit on ordinary activities

	2011 £	2010 £
This has been arrived at after charging		
Depreciation	11,714	6,965
Hire of equipment	17,217	18,948
Rent on property (recharged from parent undertaking)	69,733	89,802
Auditor's remuneration for audit	8,000	7,500
Auditor's remuneration for other services	6,250	2,000
Auditor's remuneration for other services relating to taxation	2,500	2,500

6 Taxation

	2011 £	2010 £
(a) Analysis of the charge in the year		
<i>Current tax</i>		
UK corporation tax on result of the year	24,600	23,908
Total current tax	24,600	23,908
<i>Deferred tax</i>		
Unfunded pension scheme timing differences	(18,975)	-
Other timing differences	(434)	(2,379)
	5,191	21,529

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	11,804	72,524
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	3,128	19,284
Effects of		
Revaluation of investments	-	1,678
Expenses not deductible for tax purposes	20,765	567
Capital allowances for period less than depreciation	707	2,379
Current tax charge for year (note 6(a))	24,600	23,908

(c) Factors that may affect future tax charges

There are no significant factors affecting future tax charges

Alder Investment Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

7 Tangible assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2011	90,869
Additions	4,195
Disposals	(11,574)
At 31 December 2011	83,490
<i>Depreciation</i>	
At 1 January 2011	57,930
Charge for the year	11,714
Eliminated in respect of disposals	(11,574)
At 31 December 2011	58,070
<i>Net book value</i>	
At 31 December 2011	25,420
At 31 December 2010	32,939

8 Investments

	2011 £	2010 £
UK Government stock at market value		
At 1 January	-	221,588
Proceeds	-	(236,525)
Surplus on disposal	-	14,937
At 31 December	-	-

The historic cost of UK Government stock at 31 December 2009 was £126,990 and the surplus on disposal was £109,535

Alder Investment Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

9 Debtors

	2011 £	2010 £
Amounts falling due within one year		
Trade debtors	123,506	31,041
Other debtors	29,315	104,070
Deferred taxation (note 15)	2,813	2,379
Prepayments and accrued income	72,869	66,067
	<u>228,503</u>	<u>203,557</u>

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	24,828	18,379
Amount owed to parent undertaking	99,534	577,839
Corporation tax	14,686	18,152
Other taxation and social security	165,784	62,412
Accruals	161,950	100,067
	<u>466,782</u>	<u>776,849</u>

11 Share capital

	Authorised			
	2011 Number	2010 Number	2011 £	2010 £
Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
	Allotted, called up and fully paid			
	2011 Number	2010 Number	2011 £	2010 £
Ordinary shares of £1 each	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>

Alder Investment Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

12 Reserves

Profit and loss account	£
At 1 January 2011	1,047,104
Retained profit for the year on ordinary activities after taxation	6,613
Unfunded defined benefit pension liability	(11,250)
At 31 December 2011	1,042,467
 Share premium account	
At 1 January 2011 and at 31 December 2011	319,900

The following describes the nature and purpose of each reserve within shareholders' funds

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Profit and loss account	Cumulative net gains and losses recognised in the profit and loss account

13 Reconciliation of movements in shareholders' funds

	£
At 1 January 2011	1,687,004
Profit on ordinary activities after taxation	6,613
	1,693,617
Unfunded defined benefit pension liability	(11,250)
At 31 December 2011	1,682,367

14 Commitments under operating leases

As at 31 December 2011, the company had annual commitments under non-cancellable operating leases as set out below

	2011 £	2010 £
Operating leases which expire		
Within one year	21,835	21,588

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

15 Deferred taxation

	2011 £	2010 £
Deferred tax arose as follows		
Timing differences	2,813	2,379
	<u>£</u>	<u>£</u>
At 1 January 2011	2,379	
Deferred tax credit in profit and loss account	434	
	<u>2,813</u>	
At 31 December 2011		

16 Pension scheme

(a) Western United Group Pension Scheme

Alder Investment Management Limited and its parent company participated throughout the year in the Western United Group Pension Scheme ("the Scheme"), a contracted out contributory scheme which provides defined benefits based on length of pensionable service and pensionable salary at retirement. The rate of contribution to the Scheme is determined by the Scheme's trustees on the advice of a qualified actuary and amounted to 21% of pensionable salaries in 2011, plus a further 4.7% of pensionable salaries for the period April to July 2011 inclusive (2010: 21%). The costs of benefits being earned is expected to increase (as a proportion of pensionable pay) as the membership ages, as the level of new entrants is relatively low.

