

Alder Investment Management Limited

Report and Financial Statements

31 December 2017

Company Number 02123798



Alder Investment Management Limited

Report and financial statements for the year ended 31 December 2017

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Directors

R David C Henderson (Chairman)
Christopher J Brougham
Thomas E Hills
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney
The Lord Vestey
Hon Arthur G Vestey
George M W Vestey

Secretary and registered office

Alison M Buck
1 King's Arms Yard, London, EC2R 7AF

Company number

02123798

Auditors

Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

Alder Investment Management Limited

Strategic Report for the year ended 31 December 2017

The directors present the strategic report of Alder Investment Management Limited for the year ended 31 December 2017.

The principal activities of the company are the servicing of clients' investments and trust management accounting services. The company is authorised and regulated by the Financial Conduct Authority Limited ("FCA").

Review of the business and principal activities

On 1 January 2017, substantially all of the business assets and liabilities of the parent undertaking, Alder Asset Management Limited, were transferred to the company, bringing together all of the trading activities of the group into one entity. The company's profit on ordinary activities after taxation for the year ended 31 December 2017 amounted to £409,733 (2016: £263,256). The company's trading results are stated on page 7 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 aims to provide a consistently high level of service at a very competitive cost compared with alternative providers. During 2017 there was no significant change in the number of clients but turnover increased as a result of increased market values from portfolios where fees are linked directly to funds under management as well as the transfer of business from the parent entity referred to above. The company expects to continue to trade successfully in 2018 with substantially the same client base and staffing.

Key performance indicators ('KPIs')

As described above the company aims to provide a consistently high level of service at a very competitive cost to its clients and it is therefore considered that further analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

Principal risks and uncertainties

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 FCA 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 Part Eight of the Capital Requirements Regulation (CRR), (Articles 431-455) are available on the company's website.

The company is of such a scale that the business model is not complex and the risks inherent in the business are effectively managed. Turnover is comprised of fees that are fixed in advance and those which are market value related. The fixed fees (47% in 2017) provide a more certain source of income since they are not subject to investment market movements. Where fees are a function of market values (53% in 2017), these are calculated daily 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 has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

Approved by the Board of Directors and signed on behalf of the Board.



R T A Postlethwaite - Director

20 March 2018

Alder Investment Management Limited

Report of the directors for the year ended 31 December 2017

The directors present their report together with the audited financial statements of Alder Investment Management Limited (the "company") for the year ended 31 December 2017.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the profit for the year.

The directors recommend the payment of a dividend of £47,575 for the year (2016: £Nil) and this is not included in these financial statements.

Directors

The directors of the company during the year and up to the date of this report were:

R David C Henderson +
Christopher J Brougham +
Thomas E Hills +
Richard T A Postlethwaite
Mark D R Shapley
Sir Edmund R Verney +
The Lord Vestey +
Hon Arthur G Vestey (alternate for 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), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). 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 (Continued) for the year ended 31 December 2017

Going concern

The company's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on page 1.

The company has considerable financial resources and income and costs can usually be forecast with a high degree of accuracy. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

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.

Disclosure of information to the 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.

Re-appointment of auditors

Kingston Smith 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



**R T A Postlethwaite
Director**

20 March 2018

Alder Investment Management Limited

Independent auditor's report

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

Opinion

We have audited the financial statements of Alder Investment Management Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Alder Investment Management Limited

Independent auditor's report (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Alder Investment Management Limited

Independent auditor's report (Continued)

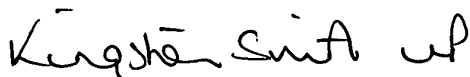
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

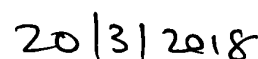
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Rebecca Shields (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor



