

Company Registration No. SC366221 (Scotland)

CHAPLIN FINANCE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2012

WEDNESDAY



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COMPANIES HOUSE

CHAPLIN FINANCE LIMITED

DIRECTORS AND ADVISERS

Directors

Robert Henry Moffett Chaplin
Kathleen Moir McLeay
Douglas James Gibson Graham

Company number

SC366221

Registered office

7 Melville Crescent
Edinburgh
EH3 7JA

Registered auditors

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

CHAPLIN FINANCE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Consolidated profit and loss account	5
Balance sheets	6
Consolidated cash flow statement	7
Notes to the consolidated cash flow statement	8
Notes to the financial statements	9 - 23
Pillar 3 disclosures	24 - 28

CHAPLIN FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2012

The directors present their report and financial statements for the year ended 30 November 2012.

Principal activities and review of the business

The company acts as a holding company and the principal activity of the group is the provision of regulated operator, fund management and fund administration services through its wholly-owned subsidiary, NCM Fund Services Limited.

NCM Fund Services Limited ("NCM"), previously NCM Finance Limited, is regulated by the Financial Services Authority. Pillar 3 disclosures in respect of the group are presented as an appendix to this annual report and do not form part of the audited information.

During the year Chaplin Finance Limited also conducted a fixed income trading business by entering into a contract for services with RM Capital Markets Limited to provide their employees to staff the business which traded as RM Capital. This arrangement was temporary and ended in February 2012 upon RM Capital Markets Limited's receipt of its own FSA authorisation.

The results for the year ended 30 November 2012 are set out in the accompanying financial statements and attached notes.

The results are in line with the directors' expectations.

Principal risks and uncertainties

The group is only exposed to credit risk through its clients. The availability of funding will have an impact on whether the group's clients will be able to meet their obligations as they fall due which will have an impact on the financial position of the group. The financial risks the directors consider relevant to the group are changes to regulatory requirements and client liquidity. These risks are mitigated by the routine monitoring of regulations and clients' financial performance and prepayment.

Key performance indicators

Due to the straightforward nature of the group's business, the directors are of the view that no specific performance indicators are necessary in order to review its performance.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 December 2011:

Robert Henry Moffett Chaplin
Kathleen Moir McLeay
Douglas James Gibson Graham

Charitable donations

In 2012 charitable donations of £10,000 were made, including a donation to Walking with the Wounded.

CHAPLIN FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

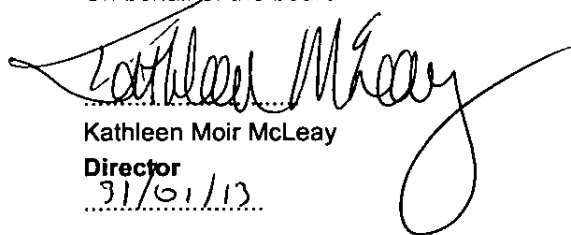
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



Kathleen Moir McLeay
Director
31/01/13

CHAPLIN FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHAPLIN FINANCE LIMITED

We have audited the financial statements of Chaplin Finance Limited for the year ended 30 November 2012 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out within the Directors' Report on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 group's and 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 Directors' 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 group's and parent company's affairs as at 30 November 2012 and of the group's 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.

CHAPLIN FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHAPLIN FINANCE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

1 February 2013

7-11 Melville Street
Edinburgh
EH3 7PE

CHAPLIN FINANCE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	2,827,483	5,467,248
Administrative expenses		(2,228,651)	(4,791,843)
Operating profit	3	598,832	675,405
Investment income	4	33,333	-
Other interest receivable and similar income		3,082	3,330
Interest payable and similar charges	5	(164,500)	(189,958)
Profit on ordinary activities before taxation		470,747	488,777
Tax on profit on ordinary activities	6	(117,661)	(144,794)
Profit on ordinary activities after taxation		353,086	343,983

