

# **Kingdom Zephyr Africa Management UK Limited**

Registered No 06002953

## **Annual Report and Financial Statements 31 December 2010**

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# Kingdom Zephyr Africa Management UK Limited

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Registered No 06002953

## **Directors**

T C Barry  
D W J Garrett

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Bankers**

Bank of Scotland  
600 Gorgie Road  
Edinburgh  
EH11 3XP

## **Registered Office**

25 Hill Street  
London  
W1J 5LW

## **Directors' report**

The directors present their report and financial statements of Kingdom Zephyr Africa Management UK Limited ("the company") for the year ended 31 December 2010

### **Principal activity and review of the business**

The principal activity of the company during the year was the provision of investment advisory services to its parent

The results for the year and the financial position at the year end are considered satisfactory by the directors. The directors do not anticipate material changes in the company's activity going forward

### **Results and dividends**

The profit for the year is set out in the profit and loss account. The directors have not recommended a dividend

### **Risk assessment**

The company's directors have reviewed the principal risks that face the business and have taken steps to mitigate those risks

The company provides investment advisory services to its parent company and therefore the risks facing the company are tied to those facing that company. The parent company earns fees from managing certain funds and the level of fee earned depends upon the performance of those funds, therefore the key risk is that investments do not perform as expected reducing the level of fees earned by the group

### **Key performance indicators**

The company acts as a cost centre for the group, therefore the key performance indicator is ensuring control is kept over the level of costs incurred. Costs have increased as a result of enhanced bonuses reflecting improved group trading

### **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 directors believe that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### **Directors**

The directors at 31 December 2010 and during the year were as follows

T C Barry  
D W J Garrett

### **Policy on the payment of creditors**

The company aims to be fair in its payment policy and to meet all contractual payment terms which are agreed in advance. On an annualised basis the calculated payment days for creditors in 2010 was nil days (2009 nil days)

## Directors' report

### 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.

### Auditors

Blick Rothenberg retired as auditors during the year and were replaced by Ernst & Young LLP. Ernst & Young LLP will continue as auditors in accordance with section 487(2) of the Companies Act 2006.

By order of the board



T C Barry  
Company Secretary  
14 April 2011

## **Statement of directors' responsibilities in respect of the financial statements**

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditor's report

to the members of Kingdom Zephyr Africa Management UK Limited

We have audited the financial statements of Kingdom Zephyr Africa Management UK Limited ("the company") for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

## Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

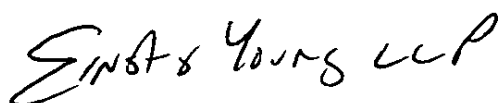
## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

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



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

27 April 2011

**Profit and loss account**

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
<b>Turnover</b>			
Services provided to parent company	2	779,700	1,087,686
Administrative expenses		(701,734)	(979,898)
<b>Operating profit</b>	3	77,966	107,788
Interest receivable		–	113
<b>Profit on ordinary activities before taxation</b>		77,966	107,901
Tax on ordinary activities	5	(22,916)	(30,299)
<b>Profit on ordinary activities after taxation attributable to the shareholder of the company</b>		55,050	77,602

All amounts are in respect of continuing activities

**Statement of total recognised gains and losses**

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
<b>Profit on ordinary activities after taxation attributable to the shareholder of the company</b>		55,050	77,602
Currency translation difference arising on the retranslation of opening net assets		–	(30,355)
<b>Total gains and losses recognised since the last annual report</b>		55,050	47,247

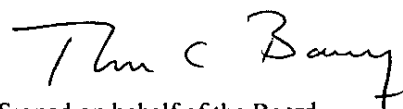
The accompanying notes form an integral part of these financial statements

**Balance sheet**

as at 31 December 2010

Registered No 06002953

	Notes	2010 £	2009 £
<b>Non-current assets</b>			
Tangible fixed assets	6	5,234	11,057
		<u>5,234</u>	<u>11,057</u>
<b>Current assets</b>			
Debtors	7	331,960	556,652
Cash at bank		98,223	29,935
		<u>430,183</u>	<u>586,587</u>
<b>Creditors</b> amounts falling due within one year	8	(247,656)	(464,933)
<b>Net current assets</b>		<u>182,527</u>	<u>121,654</u>
<b>Total net assets</b>		<u>187,761</u>	<u>132,711</u>
<b>Capital and reserves</b>			
Share capital	11	1	1
Profit and loss account	12	187,760	132,710
<b>Shareholder's funds</b>	12	<u>187,761</u>	<u>132,711</u>



Signed on behalf of the Board

T C Barry

Director

14 April 2011

The accompanying notes form an integral part of these financial statements



**Cash flow statement**

for the year ended 31 December 2010

	2010 £	2009 £
<b><i>Reconciliation of operating profit to net cash inflow from operating activities</i></b>		
Operating profit	77,966	107,788
Depreciation	7,469	433
Decrease/(increase) in debtors	224,692	(395,665)
(Decrease)/increase in creditors	(198,294)	233,638
Net cash inflow/(outflow) from operating activities	111,833	(53,806)
<b><i>Cash flow statement</i></b>		
Net cash inflow/(outflow) from operating activities	111,833	(53,806)
Returns on investments and servicing of finance		
Interest received	–	113
Taxation	(41,899)	4,755
Capital expenditure		
Payments to acquire tangible fixed assets	(1,646)	–
Increase/(decrease) in cash	68,288	(49,938)
<b><i>Reconciliation of net cash flow to movement in net funds</i></b>		
Increase/(decrease) in cash	68,288	(49,938)
Net funds at 1 January – cash at bank	29,935	78,873
Net funds at 31 December – cash at bank	98,223	29,935

