

Candover Services Limited

Financial Statements

31st December 2015

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COMPANIES HOUSE

Registered No 1478153

CANDOVER SERVICES LIMITED

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CANDOVER SERVICES LIMITED

CORPORATE INFORMATION

Director

Malcolm J Fallen

Secretary

IPES (UK) Limited
9th Floor
No.1 Minster Court
Mincing Lane
London EC3R 7AA

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

Administrator

IPES (UK) Limited
9th Floor
No.1 Minster Court
Mincing Lane
London EC3R 7AA

Registered office

34 Lime Street
London EC3M 7AT
Registered No 1478153

CANDOVER SERVICES LIMITED

STRATEGIC REPORT

The director presents the Strategic Report of Candover Services Limited ("the Company") for the year ended 31st December 2015, including an assessment of the risks impacting the Company.

Business overview

The Company's business is to provide resources and services to Candover Investments plc.

The director is responsible for the overall stewardship of the Company and there have been no changes in the directorship for the last 12 months. The Company has one employee.

The Company's performance for the year is available in the Report of the Director on page 5 which forms part of the Strategic Report.

Analysis of current and future development

A review of the year and outlook is provided in the Report of the Director on page 5.

Principal risks and uncertainties

The Company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to, or from, group undertakings that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been changed from previous years and interest risk is no longer considered as a main risk.

- Currency risk - the Company is exposed to translation and transaction foreign exchange risk. Certain risks of the Company's financial liabilities arise in currencies other than Sterling. Foreign exchange differences on retranslation of these liabilities are taken to the Statement of Comprehensive Income of the Company. The Company actively reviews its exposure to currency fluctuations and will, where appropriate, take actions to mitigate such risks.
- Liquidity risk - The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Key performance indicators

The Company has deemed no key performance indicators to be relevant for the review of the business.

The Strategic Report was approved by the Board on 18th July 2016 and was signed by its sole director.



M J Fallen
Director
34 Lime Street
London EC3M 7AT

18th July

2016

CANDOVER SERVICES LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with the financial statements for the year ended 31st December 2015.

1. **Principal activity**

The Company continues to provide resources and services to Candover Investments plc.

2. **Income and results**

The income for the year amounted to £339,064 (2014: £1,385,560) and there was a profit for the year amounting to £688,387 (restated 2014: £1,007,931). The director does not recommend the payment of a dividend for the year (2014: £nil).

3. **Review of the business and future developments**

The director considers both the performance of the Company throughout the year and the year end position to be satisfactory and that the Company is correctly structured for its future activity.

4. **Financial risk management objectives and policies**

As reported in the Strategic Report on page 4, the Company is exposed to the risks and uncertainties of the financial instruments. The Company expects continued support from its Parent, Candover Investments plc which provides comfort over the exposure of these risks.

5. **Director**

M Fallen served as the sole director of Candover Services Limited throughout the year.

6. **Director's contracts**

No director of the Company has or has had during the year a significant interest in any contracts with the Company.

7. **Disclosure of information to auditors**

Pursuant to section 418 (2) of the Companies Act 2006, the director confirms that (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and (b) he has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

8. **Going concern**

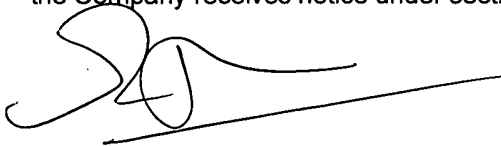
Taking into account its positive net assets and future prospects of the Group, the director considers there to be sufficient resources to meet its liabilities and concludes that it is appropriate to prepare the accounts on a going concern basis.

CANDOVER SERVICES LIMITED

REPORT OF THE DIRECTOR (Continued)

9. Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.



M J Fallen
Director
34 Lime Street
London EC3M 7AT

13th / July 2016

CANDOVER SERVICES LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES
FOR THE FINANCIAL STATEMENTS

Director's Responsibilities Statement

The director is responsible for preparing the Director's 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. The director has elected to prepare the financial statements in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable 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.

In so far as the director is aware:

- there is no relevant audit information of which the Company's auditor are unaware; and
- the director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF

CANDOVER SERVICES LIMITED

Independent auditor's report to the members of Candover Services Limited

We have audited the financial statements of Candover Services Limited for the year ended 31 December 2015 which comprise the accounting policies, the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102

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 auditor

As explained more fully in the Director's Responsibilities Statement set out on page 7, 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

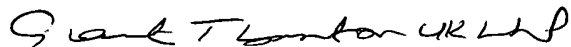
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director and the Strategic 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.