Devonshire House
60 Goswell Road
London
EC1M 7AD

Alder Investment Management Limited

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	4,130,237	2,970,063
Operating costs			
Staff costs	6	(2,795,019)	(2,082,341)
Other operating costs		(868,767)	(566,491)
Other operating income		76,981	-
Operating profit		543,432	321,231
Investment income		5,733	-
Other interest receivable		1,530	14,594
Profit on ordinary activities before taxation	8	550,695	335,825
Tax on profit on ordinary activities	9	(140,962)	(72,569)
Profit for the financial year	16	409,733	263,256
Other comprehensive loss			
Actuarial loss on unfunded defined benefit pension scheme	19	(14,000)	(98,625)
Taxation in respect of loss on unfunded pension scheme	19	(5,498)	19,725
Total comprehensive income for the financial year		390,235	184,356

All of the amounts above are in respect of continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

Alder Investment Management Limited

Statement of financial position at 31 December 2017

<i>Company number 02123798</i>	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	10		21,142		6,800
Investments held as fixed assets	11		1		1
			<u>21,143</u>		<u>6,801</u>
Current assets					
Debtors	12	433,300		367,420	
Deferred tax on pension liability	19	207,570		153,195	
Investment	13	1,504,810		-	
Cash at bank and in hand		2,790,830		3,371,391	
		<u>4,936,510</u>		<u>3,892,006</u>	
Creditors: amounts falling due within one year	14	(1,262,161)		(1,121,095)	
Net current assets			<u>3,674,349</u>		<u>2,770,911</u>
Net assets excluding pension liability			<u>3,695,492</u>		<u>2,777,712</u>
Pension liability	19		(1,221,000)		(765,975)
Provisions	20		(72,520)		-
Net assets including pension liability			<u>2,401,972</u>		<u>2,011,737</u>
Capital and reserves					
Called up share capital	15		320,000		320,000
Share premium account	16		319,900		319,900
Profit and loss account	16		1,762,072		1,371,837
Shareholders' funds			<u>2,401,972</u>		<u>2,011,737</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2018.
Signed on behalf of the Board of Directors:



R T A Postlethwaite
Director

The notes on pages 11 to 23 form part of these financial statements.

Alder Investment Management Limited

Statement of cash flows for the year ended 31 December 2017

	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities				
Profit for the financial year		409,733		263,256
Adjustments for:				
Depreciation of tangible assets	11,189		6,117	
Pension scheme expense recognised in profit and loss	185,700		122,025	
Investment income received	(5,733)		-	
Interest received	(1,530)		(14,594)	
Taxation	140,962		72,569	
Increase in debtors	(40,047)		(245,747)	
Increase in creditors	343,769		222,486	
		634,310		162,856
Cash from operations		1,044,043		426,112
Income taxes paid		(113,970)		(75,967)
Net cash generated from operating activities		930,073		350,145
Cash flows from investing activities				
Investment in cash fund	(1,503,335)		-	
Purchases of tangible assets	(13,087)		(3,295)	
Investment income received	4,258		-	
Interest received	1,530		14,594	
Net cash from investing activities		(1,510,634)		11,299
Net increase in cash and cash equivalents		(580,561)		361,444
Cash and cash equivalents at the beginning of the year		3,371,391		3,009,947
Cash and cash equivalents at the end of the year		2,790,830		3,371,391
Components of cash and cash equivalents				
Cash		2,790,830		3,371,391

The notes on pages 11 to 23 form part of these financial statements.

Alder Investment Management Limited

Statement of changes in equity for the year ended 31 December 2017

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2016	320,000	319,900	1,187,481	1,827,381
Profit for the year	-	-	263,256	263,256
Other comprehensive income/(losses)	-	-	(78,900)	(78,900)
At 31 December 2016	320,000	319,900	1,371,837	2,011,737
Profit for the year	-	-	409,733	409,733
Other comprehensive income/(losses)	-	-	(19,498)	(19,498)
At 31 December 2017	320,000	319,900	1,762,072	2,401,972

The notes on pages 11 to 23 form part of these financial statements.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Company information

Alder Investment Management is a limited liability company incorporated in England. The Registered Office is 1 King's Arms Yard, London EC2R 7AF.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

3 Principal accounting policies

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight line basis at an annual rate of 25% 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

Fixed asset investments are carried at cost transaction value. Provision is made for any impairment in value as appropriate. Interest income from investments is recognised on the accruals basis.