The accompanying notes form an integral part of these financial statements

## Notes to the financial statements

year ended 31 December 2010

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards

#### Turnover

Turnover represents amounts receivable for services provided in the period, net of VAT. Income is recognised in the period in which the costs of providing the services are incurred

#### Tangible fixed assets

Tangible fixed assets are recorded at cost less provision for depreciation

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & fittings – 20% straight line

Office equipment – 20% straight line

#### Leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

#### 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

### 2. Turnover

The turnover and profit before tax are attributable to the principal activity of the company. An analysis of turnover is given below

	2010	2009
	£	£
Rest of the world	779,700	1,087,686

## Notes to the financial statements

year ended 31 December 2010

### 3. Operating profit

Operating profit is stated after charging/(crediting)

	2010 £	2009 £
Directors' remuneration	–	–
Depreciation	7,469	433
Foreign currency gains and losses	(3,350)	5,871
Auditor's remuneration	–	–
Audit of the financial statements	15,000	9,700
Taxation services	–	5,350
Other services	–	4,180
Operating lease – land & buildings	42,600	42,600
	<u>42,600</u>	<u>42,600</u>

### 4. Staff costs

	2010 £	2009 £
Wages and salaries	425,599	727,020
Social security costs	53,446	41,154
	<u>479,045</u>	<u>768,174</u>

The average number of staff employed by the company during the financial year was 3 (2009 3)

### 5. Taxation

	2010 £	2009 £
<b>(a) Analysis of charge in period</b>		
Current tax – UK Corporation Tax on profits for the year	24,266	30,299
Adjustments to tax charge in respect of previous years	(1,350)	–
Total charge for the year	<u>22,916</u>	<u>30,299</u>

#### (b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the period is higher than the main rate of corporation tax in the UK (28%). The differences are explained below

Profit on ordinary activities before tax	77,966	107,901
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	21,830	30,212
Effect of		
Timing differences between capital allowances and depreciation	1,337	(246)
Expenses not deductible for tax purposes	1,099	333
Current tax charge for the year (note 5(a))	<u>24,266</u>	<u>30,299</u>

## Notes to the financial statements

year ended 31 December 2010

### 5. Taxation (cont'd)

#### (c) Deferred tax

At 31 December 2010 the company had a potential deferred tax liability of £12 (2009 £1,629) which has not been recognised as the amount is not material

### 6. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Office equipment</i> £	<i>Total</i> £
<b>Cost</b>			
At 1 January 2010	12,978	–	12,978
Additions	–	1,646	1,646
At 31 December 2010	12,978	1,646	14,624
<b>Depreciation</b>			
At 1 January 2010	1,921	–	1,921
Charge in the period	7,294	175	7,469
At 31 December 2010	9,215	175	9,390
<b>Net book value</b>			
At 31 December 2010	3,763	1,471	5,234
At 31 December 2009	11,057	–	11,057

### 7. Debtors

	<i>2010</i> £	<i>2009</i> £
Amounts owed by group undertakings	164,116	485,304
Other debtors	167,844	71,348
	331,960	556,652

### 8. Creditors

	<i>2010</i> £	<i>2009</i> £
Amounts owed to group undertakings	5,906	–
Corporation tax	27,455	46,438
Accruals and deferred income	214,295	418,495
	247,656	464,933

## Notes to the financial statements

year ended 31 December 2010

### 9. Commitments under operating leases

At 31 December 2010 the company had the following annual commitments under non-cancellable operating leases

	2010 £	2009 £
Land and buildings		
Operating leases expiring within one to two years	42,600	42,600

### 10. Related party transactions

In the opinion of the directors the immediate controlling party is Kingdom Zephyr Africa Management Company, a company incorporated in Mauritius

The directors consider there to be no ultimate controlling party

Transactions with related parties are as follows

	Transactions		Receivables/(payables)	
	2010 £	2009 £	2010 £	2009 £
Kingdom Zephyr Africa Management Company (parent undertaking)				
- Sales	779,700	1,087,686	164,116	485,304
Zephyr Management UK Limited (common ultimate parent)				
- Rent deposit	-	-	42,300	42,300
- Rent	42,600	48,990		
- Recharged expenses and supplier payments	34,986	8,063	(5,906)	-

### 11. Share capital

	2010 No	2010 £	2009 No	2009 £
Called-up, allotted and fully paid				
Ordinary shares of £1 each	1	1	1	1

### 12. Reconciliation of shareholders' funds and movements on reserves

	Called-up share capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2010	1	132,710	132,711
Profit for the year	-	55,050	55,050
At 31 December 2010	1	187,760	187,761

## Notes to the financial statements

year ended 31 December 2010

### 13. Ultimate parent company

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Kingdom Zephyr Africa Management Company, a company incorporated in Mauritius. Copies of group financial statements are not available to the public.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Kingdom Holding Company, a company incorporated in Saudi Arabia. Copies of group financial statements are not available to the public.