

# **SAI Global Compliance Limited**

## **Report and Financial Statements**

30 June 2013

MONDAY



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COMPANIES HOUSE

**Directors**

A Scotton

G Richardson

T Whipple (appointed 04/09/2012)

**Secretary**

M Patel

H Myllyoja

**Auditors**

Ernst & Young LLP

400 Capability Green

Luton LU1 3LU

**Bankers**

Barclays Bank Plc

Level 27

1 Churchill Place

London E14 5HP

**Solicitors**

Shoosmiths

Waterfront House

Waterfront Plaza

35 Station Road

Nottingham NG2 3DQ

**Registered Office**

Partis House

Ground Floor

Davy Avenue

Knowlhill

Milton Keynes MK1 9ES

Registered No 02583952

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2013

### Results and dividends

The loss for the year after taxation amounted to £299,669 (2012 – profit of £95,755) The directors do not recommend a final dividend (2013 – £nil)

### Principal activity and review of the business

The principal activity of the company during the year included the design and development of compliance training and awareness and compliance management solutions to a range of market sectors and ongoing maintenance contracts to support these solutions

The results for the year and the financial position at the yearend were considered satisfactory by the Directors who expect growth in the foreseeable future

Turnover was down 6% on the previous year with fewer new business wins Gross profit has increased by 22% year on year mostly as a result of a change in classification of costs between cost of sales and Distribution

The Directors are of the opinion that the key performance indicators for the business are growth in sales and gross margin percentage These are analysed below

	2013	2012
(Decline)/Growth in sales	(6)%	9%
Gross margin	85%	65%

### Business environment

The year ended 30 June 2013 provided a stable trading environment for the compliance training market

### Strategy and future prospects

The company's overriding objective is to achieve sustainable rates of growth by providing leading edge training and awareness solutions in key markets and business sectors under the SAI brand The company plans to grow and improve margins through expanding the range of solutions to its customers

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks Management reviews risk formally and appropriate processes are put in place to monitor and mitigate them

The key risks affecting the company are set out below

### Resources

The company is expanding its business across a number of sectors and geographical areas, requiring additional sales people and placing increased demands on management To mitigate this risk additional personnel are being hired

The company operates in a competitive market, with new low cost entrants and larger players becoming involved To mitigate this risk and maintain its growth the company continues to invest in its core programmes and in developing new products

## Directors' report

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company by monitoring these risks.

#### Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### Credit risk

The financial strength of existing customers is also monitored on a regular basis, and payment terms are kept to a minimum.

#### Liquidity risk

The group actively maintains a mixture of financing that is designed to ensure that the group has sufficient available funds for operations, and to ensure that surplus cash is utilised effectively to minimise borrowing costs.

#### Interest rate risk

The company has interest bearing loans through intercompany and so does not consider itself exposed to interest rate risk as this is monitored actively throughout the group.

### Going concern

The company has net current liabilities of £826,817 (2012 – £634,228) and net liabilities of £605,592 (2012 – £305,923). The company has support from its ultimate parent undertaking, SAI Global Limited. Therefore, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

### Directors

The directors who served the company during the year were as follows:

A Scotton

G Richardson

T Whipple (appointed 04/09/2012)

### Disclosure of information to the auditors

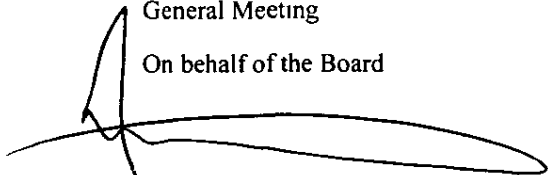
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Geoff Richardson', written over a horizontal line.

