

CZ Capital Services Limited

Annual Report and Consolidated Financial Statements

31 March 2012



CZ Capital Services Limited

Registered No 5617499

Directors

Charles Curtis
Steven Evans
Martyn Kearney
William Rushmer
Mark Stacpoole (appointed 18 January 2012)

Secretary

Throgmorton Secretaries LLP

Auditors

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

Bankers

The Royal Bank of Scotland
43 Curzon Street
London W1Y 7RF

Solicitors

Simmons & Simmons
City Point
One Ropemaker Street
London EC2Y 9SS

Registered Office

4th Floor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Directors' report

For the year ended 31 March 2012

The directors present their report and consolidated financial statements for the year ended 31 March 2012. The consolidated financial statements include those of CZ Capital LLP ("the LLP"), an entity controlled by CZ Capital Services Limited ("the Company"). The Group therefore comprises both CZ Capital LLP and CZ Capital Services Ltd.

Results and dividends

The Group profit for the year after taxation amounted to £1,419,492 (2011: £1,311,389) which has been carried forward. The directors did not pay an interim dividend during the year (2011: £Nil) and do not recommend the payment of a final dividend.

Principal activity and review of the business

The Group's principal activity is the provision of investment management services to a hedge fund, CZ Equilibria UK Fund Ltd.

The Group's key financial indicators during the year were as follows:

	2012	2011	Change
	£000	£000	%
Turnover	2,029	1,806	+12%
Operating profit	1,424	1,313	+8%
Profit after tax	1,419	1,311	+8%

Turnover increased by 12% during the year, primarily due to the increase in performance fee earned on the management of the CZ Equilibria UK Fund Ltd for the year to 31 December 2011. At this stage it is not possible to indicate the level of performance fee expected for the current year as this will not crystallise until 31 December 2012 and will be driven by the performance achieved for the fund to that date.

Operating profit increased by 8%, mainly resulting from the increase in performance fee as mentioned above.

Future development

The future development of the business is dependent on maintaining a satisfactory performance record for the CZ Equilibria UK Fund Ltd. During March 2012 an investment management agreement was signed with a third party for the management of a managed account.

Principal risks and uncertainties

The key business risks and uncertainties affecting the business are considered to relate to the performance of the underlying fund managed by the Group.

The Group is not exposed to any significant price, credit, liquidity or cash flow risk.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business above. The financial position of the Group and its liquidity position are reflected on the balance sheet. The Group has sufficient financial resources and an on-going investment management contract. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the group has 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.

Donations

During the year the Group made charitable donations of £1,596 (2011: £1,766).

Directors' report

For the year ended 31 March 2012

Directors

The directors as at close of business on 31 March 2012 are set out below

Charles Curtis

Steven Evans

Martyn Kearney

William Rushmer

Mark Stacpoole (appointed 18 January 2012)

Auditors

In accordance with s485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the members at the Annual General Meeting

Directors' Statement as to the Disclosure of information to Auditors

Having made enquiries of fellow Directors and the Group's auditors, each director confirms that

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Group's auditors are unaware, and
- Each Director has taken all steps which a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information

On behalf of the board



Charles Curtis

Director

Date 23 July 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 group and the company and of the profit or loss of the group for that period. In preparing those 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 CZ Capital Services Limited

We have audited the group and company financial statements of CZ Capital Services Limited for the year ended 31 March 2012 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flows Statement and the related notes 1 to 21. 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 auditors' 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 auditors

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 group's and the parent 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 of the financial and non-financial information in the Report and Consolidated 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

In our opinion the financial statements

- give a true and fair view of the state of the group's and company's affairs as at 31 March 2012 and of the group's 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

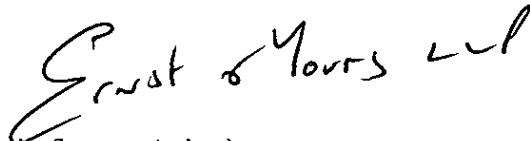
Independent auditor's report

to the members of CZ Capital Services Limited

Matter 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 by the parent company, or returns adequate for our audit have not been received, or
- the parent company 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



Jeremy Young (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date

23rd July 2012

Consolidated profit and loss account

for the year ended 31 March 2012

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> £
Turnover			
Management and performance fees	2	2,029,075	1,805,905
Other operating income		165,110	163,330
Administrative expenses		(770,647)	(655,974)
Operating profit	3	1,423,538	1,313,261
Bank interest		841	951
Foreign exchange loss		(2,245)	(335)
Profit on ordinary activities before taxation		1,422,134	1,313,877
Tax on profit on ordinary activities	6	(2,642)	(2,488)
Profit for the year		1,419,492	1,311,389
Minority Interest	13	(1,410,386)	(1,304,038)
Retained profit		9,106	7,351

Consolidated statement of total recognised gains and losses

There are no recognised gains or losses other than the profit shown in the profit and loss account. The results of the Group are wholly attributable to continuing operations.

