

Celerant Consulting Acquisitions Limited

Report and Financial Statements

31 December 2006

MONDAY



AQ48VTTT

A39

15/10/2007

139

COMPANIES HOUSE

Celerant Consulting Acquisitions Limited

Registered No 05804408

Directors

I P Clarkson

M A Glyn

Secretary

M A Glyn

Auditors

PricewaterhouseCoopers LLP

First Point

Buckingham Gate

Gatwick

West Sussex

RH6 0PP

Solicitors

Macfarlanes

10 Norwich Street

London

EC4A 1BD

Bankers

The Royal Bank of Scotland

280 Bishopsgate

London

EC2M 4RB

Registered Office

Avalon House

72 Lower Mortlake Road

Richmond

Surrey

TW9 2JY

Directors' report

The directors present their report and financial statements for the 7 month period ended 31 December 2006

Business review and principal activity

The company's principal activity during the year was that of investment holding company

The company was incorporated on 3 May 2006. On 24 May 2006 Celerant Consulting Acquisitions Limited acquired the entire share capital of Celerant Consulting Holdings Limited from Novell Inc and Celerant management for £43.1m including costs. The company's immediate and ultimate parent undertaking is Celerant Consulting Investments Limited.

The pre-tax loss for the period from 24th May 2006 to 31 December 2006 amounted to £2.6m and is dealt with as shown in the profit and loss account.

The directors do not propose the payment of a dividend.

Long term borrowings amounted to £24.1m at 31 December 2006.

In January 2007 £6.4m of the unsecured 20% series A loan notes were repaid.

Future outlook

The directors are satisfied with the results for the period and consider the future prospects of the company to be sound.

Principal risks and uncertainties and key performance indicators

The principal risks and uncertainties and key performance indicators of Celerant Consulting Investments Limited, the ultimate parent undertaking of Celerant Consulting Acquisitions Limited, are detailed in the Director's report of that company.

Directors and their interests

The directors who served during the period are as follows:

I P Clarkson (Executive Appointed 16 May 2006)

M A Glyn (Executive Appointed 16 May 2006)

There are no directors' interests requiring disclosure under the Companies Act 1985. The interests of the directors in the group are shown in the financial statements of Celerant Consulting Investments Limited, the company's ultimate parent undertaking. Following the change in ownership the directors have a 7.65% shareholding in Celerant Consulting Investments Limited.

Directors' report

Called up ordinary share capital

At incorporation the company issued 1 ordinary share at £1 per share for a consideration of £1

Charitable and political contributions

No political contributions and charitable donations were made in 2006

Financial Risk Management

The company's operations expose it to a variety of financial risks that include liquidity risk and interest rate risk

Liquidity Risk

The company maintains appropriate debt finance that is designed to ensure the company has sufficient available funds for operations

Interest Rate Risk

The company has interest bearing liabilities which comprise bank loans and loan notes. Interest rate contracts are utilised where appropriate to minimise any perceived risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Disclosure of information to auditors

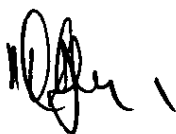
The Directors confirm that

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be put to the members at the forthcoming Annual General Meeting

By order of the Board



Director

Date

28 September 2007

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period that gives a true and fair view of the state of affairs of the company and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report

to the members of Celerant Consulting Acquisitions Limited

We have audited the financial statements of Celerant Consulting Acquisitions Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' report

to the members of Celerant Consulting Acquisitions Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the company's loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick

29 September 2007.

Profit and Loss Account

for the 7 month period ended 31 December 2006

	<i>Note</i>	2006 £'000
Net administrative income	2/3	<u>166</u>
Operating profit		166
Net interest payable and similar charges	5	<u>(2,724)</u>
Loss on ordinary activities before taxation		(2,558)
Tax credit on loss on ordinary activities	6	1,365
Loss for the period		<u><u>(1,193)</u></u>

All amounts in the period relate to continuing operations and have arisen from the date of incorporation

There are no differences between the results reported and the historical cost equivalents

The company has no recognised gains and losses other than those included in the results stated above and no separate statement of total recognised gains and losses has been prepared

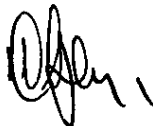
Balance Sheet

As at 31 December 2006

	<i>Note</i>	2006 £'000
Assets		
Investments	7	43,078
		<u>43,078</u>
Current Assets		
Debtors	8	1,535
		<u>1,535</u>
Creditors amounts falling due within one year	9	(22,997)
Net current assets		<u>(21,462)</u>
Total assets less current liabilities		<u>21,616</u>
Creditors amounts falling due after more than one year	10	(23,192)
Net Assets		<u>(1,576)</u>
Capital and Reserves		
Profit and loss account	13	(1,576)
Total shareholders' funds	13	<u>(1,576)</u>

Approved by the Board

Director



Date

28 September 2007

Notes to the financial statements

at 31 December 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards. The principle accounting policies are set out below.

