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Zolfo Cooper Limited

Report and Financial Statements

31 March 2010

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Zolfo Cooper Limited

Report and financial statements 2010

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Zolfo Cooper Limited

Report and financial statements 2010

Officers and professional advisers

Director

M Lewis

Registered office

10 Fleet Place
London
EC4M 7RB

Auditors

Moore Stephens LLP
Chartered Accountants
London
EC1A 4AB

Bankers

Barclays Bank plc
London

Zolfo Cooper Limited

Director's Report

The director presents his annual report and the audited financial statements for the 9 months ended 31 March 2010

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 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. The director does not recommend payment of a further dividend for the year with dividends declared and paid during the period totalling £7.1m (2009 £16.4m).

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 controls 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.

Zolfo Cooper Limited

Director's Report (continued)

Directors

The director who served throughout the period is set out on page 1

Charitable donations

During the period, the company made charitable donations of £145 (2009 £nil), principally to local charities serving the communities in which the company operates

Auditors

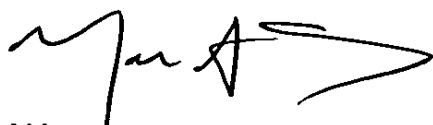
The director confirms that

- 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

29 December 2010

Company registration No 3777089

Zolfo Cooper Limited

Statement of director's responsibilities

The director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the director 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 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,
- 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 them 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

Zolfo Cooper Limited

Independent auditors' report to the members of Zolfo Cooper Limited

We have audited the financial statements of Zolfo Cooper Limited for the period ended 31 March 2010 which are set out on pages 6 to 15. 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 4, 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 Boards (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.

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 March 2010 and of its profit for the period 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 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.

150 Aldersgate Street
London EC1A 4AB

29 December 2010



Thomas Ward
Senior Statutory Auditor
For and behalf of Moore Stephens LLP
Statutory Auditors

Zolfo Cooper Limited

Profit and loss account 9 Months ended 31 March 2010

	Note	2010 £	18 Months ended 30 June 2009 £
Turnover		17,600,460	61,736,207
Cost of sales		(10,381,412)	(38,215,489)
Gross profit		7,219,048	23,520,718
Administrative expenses		(1,268,937)	(12,653,937)
Operating profit		5,950,111	10,866,781
Exceptional loss		-	(21,639,273)
Income from investment	2	2,479,836	2,251,215
Interest receivable and similar income	3	141,046	1,581,441
Interest payable and similar charges	3	-	(337,343)
Profit/(Loss) on ordinary activities before taxation	4	8,570,993	(7,277,179)
Tax (charge)/credit on loss on ordinary activities	6	(4,382,433)	670,041
Profit/ (Loss) on ordinary activities for the financial period	13	4,188,560	(6,607,138)

All activities relate to continuing activities

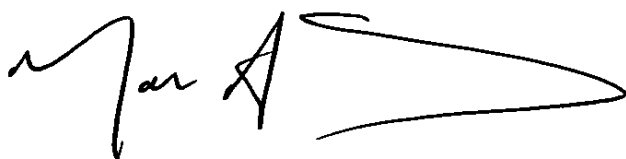
There are no recognised gains or losses other than the results stated above in the current and preceding periods
Accordingly no statement of total recognised gains and losses is presented

Zolfo Cooper Limited

Balance Sheet At 31 March 2010

	Note	2010 £	30 June 2009 £
Fixed assets			
Tangible assets	7	1,012,347	658,033
Investments	8	1,810,101	1,810,101
		<u>2,822,448</u>	<u>2,468,134</u>
Current assets			
Debtors	9	14,866,110	12,427,301
Cash at bank and in hand		14,112,560	18,710,955
		<u>28,978,670</u>	<u>31,138,256</u>
Creditors: amounts falling due within one year	10	(11,998,825)	(10,843,056)
Net current assets		<u>16,979,845</u>	<u>20,295,200</u>
Total assets less current liabilities		<u>19,802,293</u>	<u>22,763,334</u>
Net assets		<u>19,802,293</u>	<u>22,763,334</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	4,677,813	7,638,854
Shareholders' funds	14	<u>19,802,293</u>	<u>22,763,334</u>

These financial statements were approved by the Director on 29 December 2010



M Lewis
Director

Company registration No 3777089

Zolfo Cooper Limited

Notes to the accounts

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention. The accounting policies adopted are consistent across the current and the preceding year.