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

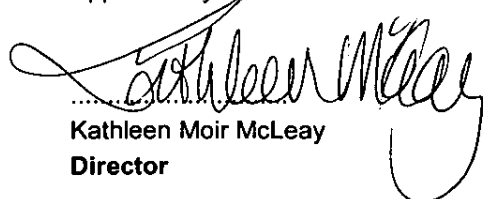
CHAPLIN FINANCE LIMITED

BALANCE SHEETS

AS AT 30 NOVEMBER 2012

	Notes	Group 2012 £	2011 £	Company 2012 £	2011 £
Fixed assets					
Intangible assets	8	572,453	697,963	-	-
Tangible assets	9	39,554	45,075	21,953	22,036
Investments	10	67,600	100	993,741	926,241
		<u>679,607</u>	<u>743,138</u>	<u>1,015,694</u>	<u>948,277</u>
Current assets					
Debtors	11	235,298	940,266	6,170	140,910
Investments	12	-	317,500	-	-
Cash at bank and in hand		1,406,736	915,877	33,098	11,312
		<u>1,642,034</u>	<u>2,173,643</u>	<u>39,268</u>	<u>152,222</u>
Creditors: amounts falling due within one year	13	<u>(868,886)</u>	<u>(1,265,206)</u>	<u>(265,592)</u>	<u>(194,689)</u>
Net current assets / (liabilities)		<u>773,148</u>	<u>908,437</u>	<u>(226,324)</u>	<u>(42,467)</u>
Total assets less current liabilities		1,452,755	1,651,575	789,370	905,810
Creditors: amounts falling due after more than one year	14	<u>(550,000)</u>	<u>(700,000)</u>	<u>(550,000)</u>	<u>(700,000)</u>
Provisions for liabilities	15	<u>(6,727)</u>	<u>(8,633)</u>	<u>(4,772)</u>	<u>(5,416)</u>
		<u>896,028</u>	<u>942,942</u>	<u>234,598</u>	<u>200,394</u>
Capital and reserves					
Called up share capital	16	150,100	150,100	150,100	150,100
Profit and loss account	17	745,928	392,842	84,498	50,294
Shareholders' funds	19	896,028	542,942	234,598	200,394
Minority interests	18	-	400,000	-	-
		<u>896,028</u>	<u>942,942</u>	<u>234,598</u>	<u>200,394</u>

Approved by the Board and authorised for issue on 31/01/13


Kathleen Moir McLeay
Director

Company Registration No. SC366221

CHAPLIN FINANCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		1,017,794		862,413
Returns on investments and servicing of finance				
Interest received	3,082		3,330	
Interest paid	(164,500)		(189,958)	
Dividends received	33,333		-	
Net cash outflow for returns on investments and servicing of finance		(128,085)		(186,628)
Taxation		(93,076)		(54,947)
Capital expenditure and financial investment				
Payments to acquire fixed asset investments	(67,500)		-	
Payments to acquire tangible assets	(5,774)		(45,052)	
Payments to acquire service contracts	-		(93,000)	
Net cash outflow for capital expenditure		(73,274)		(138,052)
Net cash inflow before management of liquid resources and financing		723,359		482,786
Management of liquid resources				
Proceeds on sale of current asset investments	317,500		(317,500)	
		317,500		(317,500)
Financing				
Issue of minority interest share capital	-		75,000	
Repayment of loan notes	(150,000)		(150,000)	
Purchase of minority interest	(400,000)		-	
Net cash (outflow)/inflow from financing		(550,000)		(75,000)
Increase in cash in the year		490,859		90,286

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	598,832	675,405
	Depreciation of tangible assets	11,295	8,555
	Amortisation of intangible assets	125,510	106,135
	Decrease/(increase) in debtors	704,968	(721,520)
	(Decrease)/Increase in creditors within one year	(422,811)	793,838
	Net cash inflow from operating activities	1,017,794	862,413

2	Analysis of net funds	1 December 2011	Cash flow	Other non-cash changes	30 November 2012
		£	£	£	£
	Liquid resources:				
	Cash at bank and in hand	915,877	490,859	-	1,406,736
	Current asset investments	317,500	(317,500)	-	-
	Debts falling due after one year	(700,000)	150,000	-	(550,000)
	Net funds	533,377	223,359	-	856,736

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase in cash in the year	490,859	90,286
	Cash inflow/(outflow) from decrease/(increase) in liquid resources	(317,500)	317,500
	Cash outflow from decrease in debt	150,000	150,000
	Movement in net funds in the year	323,359	557,786
	Opening net funds/(debt)	533,377	(24,409)
	Closing net funds	856,736	533,377

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 November 2012. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents fees charged for services net of VAT and income generated from fixed income trading. The majority of fees are charged for the ongoing provision of services over a set period.

