

Registration Number 03618502

MORGAN COLE SERVICES LIMITED

Report and Financial Statements

31 March 2012



MORGAN COLE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

MORGAN COLE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Bray C R E
Carr E A
Wright J P

COMPANY SECRETARY

Bray C R E

REGISTERED OFFICE

Bradley Court
Park Place
Cardiff
CF10 3DP

BANKERS

Barclays Bank Plc
Level 7, United Kingdom House
180 Oxford Street
London
W1D 1EA

AUDITOR

Deloitte LLP
Bristol
United Kingdom

MORGAN COLE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

On 1 April 2011, certain assets and liabilities of the partnership of Morgan Cole LLP were transferred to the company and from that date the company's principal activity became the provision of business services to Morgan Cole LLP

The results for the year are shown in the profit and loss account on page 6 Turnover for the year ended 31 March 2012 was £24,528,652 The company's profit for the year was £nil

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year-end has, in net asset terms, remained unchanged from the prior year

The key performance indicators of this company relate to the performance of its ultimate controlling party, Morgan Cole LLP, and therefore these are disclosed in the financial statements of that company

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have reviewed the financial risk management objectives and policies of the company The company does not as a regular policy enter into hedging instruments as there is not believed to be any material exposure It does not enter into any speculative financial instruments The company's activities expose it to a number of financial risks including credit risk and liquidity risk

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements

DIVIDENDS

The directors do not recommend the payment of a dividend (2011 - £nil)

DIRECTORS

The current directors of the company, who served throughout the financial year, are as listed on page 1 In addition, T Pashley resigned as a director on 31 December 2011 and D Savage resigned as a director on 31 March 2012

RESEARCH AND DEVELOPMENT

The company has not undertaken research and development in either the current year or the preceding year

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing to the terms of each transaction, to ensure that suppliers are made aware of the terms of the payment and abide by the terms of payment

MORGAN COLE SERVICES LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEES

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

AUDITOR

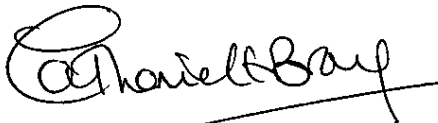
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor during the year and a resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Catharine Bray
Director

Date

19 July 2012

MORGAN COLE SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 AUDITOR'S REPORT TO THE MEMBERS OF MORGAN COLE SERVICES LIMITED

We have audited the financial statements of Morgan Cole Services Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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, 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 annual 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 financial statements

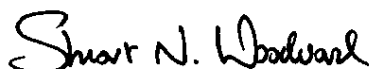
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its result 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.

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.



Stuart Woodward (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

24 July 2012

MORGAN COLE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2012

	Note	2012 £	2011 £
TURNOVER	2	24,528,652	-
Direct expenses		(17,142,207)	-
GROSS PROFIT		7,386,445	-
Indirect expenses property		(2,629,074)	-
Indirect expenses administration costs		(4,095,714)	-
Central overheads		(598,927)	-
OPERATING PROFIT	3	62,730	-
Interest payable and similar charges	5	(62,730)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		-	-
Tax on profit on ordinary activities	6	388,445	-
Tax compensation from Morgan Cole LLP	6	(388,445)	-
PROFIT FOR THE FINANCIAL YEAR	15	-	-

All amounts relate to continuing operations

There are no recognised gains or losses in the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is prepared.

MORGAN COLE SERVICES LIMITED

BALANCE SHEET

At 31 March 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	7	529,795	
Tangible assets	8	1,930,946	-
		<u>2,460,741</u>	-
CURRENT ASSETS			
Debtors	9	1,982,229	2
Cash at bank and in hand		193,310	-
		<u>2,175,539</u>	2
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(2,746,454)	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(570,915)</u>	2
TOTAL ASSETS LESS CURRENT LIABILITIES		1,889,826	2
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(756,924)	-
PROVISIONS FOR LIABILITIES	13	(1,132,900)	-
NET ASSETS		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Profit and loss account	15	-	-
SHAREHOLDERS' FUNDS	15	<u>2</u>	<u>2</u>

The financial statements of Morgan Cole Services Limited, company registration number 03618502, were approved by the Board of Directors and authorised for issue on 19 July 2012

Signed on behalf of the Board of directors

Elizabeth Carr
Director



MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding financial year, are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Revenue recognition

Revenue represents amounts chargeable for the provision of business services, excluding value added tax.

