Kingdom Zephyr Africa Management UK Limited

Registered No 06002953

Annual Report and Audited Financial Statements

31 December 2011

Registered No 06002953

Directors
T C Barry
D W J Garrett

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

Bankers
Bank of Scotland
600 Gorgie Road
Edinburgh
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Registered Office
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London
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Directors' report

The directors present their annual report and audited financial statements of Kingdom Zephyr Africa Management UK Limited ("the company") for the year ended 31 December 2011

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

On 31 December 2011 the entire advisory team left the company As a result of these departures, the directors considered the business and its ability to continue to service its parent The parent has resolved that the company should close its offices and cease operations As a result, these financial statements have been prepared on a break-up basis

In preparing the financial statements on a break-up basis the directors have considered the carrying value of fixed assets and written them off in full The result for the year ended 31 December 2011 includes accruals in respect of onerous rent contracts (£132,600) and estimated costs of winding-up the business (£25,558)

Post balance sheet date event

On 4th June 2012 the parent company changed from Kingdom Zephyr Africa Management Company to Zephyr Management LP On the same day the Company received £136,472 in full and final settlement of the £202,492 due from the former parent company and the loss of £66,020 has been reflected in these Financial Statements It is the intention of the new parent company and the Board to liquidate the Company as soon as possible

Results and dividends

The loss for the year reported in the profit and loss account reflects the above events 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 parent company

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

Going concern

As stated above, the directors have decided that the company should cease its activities in the foreseeable future and accordingly these financial statements have been prepared on a break-up basis

Directors' report

Directors

The directors at 31 December 2011 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 2011 was nil days (2010 nil days)

Audit information

So far as the directors are aware, there is no relevant audit information of which the company's auditor 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 auditors in accordance with section 487(2) of the Companies Act 2006

By order of the board

T C Barry
Company Secretary
7th April 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 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 for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14 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 as 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 In addition, we read all the financial and non-financial information in the annual 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 company's affairs as at 31 December 2011 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 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

Ernst & Young LLP

Jeremy Young (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11th September 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	*2011* £	*2010* £
Turnover			
Services provided to parent company	2	761,100	779,700
Administrative expenses		(929,252)	(701,734)
Operating (loss)/profit	3	(168,152)	77,966
Interest receivable		3	–
(Loss)/profit on ordinary activities before taxation		(168,149)	77,966
Tax on ordinary activities	5	(19,056)	(22,916)
(Loss)/profit on ordinary activities after taxation attributable to the shareholder of the company		(187,205)	55,050

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to the shareholders of the company

The accompanying notes on pages 9 to 13 form an integral part of these financial statements

Balance sheet

Registered No. 06002953

as at 31 December 2011

	Notes	*2011* £	*2010* £
Non-current assets			
Tangible fixed assets	6	–	5,234
		–	5,234
Current assets			
Debtors	7	200,119	331,960
Cash at bank		8,225	98,223
		208,344	430,183
Creditors: amounts falling due within one year	8	(207,788)	(247,656)
Net current assets		556	182,527
Total net assets		556	187,761
Capital and reserves			
Share capital	11	1	1
Profit and loss account	12	555	187,760
Shareholder's funds	12	556	187,761

T C Barry Thomas C Barry

Signed on behalf of the Board

T C Barry

Director

7 September 2012

The accompanying notes on pages 9 to 13 form an integral part of these financial statements

Cash flow statement

for the year ended 31 December 2011

	2011 £	2010 £
Reconciliation of operating (loss) / profit to net cash (outflow)/inflow from operating activities		
Operating (loss)/profit	(168,152)	77,966
Depreciation	6,604	7,469
Decrease in debtors	(131,841)	224,692
Decrease in creditors	(34,656)	(198,294)
Net cash (outflow)/inflow from operating activities	(64,363)	111,833
Cash flow statement		
Net cash (outflow)/inflow from operating activities	(64,363)	111,833
Returns on investments and servicing of finance		
Interest received	3	–
Taxation	(24,268)	(41,899)
Capital expenditure		
Payments to acquire tangible fixed assets	(1,370)	(1,646)
(Decrease)/increase in cash	(89,998)	68,288
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash	(89,998)	68,288
Net funds at 1 January – cash at bank	98,223	29,935
Net funds at 31 December – cash at bank	8,225	98,223

The accompanying notes on pages 9 to 13 form an integral part of these financial statements

Notes to the financial statements

year ended 31 December 2011

1. Accounting policies

Basis of accounting

As stated on page 2, the directors have decided to cease trading and accordingly these financial statements have been prepared on a break-up basis