That element of fees invoiced during the year which relates to a period beyond 30 November 2012 are not recognised as income but are included within creditors, as deferred income.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over the directors' estimate of its useful economic life being 2 years for service contracts acquired and 10 years in respect of business acquisitions.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% straight line
Fixtures, fittings & equipment	20% straight line

Assets which are not depreciated because the estimated residual value is assessed as not materially different to the current carrying value are subject to an annual impairment review.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

1 Accounting policies

(continued)

1.8 Deferred taxation

Deferred taxation 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 tax or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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.

2 Turnover

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

	2012 £	2011 £
Regulated operator, fund management and fund administration services	1,551,001	1,300,879
Fixed income broking	1,276,482	4,166,369
	<u>2,827,483</u>	<u>5,467,248</u>

The fall in turnover of the fixed income broking reflects the ceasing of this business line in February 2012. NCM Fund Services Ltd conducted its fixed income trading by entering into a contract for services with RM Capital Markets Limited. This was always a temporary arrangement and ceased on 28 February when RM Capital Markets received its own FSA authorisation. NCM Fund Services Ltd's remaining exposure to fixed income trading is via its shareholding in RM Capital Markets Ltd (as per note 24).

3 Operating profit

	2012 £	2011 £
Operating loss is stated after charging:		
Amortisation of intangible assets	125,510	106,135
Depreciation of tangible assets	11,295	8,555
Auditors' remuneration	11,340	13,730

The above-noted auditors' remuneration represents fees for the audit of the company's accounts and those of its subsidiaries, together with associated corporation tax compliance. In addition, remuneration for other corporation tax advisory services was £3,100 and remuneration for other assurance services was £2,500.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

4	Investment income	2012	2011
		£	£
	Income from other fixed asset investments	33,333	-
		<u>33,333</u>	<u>-</u>
		<u>33,333</u>	<u>-</u>
5	Interest payable	2012	2011
		£	£
	On loan stock	164,500	189,958
		<u>164,500</u>	<u>189,958</u>

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	118,489	137,834
	Adjustment for prior years	1,086	(817)
	Total current tax	<u>119,567</u>	<u>137,017</u>
	Deferred tax		
	Deferred tax charge current period	(1,906)	7,777
		<u>117,661</u>	<u>144,794</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>470,747</u>	<u>488,777</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.49% (2011 - 26.66%)	<u>110,579</u>	<u>129,885</u>
	Effects of:		
	Non deductible expenses	1,663	3,286
	Capital allowances	917	(6,447)
	Non taxable income	(7,830)	-
	Other short term timing differences	56	-
	Prior year adjustment	1,086	(817)
	Marginal relief	(5,643)	(9,959)
	Amortisation of goodwill	18,559	21,069
		<u>8,988</u>	<u>7,132</u>
	Current tax charge for the year	<u>119,567</u>	<u>137,017</u>

7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2012 £	2011 £
Holding company's profit for the financial year	<u>34,204</u>	<u>119,740</u>

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

8 Intangible fixed assets	
Group	
	Goodwill
	£
Cost	
At 1 December 2011 & at 30 November 2012	883,108
Amortisation	
At 1 December 2011	185,145
Charge for the year	125,510
At 30 November 2012	310,655
Net book value	
At 30 November 2012	572,453
At 30 November 2011	697,963

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

9 Tangible fixed assets

Group

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 December 2011	44,429	11,042	55,471
Additions	3,575	2,199	5,774
At 30 November 2012	48,004	13,241	61,245
Depreciation			
At 1 December 2011	9,143	1,253	10,396
Charge for the year	8,871	2,424	11,295
At 30 November 2012	18,014	3,677	21,691
Net book value			
At 30 November 2012	29,990	9,564	39,554
At 30 November 2011	35,285	9,790	45,075

Tangible fixed assets

Company

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 December 2011	19,006	3,769	22,775
Additions	1,043	273	1,316
At 30 November 2012	20,049	4,042	24,091
Depreciation			
At 1 December 2011	187	552	739
Charge for the year	636	763	1,399
At 30 November 2012	823	1,315	2,138
Net book value			
At 30 November 2012	19,226	2,727	21,953
At 30 November 2011	18,819	3,217	22,036