Group Accounts

The director has taken exemption from the obligation to prepare and deliver group accounts under section 400 of Companies Act 2006 exemption for parent companies included in accounts of larger group.

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
Plant and machinery	3 to 6 years

Investments

The company's investment in subsidiaries is stated in the company's balance sheet at cost, less any provision for impairment.

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.

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.

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.

Zolfo Cooper Limited

Notes to the accounts

1. Accounting policies (continued)

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 year end. All exchange differences are included in the profit and loss account.

Leases

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

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.

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 Investments

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 payable and similar income and charges

	31 March 2010	30 June 2009
	£	£
Treasury deposits	141,046	893,579
Loans to group undertakings	-	687,862
Interest receivable and similar income	<u>141,046</u>	<u>1,581,441</u>
Parent company loans	-	337,343
Interest payable and similar charges	<u>-</u>	<u>337,343</u>

Zolfo Cooper Limited

Notes to the accounts

4. Profit/(Loss) on ordinary activities before taxation

Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting)

	31 March 2010	30 June 2009
	£	£
Depreciation	203,814	881,246
Amortisation of goodwill	-	1,392,062
Operating lease rentals		
- plant and machinery	148,019	94,551
- other	774,684	2,368,617
Auditors' remuneration – audit fees	50,000	50,000

5. Employee costs and numbers

Particulars of employees (including executive directors) are as shown below

	31 March 2010	30 June 2009
	£	£
Their aggregate remuneration comprised		
Wages and salaries	7,534,962	30,076,008
Social security costs	840,865	2,717,710
Other pension costs	276,579	786,187
	8,652,406	33,579,905

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

	31 March 2010	30 June 2009
	£	£
Production	177	171
Administration	46	53
	223	224

Directors' remuneration was paid in respect of directors of the company as follows

	31 March 2010	30 June 2009
	£	£
Emoluments	5,625	1,938,057
Compensation for loss of office	-	25,000
Money purchase contributions	-	36,151
	5,625	1,999,208

Zolfo Cooper Limited

Notes to the accounts

5. Employee costs and numbers (continued)

The number of directors for whom money purchase contributions are accruing in respect of their qualifying services was nil (2009 four)

Highest paid director:

	31 March 2010	30 June 2009
	£	£
Emoluments	5,625	975,739
Money purchase contributions	-	7,435
	<u>5,625</u>	<u>983,174</u>

6. Tax charge on profit on ordinary activities

	31 March 2010	30 June 2009
	£	£
Corporation tax charge for the year	2,560,491	-
Adjustment in respect of previous years	1,764,189	(651,726)
Total current tax charge/(credit)	4,324,680	(651,726)
Deferred tax		
Timing differences, origination and reversal	50,027	(77,689)
Adjustments for prior years	7,726	58,461
Effect of change of tax rate on opening balances	-	913
Total deferred tax charge/(credit)	57,753	(18,315)
Tax charge/(credit) on profit on ordinary activities	<u>4,382,433</u>	<u>(670,041)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)
The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	2010	30 June 2009
	£	£
Profit/(Loss) on ordinary activities before tax	8,570,993	(7,277,179)
Tax on profit on ordinary activities at standard rate 28.0% (2009 28.3%)	2,399,878	(2,061,823)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	210,640	227,190
Income not taxable for tax purposes	-	(30,405)
Short-term timing differences arising in the year	(50,027)	77,689
Tax losses	-	1,787,349
Adjustments in respect of previous years	1,764,189	(651,726)
	<u>4,324,680</u>	<u>(651,726)</u>

Zolfo Cooper Limited

Notes to the accounts

7. Tangible Fixed Assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 July 2009	371,810	314,840	686,650
Additions	339,363	218,765	558,128
At 31 March 2010	711,173	533,605	1,244,778
Depreciation			
At 1 July 2009	10,240	18,377	28,617
Charge for the year	103,512	100,302	203,814
At 31 March 2010	113,752	118,679	232,431
Net book value			
At 31 March 2010	597,421	414,926	1,012,347
At 30 June 2009	361,570	296,463	658,033

8. Investments

	2010 £	2009 £
Cost and net book value		
Shares in subsidiary undertakings	1,810,101	1,810,101