Cash flow statement

The company is a wholly-owned subsidiary of Celerant Consulting Investments Limited and is included in the consolidated financial statements of Celerant Consulting Investments Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

Foreign currency

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date and exchange differences are included in operating profit.

Deferred taxation

Deferred tax 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 a right to pay less or to receive more tax, except that 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.

Investments

Investments in subsidiary companies are stated at cost.

Interest payable and similar charges

Interest payable and similar charges include interest payable/receivable on cash and cash equivalent and borrowings and the amortisation of finance arrangement fees. Finance arrangement fees are amortised over the term of the related borrowings according to the repayment profile of the finance raised.

2. Operating profit

Operating profit is stated after crediting

	2006 £'000
Foreign exchange gain	<u>377</u>

3. Directors and employees

Employees

The company has no employees.

Notes to the financial statements

at 31 December 2006

Directors' emoluments

The directors' emoluments have been borne by the company's immediate parent undertaking, Celerant Consulting Investments Limited. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for the incidental services to the company for the period ended 31 December 2006.

4 Significant items

	2006 £'000
Significant items	<u>154</u>

Certain costs directly relating to the acquisition of Celerant Consulting Acquisitions Limited by Celerant Consulting Investments Limited have been charged to the profit and loss account and are included in operating profit.

5. Net interest payable and similar charges

	2006 £'000
Loan note interest payable	1,982
Bank interest receivable	(11)
Bank interest payable	490
Amortisation of deferred arrangement fees	<u>263</u>
	<u>2,724</u>

6. Taxation

	2006 £'000
a) Tax credit on loss on ordinary activities	
<i>The tax charge for the period comprises</i>	
Group relief	<u>(1,365)</u>
Tax credit on loss on ordinary activities	<u>(1,365)</u>

Group relief is on the basis that the claimant companies pay £1 per each £1 of tax loss surrendered.

Notes to the financial statements

at 31 December 2006

b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below

	2006 £'000
Loss on ordinary activities before tax	(2,558)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(767)
Interest deductible when paid	358
Losses paid on pound per pound basis	(956)
Current tax credit	(1,365)

c) Factors affecting future tax charge

The future tax charge/credit will be affected by the availability of taxable profits and the utilisation of tax losses

7 Investments

Shares in subsidiary undertakings £'000

At 31 December 2006	43,078
---------------------	--------

Investments in subsidiary undertakings are stated at cost. As permitted by Section 133 of the Companies Act 1985, where appropriate, cost is the aggregate of the nominal value of the relevant number of shares issued to acquire the share capital of the subsidiary undertakings.

Subsidiary business acquired

On 24 May 2006 Celerant Consulting Acquisitions Limited, the wholly owned subsidiary of Celerant Consulting Investments Limited, acquired the entire share capital of Celerant Consulting Holdings Limited from Novell Inc. and Celerant management for £43,078,000 including costs.

Notes to the financial statements

at 31 December 2006

	Book value and fair value 2006 £'000
Fixed assets	1 004
Debtors	23,415
Cash	<u>20,086</u>
Total assets	44,505
Creditors	<u>(17,929)</u>
Net assets acquired	26,576
Goodwill	16,502
Cost of acquisition	<u>43,078</u>
Purchase consideration (paid at transaction date)	42,537
Acquisition costs	541
	<u>43,078</u>

No fair value adjustments have been made to acquired assets

Celerant Consulting Holdings Limited made a profit from the beginning of its financial year, 1 January 2006, to the date of acquisition on 24 May 2006 as follows

	Profit and loss account £'000
Turnover	36,390
Cost of sales and administrative expenses	<u>(36,590)</u>
Operating profit	(200)
Net interest received	<u>156</u>
Loss before taxation	(44)
Taxation	<u>244</u>
Profit after taxation	200
Foreign currency translation adjustments	127
Total recognised gains for the period	<u>327</u>