While the contributions may be affected by a surplus or deficit in the Scheme, the company is not able to identify its own share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis. Accordingly, in accordance with Financial Reporting Standard 17 "Retirement Benefits", the contributions are accounted for as if it were a defined contribution scheme and therefore contributions payable to the Scheme for the accounting period are charged to the profit and loss account as they arise.

The total pension cost charged in the 2011 financial statements was £184,442 (2010: £165,778). There were no outstanding contributions at the balance sheet date (2010: Nil).

Formal actuarial valuations of the Scheme are carried out at least every three years, the last of which was performed as at 31 December 2009, using the projected unit method. This valuation has been updated to 31 December 2011 by an independent actuary in accordance with FRS 17 for disclosing pension costs in the Western United Investment Company Limited accounts. The major assumptions used by the actuary for the FRS17 calculations were a discount rate of 4.8% pa, increases to pensions in payment of 3.05% pa or 2.1% pa (where guaranteed) as appropriate and price inflation of 3.15% pa corresponding to RPI and 2.15% pa corresponding to CPI. The updated valuation measured the value of the liabilities as £381.6m which, compared with assets of £477.3m at market value, gave a surplus of £95.7m. Of this surplus, £51.3m can be regarded as recoverable, and so recognised in the Western United Investment Company Limited accounts. Further details of these FRS 17 calculations are included in that company's accounts.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

(b) Unfunded Executive Pension Arrangement

The unfunded executive pension arrangement is an unfunded scheme of the defined benefit type, providing retirement benefits based on final salary. Accordingly no assets are held in respect of these benefits.

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the scheme as at 31 December 2011. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 17 are the same as those used for the Western United Group Pension Scheme in Note 16 (a) above.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a male member currently aged 60 will live on average for a further 29.1 years. For a male member who retires in 2026 at age 60 the assumptions are that they will live on average for a further 31.0 years.

Reconciliation of funded status to balance sheet	£
Fair value of scheme assets	-
Present value of scheme obligations	(90,900)
Deficit in scheme	(90,900)
Related deferred tax asset	22,725
Net pension liability	(68,175)
Analysis of profit and loss account charge	£
Current service cost	52,000
Past service cost	22,400
Interest cost	1,500
Scheme expense recognised in profit and loss	75,900
Related deferred tax asset	(18,975)
Net profit and loss charge	56,925
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	£
Total actuarial losses	(15,000)
Related deferred tax asset	3,750
Net losses recognised in STRGL	(11,250)

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

Changes to the present value of the defined benefit obligation during the year	£
Opening defined benefit obligation	-
Current service cost	52,000
Interest cost	1,500
Actuarial losses on scheme liabilities	15,000
Past service cost	22,400
Closing defined benefit obligation	90,900

17 Related party disclosure

100% of the company's turnover arises from services provided to members of the Vestey Family (four of whom were directors of the company during 2011), their spouses and pension funds set up to provide benefits for current and previous employees of companies controlled or formerly controlled by members of the Vestey Family. All fees charged are at arm's length on commercial terms.

Fees received by the company during the year from clients who are related parties of directors (or directors themselves) were

	£
The Lord Vestey (in relation to 6 clients)	38,642
G M W Vestey (in relation to 10 clients)	34,442
C J Brougham (in relation to 1 client)	1,471
Sir Edmund R Verney (in relation to 2 clients)	1,513

Of these amounts £2,032 was outstanding at 31 December 2011 (2010: £Nil)

There were no loans made by directors to the company during the year. There were no amounts outstanding at 31 December 2011 (2010: £Nil). There were £4,305 of outstanding loans made by the company to directors at the start of the year with £3,965 of repayments made during the year. At 31 December 2011 £340 was outstanding (2010: £4,305).

18 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	(8,605)	39,044
Depreciation of tangible fixed assets	11,714	6,965
Increase in debtors	(24,512)	(34,798)
Decrease in creditors	(230,701)	(194,887)
Net cash outflow from operating activities	(252,104)	(183,676)

Alder Investment Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

19 Reconciliation of net cash inflow to movement in net debt

	2011 £	2010 £
Net funds at 1 January	2,227,357	2,201,335
(Decrease)/increase in cash during the year	(263,956)	26,022
Net funds at 31 December	1,963,401	2,227,357

20 Ultimate parent company

The company's ultimate parent and controlling company is Alder Asset Management Limited, which is registered in England and Wales. The accounts of the parent company are available at 1 King's Arms Yard, London, EC2R 7AF.