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

10 Fixed asset investments Group

	Unlisted investments £	Total £
Cost		
At 1 December 2011	100	100
Additions	67,500	67,500
At 30 November 2012	67,600	67,600
Net book value		
At 30 November 2012	67,600	67,600
At 30 November 2011	100	100

Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 December 2011	-	926,241	926,241
Additions	67,500	-	67,500
At 30 November 2012	67,500	926,241	993,741
Net book value			
At 30 November 2012	67,500	926,241	993,741
At 30 November 2011	-	926,241	926,241

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
NCM Fund Services Limited	Scotland	Ordinary	100
UK FTF GP Limited	Scotland	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

10 Fixed asset investments

(continued)

	Principal activity
NCM Fund Services Limited	Provision of regulated operator, fund management and fund administration services
UK FTF GP Limited	General partner

After the year end, the company's subsidiary NCM Finance Limited changed its name to NCM Fund Services Limited.

The accounting date of UK FTF GP Limited is 31 March, corresponding to the year end of the underlying partnership.

11 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	166,595	863,531	750	-
Amounts owed by group undertakings	-	-	855	140,000
Other debtors	2,743	1,555	2,545	910
Prepayments and accrued income	65,960	75,180	2,020	-
	<u>235,298</u>	<u>940,266</u>	<u>6,170</u>	<u>140,910</u>

12 Current asset investments

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Other unlisted investments	<u>-</u>	<u>317,500</u>	<u>-</u>	<u>-</u>

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

13 Creditors : amounts falling due within one year

	Group 2012 £	2011 £	Company 2012 £	2011 £
Trade creditors	5,528	8,907	700	-
Amounts owed to group undertakings	-	-	-	854
Corporation tax	138,513	112,022	20,000	20,332
Other taxes and social security costs	89,612	85,131	6,453	9,563
Other creditors	274	549,334	45	-
Accruals and deferred income	634,959	509,812	238,394	163,940
	<u>868,886</u>	<u>1,265,206</u>	<u>265,592</u>	<u>194,689</u>

14 Creditors : amounts falling due after more than one year

	Group 2012 £	2011 £	Company 2012 £	2011 £
Loan stock	<u>550,000</u>	<u>700,000</u>	<u>550,000</u>	<u>700,000</u>
Analysis of loans				
Wholly repayable within five years	<u>550,000</u>	<u>700,000</u>	<u>550,000</u>	<u>700,000</u>
	<u>550,000</u>	<u>700,000</u>	<u>550,000</u>	<u>700,000</u>
Loan maturity analysis				
In more than two years but not more than five years	<u>550,000</u>	<u>700,000</u>	<u>550,000</u>	<u>700,000</u>

The loan stock is unsecured and carries an interest charge of 23.5% per annum.

The loan maturity analysis presented above reflects revisions to the terms of the loan stock which were made during the prior year.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

15 Provisions for liabilities

Group

Deferred taxation £

Balance at 1 December 2011

8,633

Profit and loss account

(1,906)

Balance at 30 November 2012

6,727

Company

Balance at 1 December 2011

5,416

Profit and loss account

(644)

Balance at 30 November 2012

4,772

The deferred tax liability is made up as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	6,727	8,633	4,772	5,416

16 Share capital

2012
£

2011
£

Allotted, called up and fully paid

100 Ordinary of £1 each

100

100

150,000 Preference of £1 each

150,000

150,000

150,100

150,100

The preference shares carry no rights to receive dividends. In any year in which preference share dividend has not been declared and paid, the holder of the preference shares are entitled to attend any general meeting of the company and vote on all resolutions proposed.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

17 Statement of movements on profit and loss account

Group

Profit and loss account £

Balance at 1 December 2011	392,842
Profit for the year	353,086
Balance at 30 November 2012	<u>745,928</u>

Company

Profit and loss account £

Balance at 1 December 2011	50,294
Profit for the year	34,204
Balance at 30 November 2012	<u>84,498</u>

18 Minority interests

2012	2011
£	£

Minority interests' share of net assets and liabilities in subsidiary undertakings	-	400,000
	<u> </u>	<u> </u>

The above balance represented non-voting ordinary shares issued by a subsidiary. During the year the subsidiary repurchased the shares at par.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