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

13 July 2016

CANDOVER SERVICES LIMITED
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31st DECEMBER 2015

a) Basis of preparation

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below and in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and Company Act 2006.

The principal accounting policies of the Company are set out below. This is the first year the financial statements have been prepared under FRS102. The policies have been changed to align with FRS 102.

The Company is exempt from preparing consolidated financial statements under s400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not as a group.

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

b) Income

Income arose from fees charged for the provision of resources and services to Candover Investments Plc. Income also arose from interest income due from a Co-investment loan provided to previous employees of the company and the write-back of a leasehold property provision which has been classified as an exceptional item.

These fees are recognised under the accruals basis, other fees are recognised in full once a contractual obligation is created for the third party and the service provided.

Interest income is recognised using the effective interest rate method.

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

c) Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Company's financial statements, the results and the financial position are presented in Sterling (£).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

CANDOVER SERVICES LIMITED
ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31st DECEMBER 2015

d) Contributions to pension funds

The Company contributes towards a number of funded defined contribution pension and funded unapproved retirement benefit schemes designed to provide retirement benefits for its director and employees. The assets of the schemes are held separately from the Company in independently administered funds. The pension cost charged represents contributions payable by the Company to the schemes in respect of the accounting period.

e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

f) Property provision

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

g) Cash flow

The Company has used the exemption under FRS 102 not to prepare a Statement of Cash Flows, as a consolidated Statement of Cash Flows is included in the financial statements of its ultimate controlling party.

h) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

i) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

j) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

CANDOVER SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER

	<u>Notes</u>	<u>2015</u> £	<u>2014</u> (restated) £
Income	3	339,064	1,385,560
Administrative expenses	4	<u>(340,171)</u>	<u>(359,799)</u>
Operating (loss) / profit		(1,107)	1,025,761
Exceptional non-recurring gain / (costs)	3, 20	484,400	(222,792)
Interest and other income receivable	5	<u>205,277</u>	<u>210,217</u>
		688,570	1,013,186
Foreign exchange (loss) / gain		(87)	557
Realised loss on investments		-	(5,614)
Interest and bank charges	6	<u>(96)</u>	<u>(198)</u>
Profit on ordinary activities before taxation	3	688,387	1,007,931
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Comprehensive income for the financial year	12	<u>688,387</u>	<u>1,007,931</u>
Comprehensive income for the financial year attributable to Shareholders		<u>688,387</u>	<u>1,007,931</u>

There are no other Comprehensive income items for the year.


All transactions arise from continuing operations.

The accounting policies on pages 9 and 10 and notes on pages 14 to 22 form part of these financial statements.

CANDOVER SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER

	<u>Notes</u>	<u>2015</u>	<u>2014</u> (restated)
		£	£
Debtors over one year	8	<u>3,553,977</u>	<u>3,942,202</u>
		3,553,977	3,942,202
Current assets			
Debtors	8	31,987,501	31,691,365
Cash at bank and in hand		<u>310,005</u>	<u>44,014</u>
		32,297,506	31,735,379
Creditors: amounts falling due within one year	9	<u>(49,166)</u>	<u>(563,651)</u>
Net current assets		32,248,340	31,171,728
Total assets less current Liabilities		<u>35,802,317</u>	<u>35,113,930</u>
Called up reserves			
Called up share capital	10	4,400,000	4,400,000
Retained earnings	11	31,402,317	30,713,930
Shareholder's funds	12	<u>35,802,317</u>	<u>35,113,930</u>

The financial statements were approved on behalf of the Board of Directors on 15 July 2016.


M J Fallen
DIRECTOR

The accounting policies on pages 9 and 10 and notes on pages 14 to 22 form part of these financial statements.

