

ZOLFO COOPER LIMITED
REPORT AND FINANCIAL STATEMENTS
31st MARCH 2014



Zolfo Cooper Limited

**Report and Financial Statements
For the year ended 31st March 2014**

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Zolfo Cooper Limited

Officers and Professional Advisers

Director	M Lewis
Registered office	10 Fleet Place London EC4M 7RB
Auditors	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
Bankers	Barclays Bank Plc London

Zolfo Cooper Limited**Strategic Report****Principal Activity and Review of the Business**

The company is a wholly owned subsidiary of Zolfo Cooper Holdings Limited. The principal activity of the company continues to be the provision of insolvency and corporate advisory services.

Demand for the company's services is very dependent on the overall business cycle, and thus subject to variation. The financial period in question saw both a challenging and buoyant business environment, and the director is satisfied with the company's performance in the face of these challenges.

The company's profit and loss account on page 7 discloses turnover of £16,975,670 compared to £14,573,457 in the prior period. The profit in the period was £511,449 compared to £4,218,273 in the prior period.

The nature of the business is such that the director believes that further key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business.

There have been no significant events since the balance sheet date.

Principal Risks and Uncertainties

Competitive pressure is a continuing risk for the company. The company manages this risk by continuing to develop its expertise and the services it can offer to clients.

The company is reliant on the expertise of its staff to obtain new business and to carry out its services to the standards required. The company ensures that it retains existing staff and recruits new staff with the requisite skills and experience by maintaining a stimulating and rewarding working environment, and paying particular attention to the welfare and happiness of its staff.

Financial Risk Management

The company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risk the director considers relevant to this company is credit risk. The company's interest income is not large enough for changing interest rates to constitute a significant risk, and the company has not invested in any assets that are significantly exposed to market risk. The company's income is almost entirely denominated in sterling, thus minimising currency risk, and the company maintains all of its funds in immediately available deposits to minimise liquidity risk. The only liquidity risk that the company is exposed to is the risk that its debtors do not pay, which is identical with credit risk. This risk is mitigated by the company's credit control policies, which include detailed financial analysis of client companies' ability to pay before the assignment is taken on, a close working relationship with the management of client companies by operational staff, and close monitoring of payments received versus outstandings and proposed billing by case managers.

Approved by the Director



M Lewis

Director

2014

Zolfo Cooper Limited**Report of the Director**

The director presents his annual report and the audited financial statements for the year ended 31 March 2014.

Directors

The director who served throughout the period is set out on page 2.

Dividends

A dividend of £8,925,000 (2013: £Nil) was paid in the year.

Auditors

The director confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors, Moore Stephens LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Director



M Lewis

Director

2014

Company registration No. 3777089

Zolfo Cooper Limited**Statement of Director's Responsibilities**

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires directors to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Zolfo Cooper Limited

We have audited the financial statements of Zolfo Cooper Limited for the year ended 31st March 2014 which are set out on pages 7 to 16. 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 5, the director is 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 (APB'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 director; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31st March 2014 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 Strategic Report and the Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Thomas Ward, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

22 December 2014

Zolfo Cooper Limited

Profit and Loss Account
For the year ended 31st March 2014

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
Turnover	1	16,975,670	14,573,457
Cost of sales		<u>(15,665,167)</u>	<u>(12,401,380)</u>
Gross Profit		1,310,503	2,172,077
Administrative expenses		<u>(1,462,442)</u>	<u>(1,206,473)</u>
Operating (Loss)/Profit		(151,939)	965,604
Income from investment	2	1,021,673	1,487,951
Interest receivable and similar income	3	<u>15,861</u>	<u>25,283</u>
Profit on Ordinary Activities before Taxation	4	885,595	2,478,838
Tax (charge)/credit on profit on ordinary activities	6	<u>(374,146)</u>	<u>1,739,435</u>
Profit on Ordinary Activities for the Financial Period	13	<u>511,449</u>	<u>4,218,273</u>

All activities relate to continuing activities.

There are no recognised gains or losses other than the results stated above in the current and preceding periods. Accordingly no statement of total recognised gains and losses is presented.