19	Reconciliation of movements in shareholders' funds	2012	2011
		£	£
	Group		
	Profit for the financial year	353,086	343,983
	Net addition to shareholders' funds	353,086	343,983
	Opening shareholders' funds	542,942	198,959
	Closing shareholders' funds	896,028	542,942
	Company		
	Profit for the financial year	34,204	119,740
	Proceeds from issue of shares	-	150,100
	Net addition to shareholders' funds	34,204	269,840
	Opening shareholders' funds	200,394	(69,446)
	Closing shareholders' funds	234,598	200,394

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

20 Financial commitments

At 30 November 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within one year	2,083	-
Between two and five years	16,036	10,843
	<u>18,119</u>	<u>10,843</u>

At 30 November 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within one year	2,083	-
Between two and five years	7,000	-
	<u>9,083</u>	<u>-</u>

21 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	<u>428,000</u>	<u>328,202</u>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	<u>250,000</u>	<u>250,000</u>

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2012

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Professional	6	3
Administration	3	4
	<u>9</u>	<u>7</u>

Employment costs

	2012 £	2011 £
Wages and salaries	632,728	499,011
Social security costs	75,107	37,326
	<u>707,835</u>	<u>536,337</u>

23 Control

The ultimate controlling party is Robert Henry Moffett Chaplin, director of the company, by virtue of his shareholding.

CHAPLIN FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

24 Related party relationships and transactions

Group

RM Capital Markets Limited "RM Capital" is a related party of the company by virtue of common directors Robert Henry Moffett Chaplin and Kathleen Moir McLeay and by virtue of NCM Fund Services Limited's minority interest in the share capital of RM Capital (previously, RM Capital also held a minority interest in the share capital of NCM Fund Services Limited. That investment was redeemed in the year.)

During the year, £198,525 (2011: £89,497) was charged by NCM Fund Services Limited to RM Capital in respect of administration charges. At the year end the amount outstanding was £nil (2011: £39,160). During the year, NCM Fund Services Limited paid commission to RM Capital in relation to fixed income trading under a Service Level Agreement amounting to £1,082,893 (2011: £3,418,043) and at the year end £nil (2011: £539,882) was outstanding. During the year, NCM Fund Services Limited received a dividend from RM Capital of £33,333 (2011 - £nil).

Robert Henry Moffet Chaplin and Kathleen Moir McLeay are both directors of NCM Mezzanine General Partner Limited. During the year NCM Fund Services Limited earned fees of £20,428 (2011: £36,323) from NCM Mezzanine General Partner Limited, of which £2,400 (2011: £nil) was outstanding at the year end. Kathleen Moir McLeay is the sole shareholder of NCM Mezzanine General Partner Limited.

Robert Henry Moffet Chaplin and Kathleen Moir McLeay are both directors of PIL LP Limited. During the year NCM Fund Services Limited settled expenses of £4,000 on behalf of PIL LP Limited and recovered those amounts. No balances were outstanding at the year end. Kathleen Moir McLeay is the sole shareholder of PIL LP Limited.

Robert Henry Moffet Chaplin and Kathleen Moir McLeay are both directors of PIL GP Limited. During the year NCM Fund Services Limited charged PIL GP Limited £48,354 (2011 - £54,126) for administrative services. NCM Fund Services Limited also settled expenses of £1,030 on behalf of PIL GP Limited and recovered those amounts. No balances were outstanding at the year end. Kathleen Moir McLeay is the sole shareholder of PIL GP Limited.

Company

Robert Henry Moffett Chaplin is the holder of the loan stock. He received interest in the year on the loan stock as disclosed in note 5.

Robert Henry Moffett Chaplin is a shareholder of CT Hydro Limited, in which an investment was made in the year of £67,500, as shown in note 10. Kathleen Moir McLeay and Douglas James Gibson Graham are both directors of CT Hydro Limited.

CHAPLIN FINANCE LIMITED

Appendix to annual report for the year ended 30 November 2012

Pillar 3 disclosures (unaudited information)

Overview

The Capital Requirements Directive ("CRD") of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1 sets out the minimum capital resource requirement firms are required to maintain to meet credit, market and operational risks.
- Pillar 2 requires firms to assess firm-specific risks not covered by Pillar 1 and, where necessary, maintain additional capital.
- Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process.

The rules in the FSA Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 disclosure obligations.

Frequency of disclosure

Future disclosures will be issued on an annual basis.