Company registered number 1478153

CANDOVER SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER

	Called up share capital £	Retained earnings £ (restated)	Total £
Balance as at 1 January 2014	4,400,000	29,705,999	34,105,999
Net profit after tax	-	1,007,931	1,007,931
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2014	<u>4,400,000</u>	<u>30,713,930</u>	<u>35,113,930</u>
Balance as at 1 January 2015	4,400,000	30,713,930	35,113,930
Net profit after tax	-	688,387	688,387
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2015	<u>4,400,000</u>	<u>31,402,317</u>	<u>35,802,317</u>

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

1. Company information

Candover Services Limited was incorporated on 8 February 1980. The address of its registered office is 34 Lime Street, London EC3M 7AT.

The business was established to provide resources and services to Candover Investments plc.

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

3. Income and profit on ordinary activities before taxation

The income and profit before taxation are attributable to fees charged for the provision of resources and services to Candover Investments plc. All income arose from continuing activities as well the write-back of a leasehold property provision which has been classified as an exceptional item.

4. Administrative expenses

	<u>2015</u>	<u>2014</u>
	£	£
Administrative expenses include:		
Staff costs	144,675	143,885
Other costs	83,013	107,076
Operating lease rentals – building	112,483	108,838
	<u>340,171</u>	<u>359,799</u>
Staff costs:		
Salaries and bonuses	95,842	94,330
Social security costs	13,188	13,454
Pension, insurance and other costs	35,645	36,101
	<u>144,675</u>	<u>143,885</u>

The average number of employees of the Company during the year was 1 (2014: 1) providing the Company's support services.

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

4. Administrative expenses (continued)

Auditor's remuneration

	<u>2015</u>	<u>2014</u>
	£	£
Fees for the audit of the Company	<u>12,000</u>	<u>12,000</u>

Fees paid to the Company's auditor, Grant Thornton UK LLP and its associates for services other than the statutory audit of the Company are not disclosed in the accounts since the consolidated accounts of the ultimate parent company Candover Investments plc, are required to disclose non-audit fees on a consolidated basis.

M Fallen served as the sole director of Candover Services Limited throughout the year.

5. Interest and other income receivable

	<u>2015</u>	<u>2014</u>
	£	£
Interest on deposits	187	55
Co-investment loan interest	205,090	205,987
Other sundry income	-	4,175
	<u>205,277</u>	<u>210,217</u>

6. Interest and bank charges

	<u>2015</u>	<u>2014</u>
	£	£
Bank charges	<u>96</u>	<u>198</u>

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

7. Tax on profit on ordinary activities

The analysis of the charge in the year is as follows:

	<u>2015</u>	<u>2014</u>
	£	£
Current tax:		
UK corporation tax on profits of the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

The factors affecting the tax charge for the year are as follows:

	<u>2015</u>	<u>2014</u>
	£	£
Profit on ordinary activities before tax	688,387	1,012,988
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20.25% (2014: 21.5%)	139,398	217,793
Effects of:		
Capital allowances for the year in excess of Depreciation	(27,958)	(36,200)
Other short term timing differences	-	(58,628)
Expenses not deductible for tax purposes	221	79
Exempt dividend income	-	-
Group relief	(21,608)	(8,333)
Tax losses utilised / unutilised in year	(90,053)	(114,711)
Current tax credit / (charge) for the year	-	-

CANDOVER SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31st DECEMBER 2015

8. Debtors

	<u>2015</u>	<u>2014</u>
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	31,895,812	31,562,543
Social Security and other taxes	70,787	107,787
Prepayments and accrued income	<u>20,902</u>	<u>21,035</u>
	31,987,501	31,691,365
Amounts falling due after more than one year:		
Other debtors	<u>3,553,977</u>	<u>3,942,202</u>
	3,553,977	3,942,202
	<u><u>35,541,478</u></u>	<u><u>35,633,567</u></u>

Other debtors more than one year represent advances made to facilitate the co-investment in the Candover 2001, 2005 and 2008 Funds, which carry an interest rate of 5%, 5% and 4% respectively.