The accompanying notes 1 to 21 form a part of the Consolidated Financial Statements

Consolidated balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	8	8,801	5,205
Current assets			
Debtors amounts falling due within one year	9	1,132,952	727,517
Debtors amounts falling due after more than one year	10	36,760	36,530
Cash at bank		879,615	1,162,800
		2,049,327	1,926,847
Creditors amounts falling due within one year	11	(110,942)	(100,320)
Net current assets		1,938,385	1,826,527
Total assets less liabilities		1,976,186	1,831,732
Creditors amounts falling due after more than one year			
Subordinated loan	12	(40,000)	(40,000)
Minority interest	13	(1,863,386)	(1,757,038)
Net assets		43,800	34,694
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	16	33,800	24,694
Shareholders' funds	16	43,800	34,694

The financial statements on pages 7 to 19 were approved by the Board of Directors on 23 July 2012 and are signed on its behalf by



Charles Curtis

Director

Date 23 July 2012

The accompanying notes 1 to 21 form a part of the Consolidated Financial Statements

Company balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	7	47,000	47,000
Tangible fixed assets	8	82	-
		<u>47,082</u>	<u>47,040</u>
Current assets			
Debtors amounts falling due within one year	9	60,380	53,888
Cash at bank		38,413	31,025
		<u>98,793</u>	<u>84,913</u>
Creditors amounts falling due within one year	11	(62,075)	(57,219)
Net current assets		<u>36,718</u>	<u>27,694</u>
Total assets less liabilities		<u>83,800</u>	<u>74,694</u>
Creditors amounts falling due after more than one year			
Subordinated loan	12	(40,000)	(40,000)
Net assets		<u>43,800</u>	<u>34,694</u>
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	16	33,800	24,694
Shareholders' funds	16	<u>43,800</u>	<u>34,694</u>

The financial statements on pages 7 to 19 were approved by the Board of Directors on 23 July 2012 and are signed on its behalf by



Charles Curtis

Director

Date 23 July 2012

The accompanying notes 1 to 21 form a part of the Consolidated Financial Statements

Consolidated statement of cash flows

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	18(a)	1,443,803	1,381,036
Returns on investments and servicing of finance	18(b)	841	951
Taxation (paid)/refunded	18(b)	(2,488)	10,205
Capital expenditure and financial investments	18(b)	(6,303)	(5,488)
Distribution to partners and drawings	18(b)	(1,719,038)	(1,053,710)
(Decrease)/increase in cash		<u>(283,185)</u>	<u>332,994</u>

The accompanying notes 1 to 21 form a part of the Consolidated Financial Statements

Notes to the consolidated financial statements

at 31 March 2012

1. Accounting policies

Basis of preparation

The Consolidated and Company financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and accounting standards applicable in the United Kingdom (United Kingdom Generally Accepted Accounting Practice)

The consolidated and company financial statements are presented in Sterling, the primary and functional currency of operations of the Group

Comparative figures are for the year ended 31 March 2011

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking, CZ Capital LLP (collectively the 'Group'). The Company acts as the managing member of CZ Capital LLP and has responsibility for the management and control of the business and the affairs of the subsidiary. No profit and loss account is presented for CZ Capital Services Limited as permitted by section 408 of the Companies Act 2006.

The financial statements of the subsidiary have been prepared and audited in accordance with United Kingdom Generally Accepted Accounting Practice.

All intercompany transactions and balances have been eliminated in the Group financial statements.

Investments

Investments are carried at cost less provision for any impairment in value in the balance sheet of the Company.

Tangible Fixed assets

All tangible fixed assets are recorded at cost and depreciated.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Computers and technology equipment	-	3 years
Fixtures and fittings	-	3 years

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 payment date are taken to the profit and loss account.

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

Expenses

All expenses are accounted for on an accruals basis.

Taxation and deferred taxation

The charge for taxation is based on the profit for the year 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.

Members' profit allocations

Discretionary profit allocations are recognised when formally approved by all of the members. Allocations made to members which are not considered discretionary are accrued as an expense to the profit and loss account.

Notes to the consolidated financial statements

at 31 March 2012

1. Accounting policies (continued)

Operating leases

All leased assets are held under operating leases and the total lease payments are charged on a straight-line basis over the life of the lease

Pension policy

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they are accrued

Other operating income

Other operating income refers to fees receivable in respect of administrative services provided to a third-party

2. Turnover

Turnover, which is stated net of value added tax, represents management and performance fees receivable for investment management services provided to a fund domiciled in the Cayman Islands. Fees are recognised on a receivable basis and are measured at the fair value of the consideration received, net of value added tax. All income in the year arose from continuing activities in the UK.

