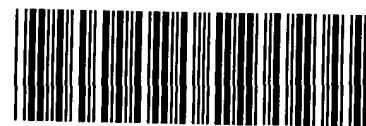


**Candover Services Limited**

**Financial Statements**

**31st December 2014**

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Registered No 1478153

**CANDOVER SERVICES LIMITED**

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## **CANDOVER SERVICES LIMITED**

### **STRATEGIC REPORT**

The director presents the Strategic Report of Candover Services Limited ("the Company") for the year ended 31st December 2014, 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 4 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 4.

#### **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.

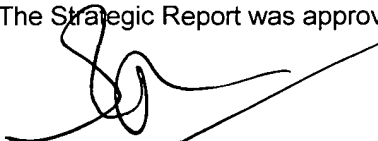
The main risks arising from the Company's financial instruments are currency risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been changed from previous years and interest risk is no longer considered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

- Currency risk - the Company is exposed to translation and transaction foreign exchange risk. Certain of the Company's financial liabilities arise in currencies other than Sterling. Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account 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 13 August 2015 and was signed by its sole director.



M.J. Fallen  
Director  
34 Lime Street  
London EC3M 7AT

13 August 2015

## **CANDOVER SERVICES LIMITED**

### **REPORT OF THE DIRECTOR**

The director presents his report together with the financial statements for the year ended 31st December 2014.

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 £1,385,560 (2013: £1,318,518) and there was a profit for the year amounting to £1,012,988 (2013: £292,179). The director does not recommend the payment of a dividend for the year (2013: £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 3, 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 it 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.

A handwritten signature in black ink, appearing to be 'M J Fallen', written over a horizontal line.

M J Fallen  
Director  
34 Lime Street  
London EC3M 7AT

13 August 2015

**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. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable laws. 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 2014 which comprise the accounting policies, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 6, 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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 2014 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Flatley  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
13 August 2015

**CANDOVER SERVICES LIMITED**

**ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

a) Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice under the historical cost convention.

The principal accounting policies of the Company are set out below. The policies have remained unchanged from the previous year.

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.

b) Income

Income primarily arose from fees charged for the provision of resources and services to Candover Investments Plc.

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.

c) Foreign currencies

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

d) Contributions to pension funds

The Company contributes towards a defined contribution pension scheme designed to provide retirement benefits for its employee. 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.



**CANDOVER SERVICES LIMITED**

**ACCOUNTING POLICIES (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

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 1 (revised) not to prepare a cash flow statement, as a consolidated cash flow statement is included in the financial statements of its ultimate controlling party.

**CANDOVER SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31st DECEMBER**

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
Income	1	1,385,560	1,318,518
Administrative expenses	2	<u>(359,799)</u>	<u>(930,610)</u>
Operating profit		1,025,761	387,908
Income from shares in group undertakings	1	-	80,525
Exceptional non-recurring costs	18	(222,792)	(370,539)
Interest receivable	3	<u>210,217</u>	<u>194,732</u>
		1,013,186	292,626
Interest and bank charges	4	<u>(198)</u>	<u>(447)</u>
Profit on ordinary activities before taxation	1	1,012,988	292,179
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year	10	<u>1,012,988</u>	<u>292,179</u>

There were no recognised gains and losses, other than as above, for the years ended 31st December 2014 and 31st December 2013.

All transactions arise from continuing operations.

The accounting policies on pages 8 and 9 and notes on pages 12 to 18 form part of these financial statements.

**CANDOVER SERVICES LIMITED**  
**BALANCE SHEET AT 31st DECEMBER**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		£	£
Debtors over one year	7	3,942,202	4,390,462
		3,942,202	4,390,462
Current assets			
Debtors	7	31,691,365	31,203,213
Cash at bank and in hand		44,014	520,528
		31,735,379	31,723,741
Creditors: amounts falling due within one year	8	(563,651)	(2,008,204)
Net current assets		31,171,728	29,715,537
Total assets less current Liabilities		35,113,930	34,105,999
Called up reserves			
Called up share capital	9	4,400,000	4,400,000
Other Reserves		110,779	115,836
Profit and loss account	10	30,603,151	29,590,163
Shareholder's funds	11	35,113,930	34,105,999

The financial statements were approved on behalf of the Board of Directors on 13 August 2015.

  
M J Fallen  
DIRECTOR

The accounting policies on pages 8 and 9 and notes on pages 12 to 18 form part of these financial statements.

Company registered number 1478153

**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

1. 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.

An amount of £nil (2013: £80,525) was received by way of dividends and final distribution on liquidation of subsidiaries during the year.

2. Administrative expenses

	<u>2014</u>	<u>2013</u>
	£	£
Administrative expenses include:		
Staff costs	143,885	136,748
Operating lease rentals – building	<u>108,838</u>	<u>102,977</u>
Staff costs:		
Salaries and bonuses	94,330	89,930
Social security costs	13,454	12,603
Pension, insurance and other costs	<u>36,101</u>	<u>34,215</u>
	<u>143,885</u>	<u>136,748</u>

The average number of employees of the Company during the year was 1 (2013: 1) providing the Company's support services.