Current asset investments

Current asset investments are measured at fair value. Changes in fair value are recognised in the statement of comprehensive income.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*Continued*)

3 Principal accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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 statement of comprehensive income at the rates of exchange ruling at the date they were invoiced and foreign exchange differences are taken to the statement of comprehensive income on the date the fees are received.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of consolidated income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Pension scheme

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

Alder Investment Management Limited
Notes forming part of the financial statements
for the year ended 31 December 2017 (Continued)

3 Principal accounting policies (continued)

Pension scheme (continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in or as other finance revenue or cost. Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

All leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

4 Judgements and key sources of estimation uncertainty

In the opinion of the directors, there are no significant accounting judgements, estimates or assumptions about the carrying amount of assets and liabilities.

5 Turnover

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

	2017 £	2016 £
Turnover		
Rendering of services	4,130,237	2,970,063
 Turnover analysed by geographical market		
	2017 £	2016 £
UK	3,659,988	2,552,251
Rest of the World	470,249	417,812
	4,130,237	2,970,063

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

6 Staff costs

	2017 £	2016 £
Staff costs consist of:		
Wages and salaries	2,116,537	1,572,994
Social security costs	269,928	202,682
Pension scheme	347,550	261,942
Ill health and life insurance	28,519	24,514
Health insurance	32,485	20,209
	<u>2,795,019</u>	<u>2,082,341</u>

The average number of employees, including directors, during the year and the number at the end of the year was 28 (2016: 22).

7 Directors' and key management remuneration

	2017 £	2016 £
Aggregate remuneration and benefits	<u>761,888</u>	<u>646,534</u>

Directors' remuneration is stated in respect of 9 (2016: 9) directors. All of the directors are directors of the parent company, Alder Asset Management Limited. The emoluments disclosed are an apportionment of the directors' time devoted to the company. There are no key management who are not directors.

The highest paid director's emoluments totalled £405,392 (2016: £395,407). No pension contributions were made on his behalf in the year (2016: £nil). In addition, another director has accrued benefits under an unfunded defined benefit scheme to the value of £1,221,000 (2016: £765,975) (note 19).

8 Profit on ordinary activities before taxation

	2017 £	2016 £
Profit before tax is stated after charging:		
Depreciation	11,189	6,117
Hire of equipment	23,803	22,102
Rent on property	240,954	115,036
Auditor's remuneration for audit services	12,850	7,300
Auditor's remuneration for audit-related assurance services	2,500	2,500
Auditor's remuneration for taxation compliance services	<u>2,650</u>	<u>2,100</u>

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

9 Taxation

	2017 £	2016 £
(a) Analysis of the charge in the year		
<i>Current tax</i>		
UK corporation tax on result of the year	140,880	96,862
Adjustment in respect of previous periods	(518)	(255)
Total current tax	140,362	96,607
<i>Deferred tax</i>		
Unfunded pension scheme timing difference (note 19)	(8,808)	(24,405)
Other timing differences	9,408	367
	140,962	72,569

(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:

	2017 £	2016 £
Profit on ordinary activities before tax	550,695	335,825
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00%/20.00% (2016: 20.00%)	106,009	67,165
Effects of:		
Expenses not deductible for tax purposes	38,458	29,792
Capital allowances for period (greater)/less than depreciation	(3,303)	(95)
Other differences	(284)	-
Current tax charge for year (note 9(a))	140,880	96,862
<i>Reconciliation to profit per the income statement:</i>		
Unfunded pension scheme timing differences	(8,808)	(24,405)
Other timing differences	9,408	367
Adjustments in respect of previous periods	(518)	(255)
Tax expense for the year	140,962	72,569

The standard rate of corporation tax in the UK will decrease from 19% to 17% with effect from 1 April 2020. Accordingly the company's deferred tax balances at the reporting date are taxed at an effective rate of 17% (2016: 20%).