Company Name	Country of incorporation and operation	Activity	Capital and Reserves £	Proportion of ordinary shares held %
Subsidiary undertakings				
Zolfo Cooper Corporate Finance Limited	UK	Corporate finance practice	3,309,362	100
T&N Asbestos Trustee Company Limited	UK	Dormant	1	100

The company is the corporate member of Zolfo Cooper LLP

Zolfo Cooper Limited

Notes to the accounts

9. Debtors

	2010 £	2009 £
Trade debtors	1,418,847	1,538,919
Amounts owed to parent undertaking	2,087,592	-
Amounts owed by related undertaking	5,803,128	3,664,003
Deferred tax asset (see Note 11)	2,857,967	2,915,720
Other debtors	164,503	566,361
Prepayments and accrued income	1,175,241	941,705
Unbilled revenue	1,358,832	2,800,593
	<u>14,866,110</u>	<u>12,427,301</u>

10. Creditors' amounts falling due within one year

	2010 £	2009 £
Trade creditors	1,044,598	939,788
Fees on account	555,553	-
Amounts owed to group undertakings	1,887,713	3,026,794
Corporation tax	3,024,680	-
Other taxation and social security	1,515,428	1,084,107
Other creditors	7,704	915
Accruals and deferred income	3,963,149	5,791,452
	<u>11,998,825</u>	<u>10,843,056</u>

11. Deferred taxation

	2010 £	2009 £
Depreciation charged in excess of capital allowances claimed	766,313	824,066
Other timing differences	2,091,654	2,091,654
Closing balance	<u>2,857,967</u>	<u>2,915,720</u>
Reconciliation of deferred taxation asset		
Opening balance	2,915,720	2,897,405
Deferred tax charge in profit and loss account	(57,753)	18,315
Closing balance	<u>2,857,967</u>	<u>2,915,720</u>

Zolfo Cooper Limited

Notes to the accounts

12. Called up share capital

	2010 £	2009 £
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
12,500,000 A class shares of 0.01p each	1,250	1,250
	<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

	Share premium account £	Other reserves £	Profit and loss account £	Total £
1 July 2009	123,228	15,000,000	7,638,854	22,762,082
Profit for the financial period	-	-	4,188,560	4,188,560
Dividends paid	-	-	(7,149,601)	(7,149,601)
At 31 March 2010	<u>123,228</u>	<u>15,000,000</u>	<u>4,677,813</u>	<u>19,801,041</u>

14. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial period	4,188,560	(6,607,138)
Dividends paid	<u>(7,149,601)</u>	<u>(16,378,006)</u>
Net reduction to shareholders' funds	(2,961,041)	(22,985,144)
Opening shareholders' funds	<u>22,763,334</u>	<u>45,748,478</u>
Closing shareholders' funds	<u>19,802,293</u>	<u>22,763,334</u>

Zolfo Cooper Limited

Notes to the accounts

15. Other financial commitments

Lease commitments

Annual commitments under non cancellable operating leases are as follows

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
- within one year	3,104	-	91,917	-
- between two and five years	17,100	195,779	14,100	118,193
- beyond five years	773,490	1,579	265,205	-
	<u>793,694</u>	<u>197,358</u>	<u>371,222</u>	<u>118,193</u>

16. Ultimate parent company

The group in which the results of the company are consolidated are Zolfo Cooper Holdings Limited. Zolfo Cooper Holdings Limited is the ultimate controlling company. Zolfo Cooper Holdings Limited is incorporated in Great Britain. 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 laid out in Financial Reporting Standard 8 – Related Party Disclosures and has hence not presented and disclosed details of transactions with other companies belonging to the group headed by Zolfo Cooper Holdings Limited.

The company received income of £2,479,836 (2009 £2,251,215) from Zolfo Cooper LLP, a related undertaking, in respect of its profit share for the period. Amount owed by the related undertaking is disclosed in note 9.

During the period, the company recharged costs of £6,313,536, to Zolfo Cooper LLP.

During the period, the company received professional consultancy services of £31,182 (2009 £24,000) from Lewis Dyson LLP in which Martin Lewis is a member.

18. Pensions

In January 2010 the company joined Ageon Scottish Equitable group personal pension plan. The company had previously been a member of Marsh & McLennan Companies, Inc. defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits for the current period is £276,579 (2009 £786,187).