Auditor's Remuneration

	<u>2014</u>	<u>2013</u>
	£	£
Fees for the audit of the Company	<u>12,000</u>	<u>12,530</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 Ltd throughout the year.

**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

3. Interest and other income receivable

	<u>2014</u>	<u>2013</u>
	£	£
Interest on deposits	55	11
Co-investment loan interest	205,987	194,721
Other sundry income	4,175	-
	<u>210,217</u>	<u>194,732</u>

4. Interest and bank charges

	<u>2014</u>	<u>2013</u>
	£	£
Bank charges	<u>198</u>	<u>447</u>

5. Tax on profit on ordinary activities

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

	<u>2014</u>	<u>2013</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	<u>-</u>	<u>-</u>

**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

5. Tax on profit on ordinary activities (Continued)

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

	<u>2014</u> £	<u>2013</u> £
Profit on ordinary activities before tax	<u>1,012,988</u>	<u>1,012,988</u>
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK 21.5% (2013: 23.3%)	217,793	67,932
Effects of:		
Capital allowances for the year in excess of Depreciation	(36,200)	(47,740)
Other short term timing differences	(58,628)	-
Expenses not deductible for tax purposes	79	176,819
Exempt dividend income	-	(8,563)
Group relief	(8,333)	(62,508)
Tax losses utilised/unutilised in year	<u>(114,711)</u>	<u>(125,940)</u>
Current tax credit / (charge) for the year	<u>-</u>	<u>-</u>

**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

6. Subsidiary undertakings

During the year, the subsidiary undertakings owned by the Company were liquidated and therefore written off.

7. Debtors

	<u>2014</u>	<u>2013</u>
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	31,562,543	31,090,352
Social Security and other taxes	107,787	13,782
Prepayments and accrued income	<u>21,035</u>	<u>99,079</u>
	31,691,365	31,203,213
Amounts falling due after more than one year:		
Other debtors	<u>3,942,202</u>	<u>4,390,462</u>
	3,942,202	4,390,462
	<u>35,633,567</u>	<u>35,593,675</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.

8. Creditors: amounts falling due within one year

	<u>2014</u>	<u>2013</u>
	£	£
Other creditors	8,328	291,102
Accruals and provisions	<u>555,323</u>	<u>1,717,102</u>
	<u>563,651</u>	<u>2,008,204</u>

**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

9. Share capital

	<u>2014</u> £	<u>2013</u> £
Allotted called up and fully paid: 4,400,000 Ordinary shares of £1 each (2012: 4,400,000)	<u>4,400,000</u>	<u>4,400,000</u>

10. Profit and loss account

	<u>2014</u> £	<u>2013</u> £
At 1st January	29,590,163	29,297,984
Profit for the financial year	<u>1,012,988</u>	<u>292,179</u>
At 31st December	<u>30,603,151</u>	<u>29,590,163</u>

11. Reconciliation of movements in shareholders' funds

	<u>2014</u> £	<u>2013</u> £
Opening shareholders' funds	34,105,999	33,813,820
Profit for the financial year	1,012,988	292,179
Other reserves	<u>(5,057)</u>	<u>-</u>
Closing shareholders' funds	<u>35,113,930</u>	<u>34,105,999</u>

12. Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities at 31<sup>st</sup> December 2014 or 31<sup>st</sup> December 2013.

13. Lease commitments

Operating lease payments relating to buildings amounting to £nil (2013: £1,396,560) are due within one year.



**CANDOVER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31st DECEMBER 2014**

14. Property provision

	<u>2014</u>	<u>2013</u>
	£	£
At 1st January 2014	1,602,005	2,641,406
Provision used in the year	(726,797)	(1,209,102)
Effect of unwinding discount	124,792	169,701
Property provision write back	<u>(502,000)</u>	<u>-</u>
At 31st December 2014	<u>498,000</u>	<u>1,602,005</u>

The Company is 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 2014, provision has been made to cover potential costs relating to reinstatement under the terms of the Company's leases.

15. 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 £13,542 (2013: £12,000).

16. Transactions with related parties

As a wholly owned subsidiary of Candover Investments plc, the Company is exempt from the requirements of FRS 8 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).

17. 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 7LN.

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 2014**

18. Exceptional non-recurring costs

	<u>2014</u> £	<u>2013</u> £
Property costs	726,797	1,209,102
Property provision release	(726,797)	(1,209,102)
Effect of unwinding discount (see note 14)	(124,792)	(169,701)
Property provision write back (see note 14)	502,000	-
	<hr/> 377,208	<hr/> (169,701)
Subsidiaries written off	-	(370,539)
Co-investment loan provision	(600,000)	-
	<hr/> (222,792)	<hr/> (540,240)
Total exceptional costs	<hr/> (222,792)	<hr/> (540,240)

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 £502,000.

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

19. Subsequent events

There were no events to report after the year end.