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*Continued*)

10 Tangible fixed assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2017	102,395
Transfer of tangible fixed assets from parent undertaking	382,800
Additions	13,087
Disposals	-
At 31 December 2017	498,282
<i>Depreciation</i>	
At 1 January 2017	95,595
Transfer of accumulated depreciation from parent undertaking	370,356
Charge for the year	11,189
Eliminated in respect of disposals	-
At 31 December 2017	477,140
<i>Net book value</i>	
At 31 December 2017	21,142
At 31 December 2016	6,800

11 Investments held as fixed assets

	2017 £	2016 £
Investment in subsidiary at cost	1	1

Investment in subsidiary consists of an unlisted investment in Alder Nominees Limited, a company registered in England and Wales. The principal activity of Alder Nominees Limited, which was dormant at the balance sheet date, is the holding of clients' investments.

The aggregate amount of capital and reserves at the balance sheet date was £1. The company has not prepared consolidated financial statements as its subsidiary is immaterial.

Alder Investment Management Limited
Notes forming part of the financial statements
for the year ended 31 December 2017 (Continued)

12 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	248,493	207,909
Other debtors	11,312	9,893
Prepayments and accrued income	166,015	145,719
	<u>425,820</u>	<u>363,521</u>
Amounts falling due after more than one year:		
Deferred taxation (note 18)	7,480	3,899
	<u>433,300</u>	<u>367,420</u>

13 Investment

	2017 £	2016 £
Royal London Cash Plus Y Fund		
Total invested in fund in the year	1,503,335	
Revaluation to fair value at 31 December	1,475	-
	<u>1,504,810</u>	<u>-</u>

The investment in the Royal London Cash Plus Y Fund is stated at fair value, based on the published share price at the balance sheet date.

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	45,270	7,003
Amount owed to parent undertaking	605,377	750,259
Corporation tax	88,827	62,434
Other taxation and social security	280,131	173,357
Accruals	242,556	128,042
	<u>1,262,161</u>	<u>1,121,095</u>

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 *(Continued)*

15 Share capital

	Authorised			
	2017 Number	2016 Number	2017 £	2016 £
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			
	2017 Number	2016 Number	2017 £	2016 £
Ordinary shares of £1 each	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>

16 Reserves

Profit and loss account

	£
At 1 January 2017	1,371,837
Retained profit for the year on ordinary activities after taxation	409,733
Unfunded defined benefit pension actuarial loss	(19,498)
	<u>1,762,072</u>
At 31 December 2017	

Share premium account

At 1 January 2017 and at 31 December 2017	<u>319,900</u>
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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 statement of comprehensive income.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

17 Commitments under operating leases

As at 31 December 2017, the company had total commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2017 £	Other 2017 £	Land & Buildings 2016 £	Other 2016 £
Operating leases which expire:				
Within one year	239,532	17,600	239,532	24,116
Within two to five years	418,424	-	657,956	16,076
After five years	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company's lease payments recognised as an expense in the year were £264,757 (2016: £137,138).

18 Deferred taxation

	2017 £	2016 £
Deferred tax arose as follows:		
Timing differences	7,480	3,899
	<u> </u>	<u> </u>
	£	£
At 1 January	3,899	4,266
Transfer from parent undertaking	12,989	-
Deferred tax credit in income statement	(9,408)	(367)
	<u> </u>	<u> </u>
At 31 December	7,480	3,899
	<u> </u>	<u> </u>

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

19 Pension scheme

The total pension cost charged in the 2017 financial statements was £347,550 (2016: £261,942). There were no outstanding contributions at the balance sheet date (2016: nil). There were no prepaid pension contributions at the balance sheet date (2016: £13,249 included in debtors).

(a) Western Pension Trust

Alder Investment Management Limited participated during the year in a defined contribution ("DC") pension scheme, Western Pension Trust. This scheme provides benefits based on the amounts contributed in respect of each member and the returns achieved on their invested assets to retirement. DC contributions during 2017 totalled £129,402 (2016: £121,468) including £nil prepaid contributions (2016: £13,249).

(b) Unfunded Executive Pension Arrangement

The Company provides retirement benefits based on final salary for one director via a defined benefit pension arrangement. The arrangement is unfunded, and so there are no assets backing the liability.

