

AKO Capital Management Limited

Report and Financial Statements

28 February 2014

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COMPANIES HOUSE

AKO Capital Management Limited

Registered No: 5411627

Directors

N Tangen
D Woodburn

Secretary

D Woodburn

Auditor

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

Bankers

Svenska Handelsbanken AB
London West End
5th Floor, 13 Charles II Street
London, SW1Y 4QU

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 28 February 2014.

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 Capital LLP is an investment management organisation which was incorporated on 6 August 2005 and allowed to conduct investment business by the FCA on 14 July 2005.

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.

Directors

The directors of the company throughout the year ended 28 February 2014 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
2 May 2014

Registered No: 5411627

Strategic report

Results and dividends

The loss for the year after taxation amounted to £12,001 (2013 – loss of £31,000). No dividend is proposed and this amount will be transferred to reserves.

Future developments

As stated above the company acts as a service company to AKO Capital LLP. The directors do not foresee any significant changes in the nature or scope of its activities.

Risk management

As a service company to AKO Capital LLP principal risk ultimately affecting the company is the performance of the funds under the management of AKO Capital LLP as these generate that entity's revenue. The immediate risk of underperforming funds is a decline in revenues, and, longer term, the risk of redemptions.

Going concern

The expenses incurred by the company are either recharged to AKO Capital LLP or covered by an allocation of profit from that entity. Therefore the fundamental factor in the company's 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.

On behalf of the board



David Woodburn,
Director
2 May 2014

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, 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 28 February 2014 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 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 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 28 February 2014 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.

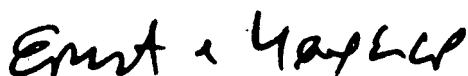
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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 (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

7 May 2014

Profit and loss account

for the year ended 28 February 2014

	Notes	2014 £	2013 £
Income			
Partnership profit share	2	87,790	147,598
Administrative expenses		4,415,656	3,537,016
Less expense recharged		(4,328,928)	(3,391,991)
Operating profit	5	1,062	2,573
Interest receivable and similar income		943	95
Interest payable and similar charges	6	(2,006)	(2,668)
Profit on ordinary activities before taxation		(1)	-
Taxation on profit on ordinary activities	7	(12,000)	(31,000)
Loss for the financial period		(12,001)	(31,000)

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 £12,001 (2013 – £31,000).

The notes on pages 9 to 15 form an integral part of these financial statements.

Balance sheet

at 28 February 2014

	Notes	2014 £	2013 £
Fixed asset			
Tangible assets	8	101,937	107,471
Investment	9	998,000	898,000
		<u>1,099,937</u>	<u>1,005,471</u>
Current assets			
Debtors	10	559,357	553,437
Cash at bank and in hand		429,140	222,359
		<u>988,497</u>	<u>775,796</u>
Creditors: amounts falling due within one year	11	1,811,420	1,492,252
Net current liabilities		<u>(822,923)</u>	<u>(716,456)</u>
Total assets less liabilities		<u>277,014</u>	<u>289,015</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	276,014	288,015
Equity shareholders' funds	13	<u>277,014</u>	<u>289,015</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 2 May 2014

and signed on its behalf by:



David Woodburn
Director

The notes on pages 9 to 15 form an integral part of these financial statements.

Statement of cash flows

for the year ended 28 February 2014

		2014	2013
	Notes	£	£
Net cash inflow from operating activities	14(a)	395,593	493,273
Returns on investments and servicing of finance	14(b)	(1,063)	(2,573)
		<u>394,530</u>	<u>490,700</u>
Capital expenditure and financial investment	14(b)	(162,123)	(333,591)
Taxation		(25,626)	(28,957)
Increase in cash	14(c)	<u>206,781</u>	<u>128,152</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

Notes to the financial statements

at 28 February 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis under the historic cost convention in accordance with applicable UK accounting standards.

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.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred. The value of any rent free periods is amortised over the life of the lease.

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.

Notes to the financial statements

at 28 February 2014

3. Staff costs

	2014	2013
	£	£
Wages and salaries	1,807,494	1,378,920
Social security costs	326,562	250,481
Pension	117,995	70,391
	<u>2,252,051</u>	<u>1,699,792</u>

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

	2014	2013
	No.	No.
Administration	10	8
Research	28	20
	<u> </u>	<u> </u>

4. Directors' emoluments

Neither director received any emoluments for services to the company during the year ended to 28 February 2014.