Going concern

The company's business activities, together with a review of the business, are set out in the business review on page 2. The Directors' report describes the financial position of the company, the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to liquidity and credit risk. The company's trade is structured in such a way that it makes no profit or loss, all costs incurred by the company being recharged in full to its ultimate controlling party, Morgan Cole LLP. The company's forecasts and projections, based on this trading structure and taking account of reasonably possible changes in trading performance, show that the company should continue to be able to meet its liabilities as they fall due. After making enquiries of Morgan Cole LLP, the directors have a reasonable expectation that further funds will be made available if required.

Intangible assets

Intangible fixed assets relate to software licences and are stated at cost net of depreciation. The costs are amortised on a straight-line basis for six years which represents the expected useful economic life of the assets.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:

Leasehold improvements	10 years straight-line or to next lease break date if shorter
Furniture, fittings and equipment	7 years straight-line or the period of lease
Computer equipment	4 years straight-line or the period of lease

Assets in the course of construction are not depreciated.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2012**

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the periods of the lease to produce a constant rate of charge on the balance of capital repayments outstanding

Operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

Provisions

Provision is made for the best estimate of expected losses from onerous contracts, in particular on surplus property which is sublet and vacant

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned in their original state prior to the conclusion of the lease term

Substantial insurance cover in respect of professional negligence claims is carried. Both the primary layer of cover and top-up cover are written through the commercial insurance market. The provision for claims represents the estimated costs to Morgan Cole LLP of defending and settling claims where a liability is considered by the members to be probable

Staff pensions

Morgan Cole Services Limited operates a defined contribution pension scheme

The scheme is accounted for under UK Financial Reporting Standard 17 "Retirement Benefits" (FRS 17). The amount charged to the profit and loss account for the scheme is the amount payable for the period according to the scheme rules

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard 1 and has not presented a cash flow statement. The cash flow statement has been presented in the group financial statements of the ultimate parent undertaking

2. SEGMENTAL ANALYSIS

The directors consider the business to have only one operating segment and therefore no further disclosure has been made

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2012

3. OPERATING PROFIT

	2012 £	2011 £
This is stated after charging		
Depreciation charge for the year		
Owned assets	622,088	-
Leased assets	193,894	-
Amortisation of intangibles	66,122	-
Operating lease rentals		
Land and buildings	1,810,442	-
Other	169,313	-
Auditor's remuneration		
Audit services	9,000	-
Taxation	1,650	-
Loss on disposal of fixed assets	11,631	-
	<u>11,631</u>	<u>-</u>

4. STAFF AND STAFF COSTS

The average number of employees during the financial year, excluding directors, was as follows

	2012 No.	2011 No.
Client service staff	404	-
Support staff	98	-
	<u>98</u>	<u>-</u>

The aggregate payroll costs of the employed staff, excluding directors, were as follows

	£	£
Salaries	13,501,882	-
Social security costs	1,371,691	-
Other pension costs	951,958	-
	<u>15,825,531</u>	<u>-</u>

At 31 March 2012 the sum of £86,964 (2011 - £nil) was owed to the scheme in respect of employer's pension contributions

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2012

5. INTEREST

	2012 £	2011 £
Interest payable and similar charges		
Interest payable on		
Bank loans and overdrafts	(22,914)	-
Finance leases	(39,816)	-
	<u>(62,730)</u>	<u>-</u>

6 TAXATION

(a) Tax on profit on ordinary activities

	2012 £	2011 £
<i>Current tax charge</i>		
UK corporation tax on profits of the financial year	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the current year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (26%). The differences are explained below

	£	£
Profit on ordinary activities before tax	-	-
<i>Effects of</i>		
Tax thereon at standard rate in the UK of 26%	-	-
Transfer pricing adjustment	302,929	-
Expenses not deductible for tax purposes	85,516	-
	<u>388,445</u>	<u>-</u>
Current tax for the financial year		

The transfer pricing adjustment relates to tax charged on revenue invoiced by the company to its parent undertaking, Morgan Cole LLP

The forthcoming changes in the corporation tax rate from 26% to 24% in future years will not materially affect the future tax charge

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2012

7. INTANGIBLE FIXED ASSETS

	Software licences £
Cost	
At April 2011	-
Additions	595,917
At 31 March 2012	595,917
Accumulated depreciation	
At 1 April 2011	-
Charge for the year	66,122
At 31 March 2012	66,122
Net book value	
At 31 March 2012	529,795
At 31 March 2011	-

8. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Furniture, fixtures and equipment £	Computer equipment £	Assets in the course of construction £	Total £
Cost					
At 1 April 2011	-	-	-	-	-
Group transfer	559,554	739,886	5,624,384	58,950	6,982,774
Additions	13,904	14,577	686,626	-	715,107
Disposals	(11,823)	-	(745,145)	-	(756,968)
Transfer	-	-	58,950	(58,950)	-
At 31 March 2012	561,635	754,463	5,624,815	-	6,940,913
Accumulated depreciation					
At 1 April 2011	-	-	-	-	-
Group transfer	381,894	527,022	4,030,405	-	4,939,321
Charge for the year	69,648	68,405	677,929	-	815,982
Disposals	(11,823)	-	(733,513)	-	(745,336)
At 31 March 2012	439,719	595,427	3,974,821	-	5,009,967
Net book value					
At 31 March 2012	121,916	159,036	1,649,994	-	1,930,946
At 31 March 2011	-	-	-	-	-

The net book value of assets held under finance leases and capitalised in fixed assets is £1,020,634 (2011 - £nil)

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

9. DEBTORS

	2012 £	2011 £
Trade debtors	4,243	-
Amounts owed by group undertakings	1,104,585	2
Other debtors	67,539	-
Prepayments	805,862	-
	<u>1,982,229</u>	<u>2</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loans and overdraft (note 12)	111,733	-
Obligations under finance leases and hire purchase contracts (note 12)	369,306	-
Amounts owed to group undertakings	607,449	-
Trade creditors	262,867	-
Other taxes and social security	463,239	-
Other creditors	168,242	-
Accruals and deferred income	763,618	-
	<u>2,746,454</u>	<u>-</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Bank loans	147,255	-
Obligations under finance lease and hire purchase contracts	564,846	-
Amounts owed to group undertakings	44,823	-
	<u>756,924</u>	<u>-</u>

12. BORROWINGS

Bank loans and overdrafts are payable as follows

	2012 £	2011 £
Within one year or on demand	111,733	-
Between one and two years	147,255	-
	<u>258,988</u>	<u>-</u>

The bank loans are unsecured and attract different rates of interest. Loans with a year-end value of £238,810 attract interest at the applicable bank base rate plus 2%. Loans with a year-end value of £20,178 attract a fixed interest rate of 12%. The bank overdraft is unsecured and attracts interest at the applicable bank base rate plus 1.9%.

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2012

12. BORROWINGS (continued)

Finance leases

	2012 £	2011 £
Amounts falling due		
Within one year or on demand	369,306	-
Between one and two years	564,846	-
	<u>934,152</u>	<u>-</u>

The finance leases are secured against the assets to which they relate and are repayable at fixed rates. The interest rates which are applicable to the leases range from 3.08% to 16.94% for the current year and from 6.45% to 26.54% for the prior year.

13. PROVISIONS FOR LIABILITIES

	Provision for dilapidations £
At 1 April 2011	-
Transfer from parent	757,857
Charge for the year	375,043
	<u>1,132,900</u>
At 31 March 2012	

The provision for dilapidations relates to the estimated costs to the group of restoring properties to their original state as at the balance sheet date in accordance with the terms of the related leases. Costs in respect of dilapidations provisions will be incurred upon the exit of the relevant property or the termination of the lease as appropriate.

14. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2011	2	-	2
Profit for the financial year	-	-	-
At 31 March 2012	<u>2</u>	<u>-</u>	<u>2</u>

MORGAN COLE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

16. CAPITAL COMMITMENTS

At 31 March 2012 and 2011 the company had no capital commitments outstanding

17. OPERATING LEASE COMMITMENTS

At 31 March the company had annual commitments under non-cancellable operating leases expiring as follows

	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	315,398	-	-	-
Between two and five years inclusive	405,000	14,703	-	-
Over five years	861,456	62,382	-	-
	<u>1,581,854</u>	<u>77,085</u>	<u>-</u>	<u>-</u>

18. PENSIONS

The company participates in the Morgan Cole Services Limited defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £951,958 (2011 - £nil). The unpaid contributions at the year-end, included in "other creditors" (note 10), are £86,964 (2011 - £nil).

19. RELATED PARTY TRANSACTIONS

As the company is a 100% owned subsidiary of another undertaking, it has taken advantage of the exemption in FRS 8 'Related party disclosures' and has not disclosed details of transactions within the group.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling party is Morgan Cole LLP. This is also the only group which prepares consolidated financial statements which include the results of the company.