Zolfo Cooper Limited**Balance Sheet – 31st March 2014**

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
Fixed Assets			
Tangible assets	7	973,437	848,990
Investments	8	<u>7,891,916</u>	<u>1,810,101</u>
		<u>8,865,353</u>	<u>2,659,091</u>
Current Assets			
Debtors	9	12,913,129	15,099,421
Cash at bank and in hand		<u>3,257,728</u>	<u>13,980,159</u>
		16,170,857	29,079,580
Creditors: amounts falling due within one year	10	<u>(9,778,072)</u>	<u>(8,066,982)</u>
Net Current Assets		<u>6,392,785</u>	<u>21,012,598</u>
Total Assets Less Current Liabilities		<u>15,258,138</u>	<u>23,671,689</u>
Net Assets		<u>15,258,138</u>	<u>23,671,689</u>
Capital and Reserves			
Called up share capital	12	1,252	1,252
Share premium account	13	123,228	123,228
Other reserves	13	15,000,000	15,000,000
Profit and loss account	13	<u>133,658</u>	<u>8,547,209</u>
Shareholders' Funds	14	<u>15,258,138</u>	<u>23,671,689</u>

These financial statements were approved by the Director on 22 December 2014



M Lewis Director

Zolfo Cooper Limited**Financial Statements for the year ended 31st March 2014****Notes****1. Accounting Policies**

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(b) Basis of consolidation

The financial statements contain information about the company as an individual company and do not contain consolidated information as a parent of a group. The company is exempt under Companies Act 2006 s400 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Zolfo Cooper Holdings Limited, and the other conditions set out in paragraph 21 of Financial Reporting Standard No. 2 "Accounting for Subsidiary Undertakings" have been met.

(c) Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Life of the lease
Furniture, fittings and equipment	3 to 6 years

(d) Investments

Investments in subsidiaries are valued at cost less provision for impairment.

(e) Taxation

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Zolfo Cooper Limited**Financial Statements for the year ended 31st March 2014****Notes (Continued)****1. Accounting Policies (Continued)****(f) Turnover**

Turnover represents the value, both billed and unbilled, of services provided during the year, excluding amounts received in advance in respect of work to be performed after the year end exclusive of VAT. All turnover is derived from operations in the UK.

(g) Unbilled revenue

Unbilled revenue is recognised as revenue on engagements, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as the engagement activity progresses. The value of unbilled revenue at year end is included in the balance sheet of the company at its estimated recoverable amount.

(h) Foreign currency

Transactions in foreign currencies are recorded in sterling at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the year end. All exchange differences are included in the profit and loss account.

(i) Operating leases

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

(j) Cash flow statement

The company meets the exemption requirements of FRS 1 (Revised 1996), Cash Flow Statements, in that it is 100% owned by a company whose consolidated accounts are publicly available. For this reason a cash flow statement has not been prepared.

(k) Pensions

The company operates a defined contribution pension scheme and the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Income From Investment

Profit distributions are received from Zolfo Cooper LLP of which Zolfo Cooper Limited is a member. Distributions received are a profit share as agreed by the partnership deed.

3. Interest Receivable and Similar Income

	<u>2014</u> £	<u>2013</u> £
Bank interest receivable	<u>15,861</u>	<u>25,283</u>

Zolfo Cooper Limited

Financial Statements for the year ended 31st March 2014

Notes (Continued)

4. Profit on Ordinary Activities before Taxation

Profit on ordinary activities is stated after charging:

	<u>2014</u> £	<u>2013</u> £
Depreciation	601,277	565,045
Operating lease rentals		
- plant and machinery	132,511	143,474
- other	1,037,236	1,028,228
Auditors' remuneration - audit fees	<u>30,000</u>	<u>30,000</u>

5. Employee Costs and Numbers

Employment costs during the year (including the director) are as shown below:

	<u>2014</u> £	<u>2013</u> £
Their aggregate remuneration comprised:		
Wages and salaries	7,496,905	7,582,608
Social security costs	824,693	989,005
Other pension costs	<u>330,747</u>	<u>350,258</u>
	<u>8,652,345</u>	<u>8,921,871</u>

The average monthly number of persons employed (including the director) by the company during the year was as follows:

	<u>2014</u> £	<u>2013</u> £
Fee earners	117	138
Administration	<u>44</u>	<u>46</u>
	<u>161</u>	<u>184</u>

Director's remuneration was paid in respect of the director of the company as follows:

