

Registered number
04667528

Zephyr Management UK Limited

Report and Accounts

31 December 2013

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Zephyr Management UK Limited
Registered number: 04667528
Directors' Report

The directors present their report and accounts of Zephyr Management UK Limited ('the company') for the year ended 31 December 2013

Directors

The following persons served as directors during the year

T C Barry
S A R Bates
D W J Garrett
B P Matthews

Directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently, make judgements and 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 accounts,
- prepare the accounts 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 accounts 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.

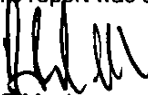
Audit Information

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

Auditor

Ernst & Young LLP will continue as auditor in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board on 12 February 2014 and signed by its order


B P Matthews
Secretary

Zephyr Management UK Limited
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Strategic Report

Results and dividends

The profit for the year is set out in the profit and loss account. Dividends of £Nil (2012 - £195,000) were paid during the year. No final dividend is recommended (2012 - £Nil).

Principal activities

The principal activity is the provision of fund management and advisory services.

Review of the business

The directors are satisfied by the result for the year. The directors use performance metrics, including investment performance and funds under management, to assist them in the management of the business.

On 22 November 2013, Guardian Capital LP (a limited partnership formed under and governed by the laws of the Province of Ontario, Canada) acquired all of the share capital of the company, subject to the approval of the Financial Conduct Authority. Such consent has not been received yet but is anticipated soon.

Principal risks and uncertainties

Funds under management

The funds under management are subject to redemption by investors. While the company continues to market its funds there is no guarantee that subscriptions will exceed redemptions.

Key personnel

The company has a small staff making it important to reward and retain key employees.

Regulation

The company is authorised and regulated by the Financial Conduct Authority. The company would have to cease trading as an investment manager if its authority to conduct investment business were to be revoked. This risk is mitigated by the firm's limited activities and the quality and experience of its staff.

Market risk

The company does not face any direct market risks because it does not take proprietary positions and does not hold financial investments other than liquid cash. However, there is an indirect exposure to the financial markets as the company's investment management fee income is calculated based on the value of funds under management.

Credit risk

The company's main exposure to credit risk is in respect of cash balances held by the company's bankers.

Interest rate risk

The company has little interest rate risk other than on short-term cash deposits, which are maintained on a floating rate basis, and on the rent deposit.

Liquidity risk

Liquidity risk is minimal as the company maintains large cash balances.

Currency exchange rate risk

Although only small cash balances are maintained in foreign currencies the company has some exposure to currency exchange rate risk because its fund management fee income is denominated in US Dollars.

Operational risk

The company is exposed to operational risks which may arise from loss of revenue or unexpected increases in operating expenditure.

Zephyr Management UK Limited
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Strategic Report

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the company and its liquidity position are reflected on the balance sheet.

The company has sufficient financial resources and ongoing investment management contracts to sustain the business for at least twelve months. As a consequence, the directors believe that the company is able to manage its business risks. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This expectation is supported by the projections submitted by Guardian Capital LP in connection with its application to the Financial Conduct Authority to become the sole controller of the company.

This report was approved by the board on 12 February 2014 and signed by its order


B P Matthews
Secretary

Zephyr Management UK Limited
Independent auditor's report
to the shareholders of Zephyr Management UK Limited

We have audited the financial statements of Zephyr Management UK Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the accounts are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Jeremy Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

13th February 2014

Zephyr Management UK Limited
Profit and Loss Account
for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	819,623	975,720
Administrative expenses		(1,195,501)	(1,202,830)
Operating loss	3	<u>(375,878)</u>	<u>(227,110)</u>
Property and services income		232,893	311,750
Interest receivable		1,032	6,673
(Loss)/profit on ordinary activities before taxation		<u>(141,953)</u>	<u>91,313</u>
Tax on (loss)/profit on ordinary activities	6	26,456	(26,456)
(Loss)/profit for the financial year		<u>(115,497)</u>	<u>64,857</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the (loss)/profit for the above two financial years

The accompanying notes 1 to 17 form an integral part of these financial statements

Zephyr Management UK Limited
Balance Sheet
as at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	7	2,672	4,219
Current assets			
Debtors	8	280,872	253,175
Cash at bank and in hand		<u>232,123</u>	<u>312,046</u>
		512,995	565,221
Creditors' amounts falling due within one year	9	(189,960)	(128,236)
Net current assets		<u>323,035</u>	<u>436,985</u>
Net assets		<u>325,707</u>	<u>441,204</u>
Capital and reserves			
Called up share capital	10	200,000	200,000
Profit and loss account	11	125,707	241,204
Shareholders' funds	13	<u>325,707</u>	<u>441,204</u>