The valuation used for FRS102 disclosures was undertaken by a qualified actuary and has been based on a full assessment of the liabilities of the arrangement as at 31 December 2017. The present values of the defined benefit obligation and the service cost were measured using the projected unit credit method.

Reconciliation of funded status to balance sheet

	2017 £	2016 £
Fair value of scheme assets	-	-
Present value of scheme obligations	(1,221,000)	(765,975)
Pension liability		
Deficit in scheme	(1,221,000)	(765,975)
Deferred taxation		
Related deferred tax asset	207,570	153,195

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

19 Pension scheme (continued)

Analysis of profit and loss charge	2017 £	2016 £
Current service cost	156,000	99,750
Interest cost	29,700	22,275
Expense recognised in profit and loss	<u>185,700</u>	<u>122,025</u>
Related deferred tax asset		
- In respect of above expense in the year	(31,569)	(24,405)
- Adjustment to brought forward balance due to change in tax rate	22,761	-
Related deferred tax asset	<u>(8,808)</u>	<u>(24,405)</u>
Net profit and loss charge	<u>176,892</u>	<u>97,620</u>
Analysis of amount recognised in other comprehensive income	2017 £	2016 £
Total actuarial losses	(14,000)	(98,625)
Related deferred tax asset		
- In respect of above loss in the year	2,380	19,725
- Adjustment to brought forward balance due to change in tax rate	(7,878)	-
Related deferred tax asset	<u>(5,498)</u>	<u>19,725</u>
Net losses recognised in other comprehensive income	<u>(19,498)</u>	<u>(78,900)</u>
Changes to the present value of the defined benefit obligation during the year	2017 £	2016 £
Opening defined benefit obligation	765,975	545,325
Transfer of defined benefit obligation from parent undertaking	255,325	-
Current service cost	156,000	99,750
Interest cost	29,700	22,275
Actuarial loss on scheme liabilities	14,000	98,625
Closing defined benefit obligation	<u>1,221,000</u>	<u>765,975</u>

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

19 Pension scheme (continued)

Key Assumptions	2017	2016
	%	%
RPI inflation	3.25	3.25
CPI inflation	2.15	2.15
Rate of general long-term increase in salaries		
- Pre 1 August 2011 service	4.75	4.75
- Post 31 July 2011 service	3.25	3.25
Rate of pension increase to pensions in payment:		
- RPI capped at 5% pa	3.20	3.20
- RPI capped at 2.5% pa	2.20	2.20
Discount rate for scheme liabilities	2.50	2.70

Significant demographic assumptions

The mortality assumption uses 75% of mortality rates included in the standard tables known as "S2NXA". Allowance for future improvements is made in line with the CMI2016 projections with a long term improvement rate of 1.5% pa.

Under this assumption, a 60 year old man is assumed to live for another 29.4 years and a 60 year old woman for 31.3 years.

20 Provisions

	Dilapidations provision	
	2017	2016
	£	£
Transferred from parent undertaking during year and at 31 December 2017	72,520	-

The dilapidations provision is based on the future expected repair costs required to restore the company's leased buildings to their fair condition at the end of the lease term.

The 1 King's Arms Yard lease expires in 2020. Contractual amounts are due to be incurred at the end of the lease term.

Alder Investment Management Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

21 Related party disclosure

100% of the company's turnover arises from services provided to members of the Vestey Family (six of whom were directors of the company during 2017), their spouses, companies owned by family trusts 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. Additionally, all of the directors except the Chairman are trustees of a number of the Vestey family settlements. All fees charged are at arm's length on commercial terms.

	2017 £	2016 £
Fees received from related parties	<u>1,343,287</u>	<u>737,565</u>

Of these amounts £nil was outstanding at 31 December 2017 (2016: £967).

There were no loans made by directors to the company during the year and there were no amounts outstanding at 31 December 2017 (2016: £nil). There were no loans made to directors by the company (2016: £nil).

22 Immediate and ultimate controlling party

The company's immediate parent and ultimate controlling party 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.