5. Operating profit

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets	67,657	63,487
Loss on disposal of fixed assets	-	33,949
Auditors' remuneration		
- Fees payable to auditor for audit of financial statements	21,500	21,000
- Fees payable to auditor for non-audit services	8,320	23,580
- Tax services	9,495	7,540
Operating lease – land and buildings	370,818	367,558
	<u> </u>	<u> </u>

6. Interest payable and similar charges

	2014	2013
	£	£
Bank interest payable	2,006	2,668
	<u> </u>	<u> </u>

Notes to the financial statements

at 28 February 2014

7. Tax on profit on ordinary activities

(a) Analysis of tax charge for the period

	2014	2013
	£	£
The tax charge is made up as follows:		
UK corporation tax on profit of the period	17,981	31,607
Adjustment to prior period tax charge	(5,981)	(607)
Total current tax – note 7 (b)	<u>12,000</u>	<u>31,000</u>

(b) Factors affecting the tax charge for the period:

The tax assessed for the period is the standard rate of corporation tax in the UK applicable to small companies of 20% (2013 – Standard corporation tax rate of 24%). The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>(1)</u>	<u>-</u>
Profit on ordinary activities before tax at 20% (2013 - 24%)	-	-
Effect of:		
Disallowed expenses and non-taxable income	17,333	34,790
Timing differences	648	501
Adjustments to prior period tax charge	(5,981)	(607)
Marginal relief	-	(3,684)
Current tax charge for the period	<u>12,000</u>	<u>31,000</u>
There is no unprovided deferred tax.		

Notes to the financial statements

at 28 February 2014

8. Tangible fixed assets

	<i>Fixtures, fittings and appliances</i>	<i>Computer equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 28 February 2013	98,156	199,190	352,309	649,655
Additions	13,571	33,203	15,349	62,123
Disposals	-	-	-	-
At 28 February 2014	111,727	232,393	367,658	711,778
Depreciation:				
At 28 February 2013	76,452	140,619	325,113	542,184
Charge for the year	15,186	39,566	12,905	67,657
Disposals	-	-	-	-
At 28 February 2014	91,638	180,185	338,018	609,841
Net book value:				
At 28 February 2014	20,089	52,208	29,640	101,937
At 29 February 2013	21,704	58,571	27,196	107,471

9. Fixed asset investment

	2014	2013
	£	£
Unlisted investments	998,000	898,000

The unlisted investment represents capital contributions made to AKO Capital LLP ("the LLP"). During the year to 28 February 2014 additional capital contributions of £100,000 were made (2013 – £250,000). The company does not control the LLP and consolidated accounts are not prepared.

10. Debtors

	2014	2013
	£	£
Rent deposits	470,026	469,083
Other debtors	71,398	67,598
Prepayments	17,933	16,756
	559,357	553,437

The rent deposit is recoverable after more than one year (2013 – after more than one year).

Notes to the financial statements

at 28 February 2014

11. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	30,959	14,401
Amounts due to AKO Capital LLP	600,501	298,140
Corporation tax	17,981	31,607
Accruals	261,979	248,104
Loan payable	900,000	900,000
	<u>1,811,420</u>	<u>1,492,252</u>

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

	<i>Issued</i>	<i>Issued</i>
	2014	2013
	No.	No.
Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 29 February 2012	1,000	319,015	320,015
Loss for the year	-	(31,000)	(31,000)
At 28 February 2013	1,000	288,015	289,015
Loss for the year	-	(12,001)	(12,001)
At 28 February 2014	<u>1,000</u>	<u>276,014</u>	<u>277,014</u>

Notes to the financial statements

at 28 February 2014

14. Notes to statement of cash flows

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

	2014	2013
	£	£
Operating profit	1,062	2,573
Depreciation charge	67,657	63,487
Loss on disposal of fixed assets	-	33,949
(Increase)/decrease in debtors	(5,920)	93,886
Increase in creditors	332,794	299,380
Net cash inflow from operating activities	395,593	493,275

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

	2014	2013
	£	£
Returns on investments and servicing of finance:		
Interest received	943	95
Interest paid	(2,006)	(2,668)
	(1,063)	(2,573)
Capital expenditure and financial investment:		
Payment to acquire tangible fixed assets	62,123	83,593
Acquisition of investments	100,000	250,000
	162,123	333,593

(c) Analysis

	At		At
	28 February	Cash	28 February
	2013	flow	2014
	£	£	£
Cash in hand	222,359	206,781	429,140

15. Operating lease commitments

At 28 February 2014 the company was committed to making the following payments in the next year in respect of operating leases:

	Land and buildings	Land and buildings
	28 February	28 February
	2014	2013
	£	£
Leases which expire:		
In two to five years (2013 – two to five years)	412,020	412,020

Notes to the financial statements

at 28 February 2014

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 £4,328,928 (2013 - £3,391,991) of expenses to the LLP and was allocated profits of £87,790 (2013 - £147,598) by that entity. At the year-end £600,501 was due from the company (2013 - £298,140 from the company) to AKO Capital LLP.

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 Tangen is the settlor is the ultimate controlling party.