	<u>2014</u> £	<u>2013</u> £
Emoluments	7,500	7,500
Benefits in kind	<u>1,268</u>	<u>1,492</u>
	<u>8,768</u>	<u>8,992</u>

Zolfo Cooper Limited

Financial Statements for the year ended 31st March 2014

Notes (Continued)

6. Tax Charge on Profit on Ordinary Activities

	<u>2014</u> £	<u>2013</u> £
Corporation tax charge for the year	161,605	418,058
Adjustment in respect of previous years	-	(2,453,748)
Total current tax charge/(credit)	161,605	(2,035,690)
Deferred tax:		
Timing differences, origination and reversal	175,739	296,255
Effect of change of tax rate on opening balances	36,802	-
Total deferred tax charge/(credit)	212,541	296,255
Tax charge/(credit) on profit on ordinary activities	<u>374,146</u>	<u>(1,739,435)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23% (2013: 24%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	<u>2014</u> £	<u>2013</u> £
Profit on ordinary activities before tax	885,595	2,478,838
Tax on profit on ordinary activities at standard rate 23% (2013: 24%)	203,687	594,921
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	140,099	120,032
Capital allowances in excess of depreciation	(75,504)	10,113
Short-term timing differences arising in year	(106,677)	(307,008)
Adjustments in respect of previous years	-	(2,453,748)
Current tax	<u>161,605</u>	<u>(2,035,690)</u>

Zolfo Cooper Limited

Financial Statements for the year ended 31st March 2014

Notes (Continued)

7. Tangible Fixed Assets

	<u>Leasehold Improvements</u>	<u>Furniture, Fittings and Equipment</u>	<u>Total</u>
	£	£	£
Cost			
At 1st April 2013	1,005,962	1,532,730	2,538,692
Additions	228,359	497,365	725,724
Disposal	-	(1,756)	(1,756)
At 31st March 2014	<u>1,234,321</u>	<u>2,028,339</u>	<u>3,262,660</u>
Depreciation			
At 1st April 2013	699,006	990,696	1,689,702
Charge for the year	206,248	395,029	601,277
Disposal	-	(1,756)	(1,756)
At 31st March 2014	<u>905,254</u>	<u>1,383,969</u>	<u>2,289,223</u>
Net book value			
At 31st March 2014	<u>329,067</u>	<u>644,370</u>	<u>973,437</u>
At 31st March 2013	<u>306,956</u>	<u>542,034</u>	<u>848,990</u>

8. Investments

	<u>2014</u>	<u>2013</u>
	£	£
Cost and net book value		
Capital investment in Zolfo Cooper LLP	6,081,815	-
Shares in subsidiary undertakings	<u>1,810,101</u>	<u>1,810,101</u>
	<u>7,891,916</u>	<u>1,810,101</u>

	<u>Country of Incorporation and Operation</u>	<u>Activity</u>	<u>Proportion of ordinary shares held</u>
			%
Zolfo Cooper Corporate Finance Limited	UK	Corporate finance practice	100
T & N Asbestos Trustee Company Limited	UK	Dormant	100

The company is the corporate member of Zolfo Cooper LLP. Zolfo Cooper Limited invested capital of £6,081,815 in Zolfo Cooper LLP during the period.

Zolfo Cooper Limited

Financial Statements for the year ended 31st March 2014

Notes (Continued)

9. Debtors

	<u>2014</u> £	<u>2013</u> £
Trade debtors	255,093	602,038
Amounts owed by parent undertaking	8,859,225	8,859,225
Corporation tax	1,120,946	2,717,761
Deferred tax asset (see Note 11)	318,787	531,328
Other debtors	299,602	323,930
Prepayments	1,258,587	1,212,611
Unbilled revenue	800,889	852,528
	<u>12,913,129</u>	<u>15,099,421</u>

10. Creditors, amounts falling due within one year

	<u>2014</u> £	<u>2013</u> £
Trade creditors	861,224	765,460
Amounts owed to group undertakings	5,494,979	1,541,074
Other taxation and social security	211,612	641,544
Accruals and deferred income	3,210,257	5,118,904
	<u>9,778,072</u>	<u>8,066,982</u>

11. Deferred Taxation

	<u>2014</u> £	<u>2013</u> £
Depreciation charged in excess of capital allowances claimed	317,481	423,222
Other timing differences	1,306	108,106
Closing balance	<u>318,787</u>	<u>531,328</u>

Reconciliation of deferred taxation asset

Opening balance	531,328	827,583
Deferred tax (charge)/credit in profit and loss account	<u>(212,541)</u>	<u>(296,255)</u>
Closing balance	<u>318,787</u>	<u>531,328</u>

The deferred taxation asset has been calculated at the rate of 21% (2013: 23%).