B P Matthews
Director

Approved by the board on 12 February 2014

The accompanying notes 1 to 17 form an integral part of these financial statements

Zephyr Management UK Limited
Cash Flow Statement
for the year ended 31 December 2013

	Notes	2013 £	2012 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(375,878)	(227,110)
Depreciation and amortisation		2,346	7,191
Increase in debtors		(5,228)	(29,620)
Increase/(decrease) in creditors		68,180	(6,362)
Net cash outflow from operating activities		(310,580)	(255,901)
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(310,580)	(255,901)
Returns on investments and servicing of finance		1,032	6,673
Property and services income		232,893	311,750
Taxation		(2,469)	(99,408)
Capital expenditure		(799)	59,929
Property deposit payments		-	(23,883)
		(79,923)	(840)
Dividends paid		-	(195,000)
		(79,923)	(195,840)
Decrease in cash		(79,923)	(195,840)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		(79,923)	(195,840)
Change in net funds		(79,923)	(195,840)
Net funds at 1 January		312,046	507,886
Net funds at 31 December		232,123	312,046

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

Turnover

Turnover represents fees receivable for investment management services and advisory services provided during the year, predominantly to clients based in the Cayman Islands and the United States of America. Management and advisory fees are recognised when the Company obtains the right for consideration in exchange for its performance of services.

Taxation and deferred taxation

Provision is made for corporation tax at current rates on the excess of taxable income over allowable expenses. The charge for taxation takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Office equipment	- 3 years
Furniture and fixtures	- 5 years

Operating leases

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

Pensions

The company offers a defined contribution to the personal pension schemes of employees. Contributions are charged to the profit and loss account as they accrue.

Property and services income

Property and services income represents sublease and licence income plus associated occupancy charges credited to the profit and loss account as they become receivable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Differences arising from rate movement between the due date and the actual payment date are taken to the profit and loss account.

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

2 Analysis of turnover	2013	2012
	£	£
Management fees and advisory fees	<u>819,623</u>	<u>975,720</u>
3 Operating profit	2013	2012
	£	£
This is stated after charging		
Depreciation of owned fixed assets	2,346	7,191
Operating lease rentals - plant and machinery	-	1,479
Operating lease rentals - land buildings	246,765	242,938
Auditors' remuneration for audit services	16,000	15,000
Auditors' remuneration for other services	<u>-</u>	<u>2,650</u>
4 Directors' emoluments	2013	2012
	£	£
Emoluments	<u>90,000</u>	<u>91,250</u>
5 Staff costs	2013	2012
	£	£
Wages and salaries	255,000	259,167
Social security costs	29,946	30,656
Other pension costs	<u>4,500</u>	<u>4,333</u>
	<u>289,446</u>	<u>294,156</u>
Average number of employees during the year	Number	Number
Fund management	4	4
Administration/compliance	<u>1</u>	<u>1</u>
	<u>5</u>	<u>5</u>

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

6 Taxation	2013	2012
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the year	(22,007)	26,456
Adjustments in respect of previous years	(4,449)	-
	<u>(26,456)</u>	<u>26,456</u>
Tax on (loss)/profit on ordinary activities	<u>(26,456)</u>	<u>26,456</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2013	2012
	£	£
(Loss)/profit on ordinary activities before tax	<u>(141,953)</u>	<u>91,313</u>
Standard rate of corporation tax in the UK	23.25%	24.49%
	£	£
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax	(32,999)	22,362
Effects of		
Expenses not deductible for tax purposes	2,489	72
Capital allowances for period in excess of depreciation	(237)	(274)
Other short term timing differences	(58)	4,296
Tax rate changes	(1,124)	-
Tax losses carried forward	9,922	-
Adjustments to tax charge in respect of previous periods	(4,449)	-
Current tax charge for period	<u>(26,456)</u>	<u>26,456</u>

Deferred tax

Net book value of fixed assets eligible for capital allowances	2,672	4,219
Written down value for Corporation Tax purposes	11,701	14,270
Timing difference related to fixed assets	<u>9,029</u>	<u>10,051</u>
Tax losses carried forward	42,683	-
Other timing differences	-	-
Total timing differences	<u>51,712</u>	<u>10,051</u>

Timing differences multiplied the standard rate of corporation tax in the UK applicable from 1 April 2014 of 21% (2012: 24%)

	10,860	2,412
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The deferred tax asset of £10,860 (2012: £2,412) arising from short term timing differences has not been recognised in the balance sheet because its realisation is uncertain