3. Operating profit

This is stated after charging

	<i>Group</i> <i>2012</i>	<i>Group</i> <i>2011</i>
	£	£
Auditors' remuneration		
Audit services	21,000	21,000
Taxation services	10,450	6,000
Operating lease rentals	213,138	203,077
Depreciation	2,707	2,659
	<u>225,728</u>	<u>168,817</u>

	<i>Company</i> <i>2012</i>	<i>Company</i> <i>2011</i>
	£	£
Auditors' remuneration		
Audit services	12,000	12,000
Taxation services	6,050	4,100
Operating lease rentals	1,906	2,132
Depreciation	27	40
	<u>225,728</u>	<u>168,817</u>

4. Staff costs

	<i>2012</i>	<i>2011</i>
	£	£
Wages and salaries	200,000	150,795
Social security costs	25,728	18,022
	<u>225,728</u>	<u>168,817</u>

Notes to the consolidated financial statements

at 31 March 2012

4. Staff costs (continued)

The average number of employees during the year was as follows

	2012 No	2011 No
Administration/compliance	2	2
Fund management	-	-
	<u>2</u>	<u>2</u>

5. Directors' emoluments

The aggregate payroll costs relating to directors were as follows

	2012 £	2011 £
Aggregate cost	<u>33,952</u>	<u>-</u>

6. Tax on profit on ordinary activities

The corporation tax charge is detailed below

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax UK corporation tax on profit of the year	2,642	2,488
Deferred tax charge (see note 15)	-	-
	<u>2,642</u>	<u>2,488</u>

(b) Factors affecting tax charge for year

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	1,422,134	1,313,877
Profit on ordinary activities multiplied by full rate of corporation tax in the UK of 26% (2011 28%)	369,755	367,886
Effects of		
- Profit taxable on other members of the subsidiary undertaking	(366,700)	(365,131)
- Non-deductible expenses	401	562
- Capital allowances in excess of depreciation	(21)	-
- Marginal relief	(793)	(829)
	<u>2,642</u>	<u>2,488</u>

Notes to the consolidated financial statements

at 31 March 2012

7. Investments

Company

	£
Cost	
At 31 March 2012 and 31 March 2011	47,000

Details of the subsidiary undertaking are as follows

<i>Name of company</i>	<i>Proportion of voting rights and capital contributed</i>	<i>Country of registration and operation</i>
CZ Capital LLP*	9.4%	England

* Direct holding

The company's investment in its subsidiary undertaking at the year-end represented 9.4% (2011: 9.4%) of that entity's voting rights and capital

The company controls CZ Capital LLP, as its managing member

8. Tangible fixed assets

<i>Group</i>	<i>Computers and technology £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost			
At 1 April 2011	10,453	691	11,144
Additions	6,194	109	6,303
Disposals	-	(691)	(691)
At 31 March 2012	16,647	109	16,756
Depreciation			
At 1 April 2011	5,248	691	5,939
Charged during the year	2,680	27	2,707
Disposals	-	(691)	(691)
At 31 March 2012	7,928	27	7,955
Net book value			
At 31 March 2012	8,719	82	8,801
Net book value			
At 31 March 2011	5,205	-	5,205

Notes to the consolidated financial statements

at 31 March 2012

8. Tangible fixed assets (continued)

<i>Company</i>	<i>Computers and technology £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost			
At 1 April 2011	-	691	691
Additions	109	-	109
Disposals	-	(691)	(691)
At 31 March 2012	109	-	109
Depreciation			
At 1 April 2011	-	691	691
Charged during the year	27	-	27
Disposals	-	(691)	(691)
At 31 March 2012	27	-	27
Net book value			
At 31 March 2012	82	-	82
Net book value			
At 31 March 2011	-	-	-

9. Debtors amounts falling due within one year

	<i>Group 2012 £</i>	<i>Group 2011 £</i>
Amounts due from members	965,000	550,000
Fees receivable due from CZ Capital Services (Cayman) Ltd	98,874	111,819
Other fees receivable	16,500	15,300
Prepayments	39,686	43,651
VAT recoverable	12,892	6,747
	<u>1,132,952</u>	<u>727,517</u>
	<i>Company 2012 £</i>	<i>Company 2011 £</i>
Amounts due from CZ Capital LLP	25,824	20,919
Other fees receivable	16,500	15,300
Prepayments	18,056	17,669
	<u>60,380</u>	<u>53,888</u>

10. Debtors: amounts falling due after more than one year

	<i>Group 2012 £</i>	<i>Group 2011 £</i>
Rent deposits	36,760	36,530

Notes to the consolidated financial statements

at 31 March 2012

11. Creditors: amounts falling due within one year

	<i>Group</i> <i>2012</i> £	<i>Group</i> <i>2011</i> £
Trade creditors	64,935	44,474
Corporation tax	2,642	2,488
Accruals	43,365	53,358
	<u>110,942</u>	<u>100,320</u>
	<i>Company</i> <i>2012</i> £	<i>Company</i> <i>2011</i> £
Trade creditors	25,738	20,439
Accruals	33,165	34,203
Corporation tax	2,642	2,488
VAT payable	530	89
	<u>62,075</u>	<u>57,219</u>

