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AKO Capital Management Limited

Report and Financial Statements

29 February 2012

Registered No 5411627

Directors
N Tangen
D Woodburn

Secretary
D Woodburn

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

Bankers
Barclays Bank plc
1 Churchill Place
London
E14 5HP

Registered Office
61 Conduit Street
London
W1S 2GB

Registered No 5411627

Directors' report

The directors present their report and the audited financial statements for the year ended 29 February 2012

Incorporation and commencement

AKO Capital Management Limited ('the company") was incorporated on 1 April 2005 and thereafter commenced its activities as a service provider to AKO Capital LLP AKO Fund Limited and AKO Partners LP, the entities to which AKO Capital LLP provides investment management services, were launched on 3 October 2005

Results and dividends

The loss for the year after taxation amounted to £20,914 (28 February 2011 – profit of £115,013) No dividend is proposed and this amount will be transferred to reserves

Principal activity and review of the business

The principal activity of the company in the period under review was the provision of investment support services to AKO Capital LLP, an investment management organisation

Going concern

AKO Capital Management Limited acts as a service company to AKO Capital LLP with the expenses it incurs being either recharged to AKO Capital LLP or covered by an allocation of profit from that entity Therefore the fundamental factor in its ability to continue as a going concern is the profitability of AKO Capital LLP and during the period AKO Capital LLP remained very profitable In addition the director who has made a loan to the company has expressed his intention to continue to provide the funds necessary for the company to meet its liabilities as they fall due Accordingly the directors believe that there is a reasonable expectation that the company will have 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 of the company throughout the year ended 29 February 2012 were N Tangen and D Woodburn

Disclosure of information to auditors

In the case of each of the persons who were directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are not aware, and
- each of the directors 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 (as defined) 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 Section 418(2) of the Companies Act 2006

Auditor

Ernst & Young LLP have been appointed as auditor of the company A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting

On behalf of the board

David Woodburn,
Director
25 May 2012

Statement of directors' responsibilities in respect of the financial statements

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 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 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 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 AKO Capital Management Limited

We have audited the financial statements of AKO Capital Management Limited for the year ended 29 February 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 February 2012 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

Ashley Coups

Ashley Coups (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 May 2012

Profit and loss account

for the year ended 29 February 2012

	Notes	2012 £	2011 £
Income			
Partnership profit share	2	134,076	323,714
Administrative expenses		2,636,546	2,155,098
Less expense recharged		(2,513,481)	(2,033,105)
Operating profit	5	11,011	201,721
Interest receivable and similar income		81	65
Interest payable and similar charges	6	(2,006)	(1,773)
Profit on ordinary activities before taxation		9,086	200,013
Taxation on profit on ordinary activities	7	(30,000)	(85,000)
(Loss)/profit for the financial period		(20,914)	115,013

All amounts are in respect of continuing activities

Statement of total recognised gains and losses

The company has no recognised gains or losses in the period other than the loss attributable to the shareholders of the company of £20,914 (2011 – profit of £115,013)

The notes on pages 8 to 13 form an integral part of these financial statements

Balance sheet
at 29 February 2012

	Notes	2012 £	2011 £
Fixed asset			
Tangible assets	8	121,314	117,667
Investment	9	648,000	598,000
		769,314	715,667
Current assets			
Debtors	10	647,323	726,185
Cash at bank and in hand		94,207	119,638
		741,530	845,823
Creditors amounts falling due within one year	11	1,190,829	1,220,561
Net current liabilities		(449,299)	(374,738)
Total assets less liabilities		320,015	340,929
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	319,015	339,929
Equity shareholders' funds	13	320,015	340,929

The financial statements on pages 5 to 13 were approved by the Board of Directors on 25 May 2012 and signed on its behalf by

David Woodburn
Director

The notes on pages 8 to 13 form an integral part of these financial statements

Statement of cash flows

for the year ended 29 February 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	14(a)	181,886	408,171
Returns on investments and servicing of finance	14(b)	(1,925)	(1,708)
		179,961	406,463
Capital expenditure and financial investment	14(b)	(119,956)	(310,571)
Taxation		(85,436)	(68,340)
(Decrease)/increase in cash	14(c)	(25,431)	27,552

The notes on pages 8 to 13 form an integral part of these financial statements

Notes to the financial statements

at 29 February 2012

1 Accounting policies

Basis of accounting

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

Income

Income, which represents partnership profit share, is recognised when it becomes due

Expenses

Expenses are recognised on an accrual basis

Going concern

The company has net current liabilities The financial statements are prepared under the going concern concept as the director who has made a loan to the company has expressed his intention to continue to provide the funds necessary for the company to meet its liabilities as they fall due

Tangible fixed assets and depreciation

All tangible fixed assets are recorded at cost and then depreciated on a straight line basis over 36 months

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Investments

Investments are stated at cost less provision for any impairment in value

Deferred taxation

The charge for taxation is based on the profit for the period and 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

2. Income

Income represents profit share received and receivable by the company in its capacity as a member of AKO Capital LLP and arises from continuing activity in the UK

3 Staff costs

	2012	*2011*
	£	£
Wages and salaries	684,069	593,130
Social security costs	76,987	69,472
Pension	35,079	28,949
	796,135	691,551

Notes to the financial statements

at 29 February 2012

3. Staff costs (continued)

The average monthly number of employees during the period was as follows

	2012	*2011*
	No	*No*
Administration	7	8
Research	13	9

4. Directors' emoluments

Neither director received any emoluments for services to the company during the year ended to 29 February 2012