In preparing these financial statements on a break-up basis, the directors have fully written off fixed assets and accrued for costs relating to onerous rent contracts (£132,600) and the estimated costs of winding-up the business(£25,558) The directors have also reduced the receivable due from the parent company (by £66,020) to the net amount that has been received before the balance of the receivable was waived

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 and depreciation

The company is expected to cease its activities in the foreseeable future so tangible fixed assets have been written down to nil realisable value

Leases

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

Tax 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

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

	2011	*2010*
	£	£
Outside the UK	761,100	779,700

Notes to the financial statements

year ended 31 December 2011

3. Operating profit

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Directors' remuneration	–	–
Depreciation	6,604	7,469
Foreign currency gains and losses	1,818	(3,350)
Auditor's remuneration		
Audit of the financial statements	15,000	15,000
Other services	3,300	–
Operating lease – land & buildings	42,600	42,600
Accelerated operating lease – land & buildings (see note 1)	132,600	–
Write off of receivable due from parent company	66,020	–

4. Staff costs

	2011	2010
	£	£
Wages and salaries	274,317	425,599
Social security costs	34,225	53,446
	308,542	479,045

The average number of staff employed by the company during the financial year was 3 (2010 3)

5. Taxation

	2011	2010
	£	£

(a) Analysis of charge in period

	2011	2010
Current tax – UK Corporation Tax on profits for the year	22,246	24,266
Adjustments to tax charge in respect of previous years	(3,190)	(1,350)
Current tax charge	19,056	22,916

(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 (26 49%) The differences are explained below

	2011	2010
(Loss)/profit on ordinary activities before tax	(168,149)	77,966
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 49% (2010 – 28%)	(44,543)	21,830
Effect of		
Timing differences between capital allowances and depreciation	263	1,337
Expenses not deductible for tax purposes	49,037	1,099
Write off of receivable due from parent company	17,489	–

Notes to the financial statements

year ended 31 December 2011

Current tax charge for the year (note 5(a))	22,246	24,266

5. Taxation (cont'd)

(c) Deferred tax

At 31 December 2011 the company had a potential deferred tax asset of £872 (2010 liability £12) which has not been recognised as the amount is not material

6. Tangible fixed assets

	Fixtures and fittings	*Office equipment*	*Total*
	£	*£*	*£*
Cost			
At 1 January 2011	12,978	1,646	14,624
Additions	–	1,370	1,370
At 31 December 2011	12,978	3,016	15,994
Depreciation			
At 1 January 2011	9,215	175	9,390
Charge in the period	3,763	2,841	6,604
At 31 December 2011	12,978	3,016	15,994
Net book value			
At 31 December 2011	–	–	–
At 31 December 2010	3,763	1,471	5,234

7. Debtors

	2011	*2010*
	£	*£*
Amounts owed by group undertakings	136,472	164,116
Other debtors	63,647	167,844
	200,119	331,960

8. Creditors

	2011	*2010*
	£	*£*
Amounts owed to group undertakings	–	5,906
Corporation tax	22,243	27,455
Accruals and deferred income	185,545	214,295
	207,788	247,656

Notes to the financial statements

year ended 31 December 2011

9. Commitments under operating leases

At 31 December 2011 the company had the following annual commitments under non-cancellable operating leases

	2011 £	2010 £
Land and buildings		
Operating leases expiring within one to two years	58,560	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 2011 £	Transactions 2010 £	Receivables/(payables) 2011 £	Receivables/(payables) 2010 £
Kingdom Zephyr Africa Management Company (parent undertaking)				
- Sales	761,100	779,700	136,472	164,116
- Write off of receivable	(66,020)			
Zephyr Management UK Limited (common ultimate parent)				
- Rent deposit	–	–	42,300	42,300
- Rent	54,570	42,600	–	–
- Recharged expenses and supplier payments	59,643	34,986	–	(5,906)
- Future rent	132,600	–	(132,600)	–
- Estimated cost of winding-up	25,558	–	(25,558)	–

11. Share capital

	2011 No	2011 £	2010 No	2010 £
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 2011	1	187,760	187,761
Loss for the year	–	(187,205)	(187,205)
At 31 December 2011	1	555	556

Notes to the financial statements

year ended 31 December 2011

13. Ultimate parent company

During the year 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

During the year 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

14. Post balance sheet events

On 31 December 2011 the entire advisory team left the company As a result of these departures, the directors considered the business and its ability to continue to service its parent The parent resolved that the company should close its offices and cease operations

On 4th June 2012 the parent company changed from Kingdom Zephyr Africa Management Company to Zephyr Management LP On the same day the Company received £136,472 in full and final settlement of the £202,492 due from the former parent company and the loss of £66,020 has been reflected in these Financial Statements It is the intention of the new parent company and the Board to liquidate the Company as soon as possible