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

7 Tangible fixed assets

	Office equipment, fixtures and fittings £
Cost	
At 1 January 2013	70,180
Additions	799
Disposals	<u>(4,837)</u>
At 31 December 2013	<u>66,142</u>
Depreciation	
At 1 January 2013	65,961
Charge for the year	2,346
On disposals	<u>(4,837)</u>
At 31 December 2013	<u>63,470</u>
Net book value	
At 31 December 2013	<u>2,672</u>
At 31 December 2012	<u>4,219</u>

8 Debtors

	2013 £	2012 £
Trade debtors	84	-
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	65
Corporation Tax	26,489	-
Property deposits	94,793	93,911
Other debtors	9,288	9,525
Prepayments and accrued income	<u>150,218</u>	<u>149,674</u>
	<u>280,872</u>	<u>253,175</u>

9 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	12,390	10,157
Corporation tax	-	6,456
Accruals and deferred income	151,241	85,294
Property deposits	<u>26,329</u>	<u>26,329</u>
	<u>189,960</u>	<u>128,236</u>

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

10 Share capital	Nominal value	2013 Number	2013 £	2012 £
Allotted, called up and fully paid Ordinary shares	£1 each	200,000	<u>200,000</u>	<u>200,000</u>
11 Profit and loss account			2013 £	
At 1 January 2013			241,204	
Loss for the financial year			(115,497)	
At 31 December 2013			<u>125,707</u>	
12 Dividends			2013 £	2012 £
Dividends for which the company became liable during the year				
Dividends paid			<u>-</u>	<u>195,000</u>
13 Reconciliation of movement in shareholders' funds			2013 £	2012 £
At 1 January			441,204	571,347
(Loss)/profit for the financial year			(115,497)	64,857
Dividends			-	(195,000)
At 31 December			<u>325,707</u>	<u>441,204</u>
14 Operating lease commitments				
At the year end, the company had annual commitments under non-cancellable operating leases as follows				
			Land and buildings 2013 £	Land and buildings 2012 £
Operating leases which expire within one year			<u>161,959</u>	<u>181,039</u>
			<u>161,959</u>	<u>181,039</u>

Zephyr Management UK Limited
Notes to the Accounts
for the year ended 31 December 2013

15 Related party transactions

Transactions with other group companies were as follows

ZMLP – Zephyr Management LP (parent company)

KZAM – Kingdom Zephyr Africa Management (UK) Limited (a fellow subsidiary)

SP – Salisbury Partners LLP (an associate until 30 September 2012)

	ZMLP	KZAM	SP
	2013	2013	2013
	£	£	£
Receipts			
Reimbursed supplier payments	283	-	-
Collection of accrued income	1,860	-	-
Group settlements	-	87,841	-
Payments			
Group settlements	87,841	-	-
	2012	2012	2012
	£	£	£
Income (Profit & loss account)			
Property and services income	-	107,272	85,937
Receipts			
Reimbursed supplier payments	638	-	-
Investment returned	-	-	85,000
Other	-	24,369	-
Payments			
Dividends	195,000	-	-
Investment	-	-	20,000
Property deposit repaid	-	42,300	-
Other	-	27,734	-
Balances at 31 December			
Debtors - balances	65	-	-

16 Post balance sheet events

On 22 November 2013, Guardian Capital LP (a limited partnership formed under and governed by the laws of the Province of Ontario, Canada) acquired all of the share capital of the company subject to the approval of the Financial Conduct Authority which is anticipated soon

17 Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is Zephyr Management LP, 320 Park Avenue, New York, 10022, USA, a Delaware limited partnership registered in the United States of America

Zephyr Management UK Limited

Supplementary unaudited information

Capital adequacy

The application of the Capital Requirements Directive requires the company to make disclosures about its capital resources and requirements. The disclosure requirements (Pillar 3) are to complement the minimum capital requirements (Pillar 1) and the assessed requirement (Pillar 2) and are intended to encourage market discipline by allowing the market participants to assess key pieces of information on risk exposures and risk assessment processes of the company.

The company will continue to make these disclosures annually as Supplementary Information in the financial statements. The following disclosures are in accordance with BIPRU 11 and are based on the position as at the balance sheet date.

Capital resources

The company's capital, comprising share capital and reserves, totals £326,000 (2012 - £441,000), and is all Tier one.

Capital requirement

The company's capital requirement is greater than its base capital requirement of €50,000 and has been analysed as follows:

	2013 Pillar 1 £000s	2013 Pillar 2 £000s	2012 Pillar 1 £000s	2012 Pillar 2 £000s
Operational Risk - Basic Indicator Approach	221	225	211	225
Credit Risk - Standardised Approach	20	25	21	25
Market Risk	2	-	-	-
Capital requirement	221	250	211	250