9. Creditors: amounts falling due within one year

	<u>2015</u>	<u>2014</u>
	£	£
Other creditors	9,455	8,328
Accruals and provisions	<u>39,711</u>	<u>555,323</u>
	<u><u>49,166</u></u>	<u><u>563,651</u></u>

CANDOVER SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31st DECEMBER 2015

10. Share capital

	<u>2015</u>	<u>2014</u>
	£	£
Shares issued and fully paid: 4,400,000 Ordinary shares of £1 each (2014: 4,400,000)	<u>4,400,000</u>	<u>4,400,000</u>

11. Retained earnings

	<u>2015</u>	<u>2014</u>
	£	£
At 1st January	30,713,930	29,705,999
Comprehensive income for the financial year	<u>689,453</u>	<u>1,007,931</u>
At 31st December	<u>31,402,317</u>	<u>30,713,930</u>

12. Reconciliation of movements in shareholders' funds

	<u>2015</u>	<u>2014</u>
	£	£
Opening shareholders' funds	35,113,930	34,105,999
Comprehensive income for the financial year	<u>688,387</u>	<u>1,007,931</u>
Closing shareholders' funds	<u>35,802,317</u>	<u>35,113,930</u>

13. Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities at 31st December 2015 or 31st December 2014.

14. Lease commitments

The Company has no operating lease commitments relating to buildings due within one year as at 31 December 2015 (2014: £nil).

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

15. Property provision

	<u>2015</u>	<u>2014</u>
	£	£
At 1st January 2015	498,000	1,602,005
Provision used in the year	(13,600)	(726,797)
Effect of unwinding discount	-	124,792
Property provision write back	<u>(484,400)</u>	<u>(502,000)</u>
At 31st December 2015	<u>-</u>	<u>498,000</u>

The Company was the ultimate guarantor of a leasehold property that had a series of three individual leases which expired on, or around, 25 December 2014. Historically, provision was made for the estimated fair value of unavoidable lease payments together with an estimate of the associated cost of rates, service charges and potential reinstatement costs. At 31 December 2015, the provision has been fully written back.

16. Pension commitments

The Company contributes towards a defined contribution pension scheme designed to provide retirement benefits for its employee. The assets of the scheme are held separately from the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the schemes in respect of the accounting period and amounted to £11,758 (2014: £13,542).

17. Transactions with related parties

As a wholly owned subsidiary of Candover Investments plc, the Company is exempt from the requirements to disclose transactions with other members of the group headed by Candover Investments plc.

A number of former directors and former employees collectively have a co-investment in the funds managed by Arle Capital Partners (formerly Candover Partners Limited).

18. Ultimate holding company

The ultimate holding company of the Company is Candover Investments plc, by virtue of its 100% holding in Candover Services Limited, which is registered in England & Wales. Copies of the group accounts of Candover Investments plc can be obtained from 34 Lime Street, London, EC4M 7AT.

Candover Investments plc is the largest and smallest group of undertakings for which group accounts are drawn up.

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

19. Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash in hand and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Other financial assets, including investments in equity instruments which are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged cancelled or expires.

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

20. Exceptional non-recurring costs

	<u>2015</u>	<u>2014</u>
	£	£
Property costs	-	726,797
Property provision release	-	(726,797)
Effect of unwinding discount (see note 13)	-	(124,792)
Property provision write back (see note 13)	484,000	502,000
	<hr/> 484,000	<hr/> 377,208
Co-investment loan provision	<hr/> -	<hr/> (600,000)
Total exceptional gain / (costs)	<hr/> 484,000	<hr/> (222,792)

Property costs relate to the cost of rent, rates and service charge from 1st January to 31st December, which are not regular operating costs of the underlying business. The property provision has been written-back by £484,000 following the expiry of the leases on, or around, 25 December 2014.

Other costs relate to a provision against non recourse co-investment loan and liquidation cost of subsidiaries.

21. Subsequent events

There were no events to report after the year end.

22. Transition to FRS 102

This is the first year where the Company has presented its results under FRS 102. The last audited financial statements prepared using UK GAAP was for the year ended 31 December 2014. The effective date of transition to FRS 102 was 1 January 2015.

CANDOVER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 2015

22. Transition to FRS 102 (continued)

The resulting adjustments from the implementation of this reporting standard have been set out below in a reconciliation of the profit.

	31 December 2014 £
Reconciliation of profit for the year:	
Profit for the year as previously reported	1,012,988
Currency translation differences on foreign currency	557
Realised loss on investments	<u>(5,614)</u>
Restated Profit for the year under FRS 102	<u>1,007,931</u>

Realised gains or loss on revaluation of investments

Previously, realised gains and losses on disposal of investments were included in the Balance Sheet. Under FRS 102 all changes in fair value of financial instruments and realised gains and losses should be recognised in the Statement of Comprehensive Income.