5. Operating profit

This is stated after charging

	2012	*2011*
£	£	
Depreciation of tangible fixed assets	66,309	101,460
Auditors' remuneration		
- audit services	21,000	21,000
- non audit services, taxation services	9, 050	6,000
- non audit services, other services	79,250	-
Operating lease – land and buildings	365,568	365,568

6. Interest payable and similar charges

	2012	*2011*
	£	£
Bank interest payable	2,006	1,773

7. Tax on profit on ordinary activities

(a) Analysis of tax charge for the period

	2012	*2011*
	£	£
The tax charge is made up as follows		
UK corporation tax on profit of the period	29,564	85,000
Adjustment to prior period tax charge	436	-
Total current tax – note 7 (b)	30,000	85,000

Notes to the financial statements

at 29 February 2012

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 26% (2011 – 28%) The differences are explained below

	2012 £	*2011* £
Profit on ordinary activities before taxation	9,086	200,013
Profit on ordinary activities before tax at 26% (2011 - 28%)	2,362	56,004
Effect of		
Disallowed expenses and non-taxable income	31,934	33,672
Timing differences	863	(1,441)
Adjustments to prior period tax charge	436	-
Marginal relief	(5,595)	(3,235)
Current tax charge for the period	30,000	85,000

There is no unprovided deferred tax

8. Tangible fixed assets

	Fixtures, fittings and appliances £	*Computer equipment* £	*Leasehold improvements* £	*Total* £
Cost				
At 28 February 2011	65,687	292,152	324,336	682,175
Additions	18,195	51,761	-	69,956
Disposals	-	(68,442)	-	(68,442)
At 29 February 2012	83,882	275,471	324,336	683,689
Depreciation				
At 28 February 2011	56,916	183,355	324,237	564,508
Charge for the year	8,460	57,750	99	66,309
Disposals	-	(68,442)	-	(68,442)
At 29 February 2012	65,376	172,663	324,336	562,375
Net book value				
At 29 February 2012	18,506	102,808	-	121,314
At 28 February 2011	8,771	108,797	99	117,667

Notes to the financial statements

at 29 February 2012

9. Fixed asset investment

	2012	2011
	£	£
Unlisted investments	648,000	598,000

The unlisted investment represents capital contributions made to AKO Capital LLP ("the LLP") During the year to 29 February 2012 additional capital contributions of £50,000 were made (2011 – £200,000) The company does not control the LLP and consolidated accounts are not prepared

10. Debtors

	2012	2011
	£	£
Rent deposits	469,083	469,020
Other debtors	120,859	130,290
Prepayments	57,381	126,875
	647,323	726,185

The rent deposit is recoverable after more than one year (2011 – after more than one year)

11. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	22,988	46,573
Amounts due to AKO Capital LLP	169,571	120,107
Corporation tax	29,564	85,000
Accruals	68,706	68,881
Loan payable	900,000	900,000
	1,190,829	1,220,561

The loan payable is due to N Tangen who is a director of the company It is unsecured, interest free and repayable on demand

12. Called up share capital

	Issued	Issued
	2012	2011
	No	No
Ordinary shares of £1 each	1,000	1,000

Notes to the financial statements
at 29 February 2012

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Total*
	£	*£*	*£*
At 28 February 2010	1,000	224,916	225,916
Profit for the year	–	115,013	115,013
At 28 February 2011	1,000	339,929	340,929
Loss for the year	-	(20,914)	(20,914)
At 29 February 2012	1,000	319,015	320,015

14. Notes to statement of cash flows

(a) Reconciliation of operating loss to net cash inflow from operating activities

	2012	*2011*
	£	*£*
Operating profit	11,011	201,721
Depreciation charge	66,309	101,460
Decrease/(increase) in debtors	78,862	(4,863)
Increase in creditors	25,704	109,853
Net cash inflow from operating activities	181,886	408,171

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2012	*2011*
	£	*£*
Returns on investments and servicing of finance		
Interest received	81	65
Interest paid	(2,006)	(1,773)
	(1,925)	(1,708)
Capital expenditure and financial investment		
Payment to acquire tangible fixed assets	69,956	110,571
Acquisition of investments	50,000	200,000
	119,956	310,571

Notes to the financial statements

at 29 February 2012

14. Notes to statement of cash flows (continued)

(c) Analysis

	At 29 February 2012	*Cash flow*	*At 28 February 2011*
	£	*£*	*£*
Cash in hand	94,207	(25,431)	119,638

15. Operating lease commitments

At 29 February 2012 the company was committed to making the following payments in the next year in respect of operating leases

	Land and buildings 29 February 2012	*Land and buildings 28 February 2011*
	£	*£*
Leases which expire		
More than five years (2011 – one to two years)	412,020	391,680

16. Related party transactions

AKO Capital Management Limited is a member of AKO Capital LLP ("the LLP"), a limited liability partnership registered in England and Wales

During the period, the company recharged £2,513,481 (2011 - £2,033,105) of expenses to the LLP and was allocated profits of £134,076 (2011 - £323,714) by that entity At the year end £169,571 was due from the company (2011 - £120,107 from the company) in respect of these amounts

17. Ultimate parent undertaking

The company is a wholly-owned subsidiary of AKO Capital (Jersey) Limited, a company incorporated in Jersey A trust of which N Fangen is the settler is the ultimate controlling party