Geoff Richardson  
Director

31 MAR 2014

## Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 judgments 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 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 auditors' report**

## **To the members of SAI Global Compliance Limited**

We have audited the financial statements of SAI Global Compliance Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. 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 5, 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 Directors' Report 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 the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

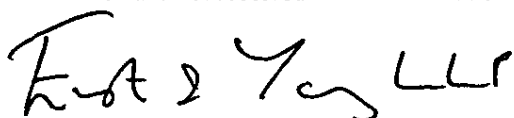
## Independent auditors' report

To the members of SAI Global Compliance Limited

### 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



Fraser Bull (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

31 March 2014



## Profit and loss account

for the year ended 30 June 2013

	Notes	2013 £	2012 £
<b>Turnover</b>	2	4,026,083	4,292,858
Cost of sales		(601,980)	(1,494,637)
<b>Gross Profit</b>		3,424,103	2,798,221
Distribution costs		(2,568,538)	(1,357,166)
Administrative expenses		(1,133,200)	(1,342,581)
<b>Operating (Loss)/profit</b>	3	(277,635)	98,474
Interest receivable and similar income		77	1,276
Interest payable and similar charges		-	(23)
<b>(Loss)/profit on ordinary activities before taxation</b>		(277,558)	99,727
Tax	6	(22,111)	(3,972)
<b>(Loss)/profit for the financial year</b>	13	(299,669)	95,755

All amounts relate to continuing activities

## Statement of total recognised gains and losses

for the year ended 30 June 2013

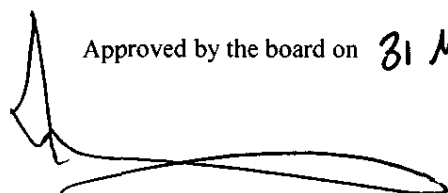
There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £299,669 in the year ended 30 June 2013 (2012 – profit of £95,755)

**Balance sheet**

at 30 June 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Intangible assets	7	193,402	301,713
Tangible assets	8	27,823	26,592
		<u>221,225</u>	<u>328,305</u>
<b>Current assets</b>			
Work in progress		204,390	99,028
Debtors	9	2,033,542	2,614,844
Cash at bank and in hand		<u>1,210,696</u>	<u>531,236</u>
		3,448,628	3,245,108
<b>Creditors</b> amounts falling due within one year	10	<u>(4,275,445)</u>	<u>(3,879,336)</u>
<b>Net current liabilities</b>		<u>(826,817)</u>	<u>(634,228)</u>
<b>Net liabilities</b>		<u>(605,592)</u>	<u>(305,923)</u>
<b>Capital and reserves</b>			
Called up share capital	11	103	103
Share premium	12	24,997	24,997
Profit and loss account	13	<u>(630,692)</u>	<u>(331,023)</u>
<b>Shareholders' funds</b>	14	<u>(605,592)</u>	<u>(305,923)</u>

Approved by the board on 31 March 2014 and signed on its behalf by



Geoff Richardson

Director

**31 MAR 2014**

## Notes to the financial statements

at 30 June 2013

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Going concern*

The company has net current liabilities of £826,817 (2012 – £634,228) and net liabilities of £605,592 (2012 – £305,923). The company has support from its ultimate parent undertaking, SAI Global Limited. Therefore, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

#### *Statement of cash flows*

The company is a wholly owned subsidiary of SAI Global Limited and is included in the group financial statements of SAI Global Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a statement of cash flows under the terms of FRS 1 (revised 1996).

#### *Turnover*

Turnover represents sales, excluding value added tax. Revenue from product licences is recognised at the time of sale with the exception of library revenue. The first year library revenue is recognised at 85% in the first month of the booking, with the remaining 15% being recognised over the following eleven months. Revenue for the remaining years is released equally over balance of the contract.

Revenue for bespoke development and heavily customised products is recognised on completion of milestones.

#### *Intangible assets*

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

Software development content	–	33 <sup>1/3</sup> % straight line-basis
Software development platform	–	20% straight-line
Software acquisition costs	–	33 <sup>1/3</sup> % straight-line basis

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation.

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

Fixtures, fittings and equipment	–	20% straight-line basis
Computer Software	–	33 <sup>1/3</sup> % straight-line basis

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 30 June 2013

### 1. Accounting policies (continued)

#### *Work in progress*

Work in progress is valued at the lower of cost and net realisable value after making due allowances for irrecoverable amounts. Costs include all directly attributable expenditure.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *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.