Zolfo Cooper Limited

Financial Statements for the year ended 31st March 2014

Notes (Continued)

12. Share Capital

	<u>2014</u> £	<u>2013</u> £
Called up, allotted and fully paid		
2 ordinary shares of £1 each	2	2
12,500,000 A class shares of 0.01p each	<u>1,250</u>	<u>1,250</u>
	<u>1,252</u>	<u>1,252</u>

Out of profits available for distribution and resolved to be distributed, the holders of A class shares are entitled, in priority to any payment of dividend to the holders of any other class of shares, to be paid a non-cumulative preferential dividend at the rate of three months LIBOR applied to £12.5 million and also a dividend equal in aggregate to 1% of any dividend declared on the ordinary shares.

The holders of A class shares have voting rights, save that they may not vote if a resolution is to be proposed concerning the payment of dividends, for the winding up of the company or redemption of A shares. In the event that they are entitled to vote, the number of votes which may be cast as a class shall be one less than the number of votes which may be cast by the holders of the ordinary shares as a class.

On a winding up the holders of the A class shares have priority before all other classes of shares to receive repayment of capital.

13. Reserves

	<u>Share Premium Account</u> £	<u>Other Reserves</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
At 1st April 2013	123,228	15,000,000	8,547,209	23,670,437
Profit for the financial period	-	-	511,449	511,449
Dividends paid	<u>-</u>	<u>-</u>	<u>(8,925,000)</u>	<u>(8,925,000)</u>
At 31st March 2014	<u>123,228</u>	<u>15,000,000</u>	<u>133,658</u>	<u>15,256,886</u>

14. Reconciliation of Movement in Shareholders' Funds

	<u>2014</u> £	<u>2013</u> £
Profit for the financial period	511,449	4,218,273
Dividends paid	<u>(8,925,000)</u>	<u>-</u>
Net (decrease)/increase to shareholders' funds	(8,413,551)	4,218,273
Opening shareholders' funds	<u>23,671,689</u>	<u>19,453,416</u>
Closing shareholders' funds	<u>15,258,138</u>	<u>23,671,689</u>

Zolfo Cooper Limited**Financial Statements for the year ended 31st March 2014****Notes (Continued)****15. Other Financial Commitments**

At 31st March the company had annual commitments under non-cancellable operating leases set out below:

	2014		2013	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
	£	£	£	£
Expiry date:				
- within one year	-	-	590,627	5,681
- between two and five years	688,705	132,000	362,446	132,000
- after five years	148,242	-	-	-
	<u>836,947</u>	<u>132,000</u>	<u>953,073</u>	<u>137,681</u>

16. Ultimate Parent Company

Zolfo Cooper Holdings Limited is the ultimate controlling company. The accounts of Zolfo Cooper Holdings Limited are available to the public from 10 Fleet Place, London, EC4M 7RB and Companies House, Crown Way, Cardiff, CF14 3UZ.

17. Related Party Transactions

The company has taken advantage of the exemptions set out in Financial Reporting Standard 8 – Related Party Disclosures and has not presented and disclosed details of transactions with 100% owned entities belonging to the group headed by Zolfo Cooper Holdings Limited.

The company is the corporate member of Zolfo Cooper LLP. The company received income of £1,021,673 (2013: £1,487,951) from Zolfo Cooper LLP in respect of its profit share for the period. The amount owed to Zolfo Cooper LLP at 31st March 2014 was £5,023,363 (2013: £105,297).

The company recharged administration costs of £6,431,138 (2013: £7,460,175) to Zolfo Cooper LLP.

The company was charged professional consultancy services of £44,300 (2013: £48,205) by Lewis Dyson LLP a partnership in which M. Lewis is a member.

18. Pensions

The company provides pensions through an Ageon Scottish Equitable group personal pension plan. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits for the current period is £330,747 (2013: £350,258).