Verification

These disclosures have been prepared in order to comply with regulatory requirements and provide information on risk management policies and certain capital requirements. They do not constitute financial statements and are based on unaudited financial positions and should not be relied upon in making judgements about NCM Finance Ltd ("the Firm" or "NCM"). The Firm changed its name to NCM Fund Services Limited on 1 December 2012.

Location

This report will be published in the annual accounts lodged with Companies House.

Scope and application of the requirements

The Firm is authorised and regulated by the Financial Services Authority ("FSA") to conduct investment business, with permission to control client money. The Firm is categorised as a Limited Licence firm by the FSA for capital purposes.

NCM Finance Limited and Chaplin Finance Limited form a UK Consolidation Sub-Group ("the Group"). The FSA supervises the Group on a consolidated basis and receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole.

There are no current or foreseen material, practical or legal impediments to the prompt transfer of capital resources, or repayment of liabilities, intra-Group.

CHAPLIN FINANCE LIMITED

Appendix to annual report for the year ended 30 November 2012

Pillar 3 disclosures (unaudited information)

Risk appetite and management

The Firm is exposed to a variety of risks, as analysed and quantified below. However, the Board have adopted a conservative approach to risk, resulting in a low risk profile for the Group, for the following reasons:

- The business model is acting as regulated operator to unregulated collective investment schemes and providing fund administration and investment management services. As principal positions are not taken, the Group's risk exposure is limited to credit risk;
- The recruitment of experienced personnel throughout the Group;
- Limited exposure to credit risk;
- The corporate governance structure ensures that responsibilities within the Group are apportioned correctly within "oversight" functions staffed by experienced personnel with access to Senior Management;
- Comprehensive insurance arrangements.

Risk management is a fundamental part of the day to day management of the Firm, both within operational procedures to ensure that the risks associated with the provision of regulated services are mitigated by appropriate controls and processes and also within our fundamental approach to client take on and ongoing activities.

The Board meets quarterly, or as and when necessary, and has primary responsibility for governance and oversight of the Group. The Compliance Officer provides independent oversight over the Firm's risk management process and controls, and has overseen the development of the Risk Management Policy. This sets out the Firm's processes for the management of internal and external risks arising from Market, Credit, Operational, Liquidity and other relevant risk categories, which form the basis for the risk management procedures. The Risk Management Policy is reviewed and updated on a regular basis.

The Compliance Officer reports to each Board meeting.

Capital adequacy and ICAAP

The Firm's overall approach to assessing the adequacy of our internal capital is documented in the Internal Capital Adequacy Assessment Process ("ICAAP").

The ICAAP process includes an assessment of all material risks faced by the Group and the controls in place to identify, manage and mitigate those risks. The risks identified are stressed-tested against various scenarios to determine the level of capital that needs to be held.

Where risks can be mitigated by capital the Group has adopted a "Pillar 1 plus" approach whereby the Pillar 1 capital calculations are assessed. Where the Board considers that the Pillar 1 calculations do not adequately reflect the risk, additional capital is added on in Pillar 2.

Whilst the ICAAP is formally reviewed by the Board once a year, Senior Management reviews risks and the required capital more frequently and will particularly do so when there is a planned change impacting risks and capital or when changes are expected in the business environment potentially impacting the ability to generate income.

CHAPLIN FINANCE LIMITED

Appendix to annual report for the year ended 30 November 2012

Pillar 3 disclosures (unaudited information)

Capital resources

The Pillar 1 Capital requirement is the greater of the base case capital requirement and the variable capital requirement. The capital requirements of the Group are monitored on an ongoing basis to ensure that at any time there is always sufficient capital in place. As at 30 November 2012 the Group's capital resources for regulatory purposes were as follows:

	Group	NCM
	£000	£000
Base Case Capital Requirement (€50)	40	40
Variable Capital Requirement (FOR)	181	119
Pillar 1 total (Higher of Variable and Base Case Capital Requirement)	181	119
Pillar 2 total	36	36
ICAAP capital	217	155
Current total capital	466	835
Surplus	249	680

The Group had £466,000 of regulatory capital after deductions in place as at 30 November 2012, compared with an ICAAP capital requirement of £217,000, resulting in a £249,000 (214.75%) surplus.