#### *Leasing and hire purchase commitments*

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lesser are charged against profit as incurred. Assets held under finance leases are capitalised and depreciated over their useful lives. The corresponding lease obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to profit and loss account over the year of the lease at a constant proportion of the outstanding balance of capital repayments.

#### *Pensions*

The pension costs charged in the financial statements represent the contribution payable by the company during the year to a defined contribution pension scheme for employees.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account as and when incurred.

## Notes to the financial statements

at 30 June 2013

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

	2013 £	2012 £
UK and Ireland	1,471,604	1,922,915
Europe	2,344,130	2,259,881
Rest of world	210,349	110,062
	<u>4,026,083</u>	<u>4,292,858</u>

Materially all turnover, profit before taxation and net assets originates in the UK

### 3. Operating Loss

This is stated after charging/(crediting)

	2013 £	2012 £
Auditors' remuneration	<u>—</u>	<u>—</u>
Depreciation of owned fixed assets	16,687	12,688
Amortisation on intangible fixed assets	<u>227,765</u>	<u>293,420</u>
Operating lease rentals — plant and machinery	<u>568</u>	<u>757</u>
Net (profit)/loss on foreign currency translation	<u>(113,793)</u>	<u>194,294</u>

Audit fees have been borne by the ultimate parent undertaking, SAI Global Limited in 2013 and in 2012, had the company incurred the audit fee this would have been 2013 - £16,000 (2012 – £16,000) There were no non-audit services provided in either year

### 4. Directors' remuneration

During the current period, the directors were remunerated by the parent undertaking for services provided as directors of the group. The parent undertaking levies a management charge to each group company for all central overheads incurred during the period in respect of the group. It is not possible to make an accurate apportionment of these charges in respect of directors' remuneration recharged, although the amount in relation to such remuneration would be incidental to the company.

## Notes to the financial statements

at 30 June 2013

### 5. Staff costs

	2013	2012
	£	£
Wages and salaries	2,300,079	1,831,224
Social security costs	216,965	161,096
Other pension costs	101,266	90,338
	<u>2,618,310</u>	<u>2,082,658</u>

Other pension costs represent amounts payable to personal pension schemes. At the yearend pension contributions of £5,263 (2012 – £1,705) were due to the schemes.

The average monthly number of employees during the year was made up as follows

	2013	2012
	No	No
Office and management	<u>42</u>	<u>38</u>

### 6. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2013	2012
	£	£
<b>Current tax</b>		
UK corporation tax on the loss for the year	-	-
Adjustment in respect of prior years	21,931	-
Total current tax (note 6(b))	<u>21,931</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	180	3,972
Total deferred tax (note 6c)	<u>180</u>	<u>3,972</u>
Tax on loss on ordinary activities	<u>22,111</u>	<u>3,972</u>

## Notes to the financial statements

at 30 June 2013

### 6. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.75% (2012 – 25.5%). The differences are explained below

	2013 £	2012 £
(loss)/profit on ordinary activities before taxation	(277,558)	99,727
(loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012 – 25.5%)	(65,920)	25,430
<i>Effects of</i>		
Accelerated capital allowances	410	(853)
Permanent differences	31	64
Group relief received	65,479	(24,641)
Adjustments in respect of prior years	21,931	-
Current tax for the year (note 6(a))	21,931	-

(c) Deferred tax

#### Deferred tax movement

	£
At 1 July 2012	9,760
Deferred tax charge in profit and loss account for the year	(180)
At 30 June 2013	9,580

### 7. Intangible fixed assets

	Software development content £	Software development platform £	Software acquisition costs £	Total £
Cost or valuation				
At 1 July 2012	1,754,140	746,937	271,913	2,772,990
Additions	95,735	-	23,719	119,454
At 30 June 2013	1,849,875	746,937	295,632	2,892,444
Depreciation				
At 1 July 2012	1,582,685	721,632	166,960	2,471,277
Charge for the year	110,486	22,353	94,926	227,765
At 30 June 2013	1,693,171	743,985	261,886	2,699,042
Net book value				
At 30 June 2013	156,704	2,952	33,746	193,402
At 1 July 2012	171,455	25,305	104,953	301,713