12. Subordinated Loan

	<i>Group</i> <i>2012 & 2011</i> £	<i>Company</i> <i>2012 & 2011</i> £
Subordinated loan	40,000	40,000

On 1 March 2006 the Company received an interest-free £40,000 unsecured subordinated loan from its parent company, CZ Capital Services (Cayman) Limited. The loan is repayable upon the expiry of 3 months' written notice, providing that such notice shall expire on a date after 15 May 2011 and the prior written consent of the Financial Services Authority has first been obtained.

13. Minority interest

Minority interests represent the interests of the other members of CZ Capital LLP and their share of the LLP's retained reserves.

	<i>2012</i> £	<i>2011</i> £
At 1 April 2011	(1,757,038)	(2,089,710)
Profit allocation distributed	1,304,038	1,636,710
Share of retained profits of CZ Capital LLP	(1,410,386)	(1,304,038)
	<u>(1,863,386)</u>	<u>(1,757,038)</u>

Notes to the consolidated financial statements

at 31 March 2012

14. Authorised and issued share capital

Group and Company

Allotted, called up and fully paid

	2012 No	2011 No
Ordinary shares of £1 each	10,000	10,000
	£	£
Ordinary shares of £1 each	10,000	10,000

15. Deferred taxation

There is no deferred tax asset or liability for the Group or the Company for the current year (2011 £Nil)

16. Reconciliation of shareholders' funds and movements on reserves

Group and Company

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 31 March 2011	10,000	24,694	34,694
Profit for the year	-	9,106	9,106
At 31 March 2012	10,000	33,800	43,800

17 Related party transactions

The Company is the managing member of CZ Capital LLP which has been appointed by CZ Capital Services (Cayman) Limited to provide investment management services to a hedge fund, CZ Equilibria UK Fund Limited

CZ Capital Services (Cayman) Limited is itself the Manager of the fund. Amounts due from CZ Capital Services (Cayman) Ltd are disclosed in note 9

Investment management fee income amounting to £2,029,075 (2011 £1,805,905) is included in turnover in the profit and loss account and amounts due to CZ Capital LLP from CZ Capital Services (Cayman) Limited at the year-end were £98,874 (2011 - £111,819)

CZ Capital Services (Cayman) Limited is owned by one of the directors of the Company

During the year a distribution amounting to £1,304,038 (2011 £1,636,710) was paid to certain of the directors in their capacity as members of CZ Capital LLP

Notes to the consolidated financial statements

at 31 March 2012

18. Notes to the group statement of cash flows

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

	2012	2011
	£	£
Operating profit	1,423,538	1,313,261
Depreciation	2,707	2,659
Decrease in debtors	9,335	49,352
Increase in creditors	10,468	16,099
Foreign exchange loss	(2,245)	(335)
	<u>1,443,803</u>	<u>1,381,036</u>

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

	2012	2011
	£	£
Returns on investments and servicing of finance		
Bank interest received	<u>841</u>	<u>951</u>
Taxation		
Corporation tax refunded/(paid)	<u>(2,488)</u>	<u>10,205</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	<u>(6,303)</u>	<u>(5,488)</u>
Distribution to partners and drawings		
Distribution to partners	(754,038)	(503,710)
Drawings	(965,000)	(550,000)
	<u>(1,719,038)</u>	<u>(1,053,710)</u>

(c) Analysis of changes in net funds

	At 1 April 2011 £	Cash flows £	At 31 March 2012 £
Cash at bank	<u>1,162,800</u>	<u>(283,185)</u>	<u>879,615</u>

19. Operating lease commitments

At 31 March 2012 the company had annual commitments under non-cancellable leases as set out below

	Group 2012 £	Group 2011 £
Operating leases which expire In one year	<u>213,059</u>	<u>211,919</u>

Notes to the consolidated financial statements

at 31 March 2012

19 Operating lease commitments (continued)

	<i>Company</i> <i>2012</i>	<i>Company</i> <i>2011</i>
	<i>£</i>	<i>£</i>
Operating lease which expires In one year	800	998

20. Commitments and Contingencies

There are no other financial commitments or contingencies at the year-end (2011 - £Nil)

21. Parent undertaking and ultimate controlling party

The parent undertaking of CZ Capital Services Limited is CZ Capital Services (Cayman) Limited, a company incorporated in the Cayman Islands

The ultimate controlling party of the group is Mr Charles Curtis, who owns 100% of CZ Capital Services (Cayman) Limited