The regulatory capital which is required to be held by FSA regulations, is defined by the FSA as consisting of share or partnership capital as well as non cumulative preference shares (known as tier one capital), cumulative preference shares, long term subordinated debt and securities, revaluation reserves and provisions (known as tier two capital) and short term subordinated debt and trading book profit/loss (known as tier three capital). The Firm follows FSA regulations accordingly and has calculated its regulatory capital in accordance with these definitions.

Material risks

The material risks for the Firm are as follows:

Credit & Settlement Risk

Credit risk is defined as the risk of loss arising from a counterparty failing to meet its financial obligations or its failure to perform as agreed to NCM.

The credit risk in NCM relates to the fact that NCM's fees come from the operating of close-ended unregulated collective investment schemes with an average life of 7 years. It is therefore essential that new business is obtained regularly to maintain the income flow. There is also the risk that debtors do not pay their annual fees but this is managed by billing most clients annually in advance and having an effective credit control system.

Taking all of the above into account, the board of NCM's assessment is that there is zero requirement for Pillar 2 capital in respect of Credit Risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is equity funded and has no reliance on external debt financing. The Board are satisfied that there is no specific risk arising from liquidity.

CHAPLIN FINANCE LIMITED

Appendix to annual report for the year ended 30 November 2012

Pillar 3 disclosures (unaudited information)

Concentration Risk

At present the NCM business has an element of concentration risk but current plans are to mitigate this by increasing the percentage of income from fund administration and progress has been made in this regard. No one client accounts for more than 20% of income.

Taking all of the above into account, the board of NCM's assessment is that there is zero requirement for Pillar 2 capital in respect of Concentration Risk.

Business Risk

NCM is constantly monitoring the current economic situation and the impact this has on existing clients particularly in relation to those where current banking arrangements may be coming to an end or relationships strained due to the change in the debt environment. In general as client funds have a lifespan of on average 7 years, any major economic downturn will undoubtedly effect investor returns but on the most part will not threaten the viability of the fund unless debt funding becomes too expensive or there is a default in relation to the investment e.g. major tenant default in relation to a commercial property.

NCM clients invest in a variety of sectors and in some cases any economic downturn can be beneficial e.g. the ability to acquire assets at a reduced price. NCM have some new clients specifically set up to capitalise on the opportunities available as a result of the market downturn so the Directors are confident as a service provider they can adapt and survive any major economic downturn. Most funds raise all required equity in advance to cover fees and costs so again although investor returns may be reduced there is sufficient capital within the fund to pay costs and in certain situations where this is not the case further equity has been injected. NCM is also expanding fund administration services which are not so reliant on equity raising as can take over administration of existing funds or offer other services such as the approval of a financial promotion where the fee is unrelated to the success of the project.

Market Risk

This is covered below under Business Risk.

Business Continuity Risk

The Group has a detailed Business Continuity Plan which has been fully tested and will be tested at least annually with a full off site test involving all staff at the back up locations. This is also kept under review to encompass any changes in technology.

CHAPLIN FINANCE LIMITED

Appendix to annual report for the year ended 30 November 2012

Pillar 3 disclosures (unaudited information)

Operational Risk

Legal claims against NCM or its employees	This is a risk faced by NCM which is mitigated by PII cover.
Fraud or unauthorised activity	This risk is mitigated by internal controls and procedures.
Loss of key people	The possible impact of losing key persons is mitigated by the following: • Employees incentivised on longer-term basis through bonus scheme; • Shareholders and Directors are key in the day to day running of the business and therefore committed stakeholders; • Good human resource practices; • NCM has good relationships and networks with reputable recruitment consultants to enable it to recruit replacements promptly.

Taking all of the above into account, the board of NCM's assessment is that there is zero requirement for Pillar 2 capital in respect of Operational Risk.

Regulatory Risk

Regulatory change and compliance with the Firm's ongoing regulatory compliance obligations is an area of continued focus for the Board. The Directors are satisfied that the Firm's risk management and internal control framework is sufficiently robust to mitigate against the risk of non-compliance.

The Board of Directors recognise that not all of the risks to which the Group is exposed can be mitigated by the addition of incremental capital, hence those other risks, such as reputation and legal risks, are managed by internal policies and procedures and monitored by management on an ongoing basis.

Additional risks identified within the overall Pillar 2 rule have been assessed and evaluated by the Directors, and are not considered to be material to the Group.