## Notes to the financial statements

at 30 June 2013

### 8. Tangible fixed assets

	<i>Fixtures, fittings and equipment £</i>
Cost or valuation	
At 1 July 2012	67,315
Additions	17,918
At 30 June 2013	<u>85,233</u>
Depreciation	
At 1 July 2012	40,723
Charge for the year	16,687
At 30 June 2013	<u>57,410</u>
Net book value	
At 30 June 2013	<u>27,823</u>
At 1 July 2012	<u>26,592</u>

### 9. Debtors

	<i>2013 £</i>	<i>2012 £</i>
Trade debtors	1,103,958	1,282,793
Amounts owed by group undertakings	885,869	1,284,572
Other debtors	5,008	3,834
Deferred tax assets	9,580	9,760
Prepayments and accrued income	29,127	33,885
	<u>2,033,542</u>	<u>2,614,844</u>

The amount owed by group undertakings represents a current account with SAI Global Assurance Services Limited and Easy Inc. There are no set repayment terms and these are not interest bearing and have no securities.

### 10. Creditors: amounts falling due within one year

	<i>2013 £</i>	<i>2012 £</i>
Trade creditors	198,989	321,810
Amounts owed to group undertakings	2,885,535	2,453,863
Other taxes and social security costs	32,003	75,418
Other creditors	30,049	28,533
Accruals and deferred income	1,128,869	999,712
	<u>4,275,445</u>	<u>3,879,336</u>



## Notes to the financial statements

at 30 June 2013

The amount owed to group undertakings represents a current account with multiple group companies  
There are no set repayment terms and these are not interest bearing and have no securities

### 11. Issued share capital

		2013		2012
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £0.00001 each	10,309,279	<u>103</u>	10,309,379	<u>103</u>

### 12. Share premium account

	2013	2012
	<i>£</i>	<i>£</i>
Share premium	<u>24,997</u>	<u>24,997</u>

### 13. Movements on reserves

	<i>Profit and loss account £</i>
At 1 July 2012	(331,023)
Loss for the year	<u>(299,669)</u>
At 30 June 2013	<u>(630,692)</u>

£220,671 (2012 – £220,671) of reserves are not available for distribution

### 14. Reconciliation of shareholders' funds

	2013	2012
	<i>£</i>	<i>£</i>
(Loss) /profit for the year and net (decrease) /increase in shareholders' funds	(299,669)	95,755
Opening shareholders' deficit	<u>(305,923)</u>	<u>(401,678)</u>
Closing shareholders'	<u>(605,592)</u>	<u>(305,923)</u>

### 15. Capital commitments

The company had no capital commitments at 30 June 2013 (2012 – £nil)

## Notes to the financial statements

at 30 June 2013

### 16. Other financial commitments

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as set out below

	2013		2012	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	–	568	–	–
In two to five years	–	–	–	1,515
	<u>–</u>	<u>568</u>	<u>–</u>	<u>1,515</u>

### 17. Contingent liabilities

The company had no contingent liabilities at 30 June 2013 (2012 – £nil)

### 18. Related party transactions

As a wholly owned Subsidiary of the SAI Global Limited group, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by SAI Global Limited

### 19. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is SAI Global CIS UK Limited. Copies of the parent undertaking's financial statements may be obtained from Partis House, Davey Avenue, Milton Keynes, MK1 9ES, United Kingdom

The smallest and largest group into which the results of the company are group is that headed by SAI Global Limited, a company incorporated in Australia

The ultimate controlling party is SAI Global Limited by virtue of its 100% interest in the parent undertaking. Copies of SAI Global Limited's financial statements may be obtained from its website at [www.saiglobal.com](http://www.saiglobal.com)