Notes to the financial statements

at 31 December 2006

The summarised profit and loss account for the period from 1 January 2006 to 24 May 2006 includes a charge of £2,791,000 relating to the unamortised charge for share options which were cancelled by Celerant Consulting Holdings Limited prior to the date of acquisition

In its previous financial year ending on 31 December 2005 the profit after taxation of the acquired undertaking was £2,098,000 (restated) Profit after tax was restated for the adoption of FRS20 (share based payments) reducing the profit after tax as previously reported by £692,000

The company holds the equity share capital of the following principal subsidiary

Name of undertaking	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business
Direct				
Celerant Consulting Holdings Limited	England	Ordinary	100%	Holding Company
Celerant Consulting Holdings Limited subsidiaries				
Celerant Consulting Inc	USA	Ordinary	100%	Management consultancy
Celerant Consulting (Canada) Limited	Canada	Ordinary	100%	Management consultancy
Celerant Consulting Limited	England	Ordinary	100%	Management consultancy
Celerant Consulting Netherlands Holdings BV	Netherlands	Ordinary	100%	Intermediate parent undertaking
Peter Chadwick Inc	USA	Ordinary	100%	Dormant
Celerant Consulting Russia Limited	England	Ordinary	100%	Dormant
Celerant Consulting Netherlands Holdings BV subsidiaries				
Celerant Consulting GmbH	Germany	Ordinary	100%	Management consultancy
Celerant Consulting SAS	France	Ordinary	100%	Management consultancy
Celerant Consulting Nordic AS	Norway	Ordinary	100%	Management consultancy
Celerant Consulting BVBA	Belgium	Ordinary	100%	Management consultancy

Notes to the financial statements

at 31 December 2006

8. Debtors

	2006 £'000
<i>Amounts falling due within one year</i>	
Prepayments and accrued income	95
Amount owed by group undertakings	1,440
	<u>1,535</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date

9 Creditors: amounts falling due within one year

	2006 £'000
Bank loans and overdrafts	1,121
Amounts due to group undertakings	21,807
Accruals	69
	<u>22,997</u>

Bank overdrafts including unamortised arrangement fees of £418,000

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand

10 Creditors: amounts falling due after more than one year

	2006 £'000
Unsecured 20% series A loan notes 2012	15,938
Unsecured 12% series B loan notes 2012	2,803
	<u>18,741</u>
Bank loans	5,381
Unamortised arrangement fees	(930)
	<u>23,192</u>

The 20% series A loan notes and the 12 % series B loan notes are redeemable in full as soon as practicable following 30 June 2012. The 20 % series A loan notes are held by Caledonia Investments plc. The 12 % series B loan notes are held by Celerant management and Caledonia Investments plc.

Bank loans comprise a term loan, carrying interest at LIBOR plus 3%, which is repayable in full by no later than 31 December 2011.

Notes to the financial statements

at 31 December 2006

11. Bank and other borrowings

	2006 £'000
<i>Due within one year or on demand</i>	
Bank loans and overdrafts	1,539
<i>Due after more than one year</i>	
Bank loans	5,381
Unsecured loan notes	18,741
	<u>24,122</u>
Total borrowings	<u>25,661</u>

Bank loans and overdrafts are secured by fixed and floating charges over the group and all property and assets present and future

12. Share capital

	2006 No
Authorised	<u>1</u>
Ordinary shares of £1 each	<u>1</u>

	2006 No. £1 each	£'000
Allotted, called up and fully paid		
At incorporation and 31 December 2006	<u>1</u>	<u>1</u>

13. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £'000	Profit and loss Account £'000	Total £'000
Ordinary share capital	-	-	-
Share issue expenses		(383)	(383)
Retained loss for the period	-	(1,193)	(1,193)
At 31 December 2006	-	(1,576)	(1,576)

Share issue expenses comprise stamp duties on shares acquired including related legal fees and costs relating to the raising of equity

Notes to the financial statements

at 31 December 2006

14. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking which consolidates these financial statements is Celerant Consulting Investments Limited. Copies of its financial statements may be obtained from the company at Avalon House, 73 Lower Mortlake Road, Richmond, Surrey TW9 2JY.

15. Related party transactions

The company has taken the exemption under FRS8 paragraph 3(c) not to disclose transactions or balances with fellow group companies on the basis that the results of the company are consolidated by Celerant Consulting Investment Limited who own 100% of the shares of the company. There were no other related party transactions.

Caledonia Investments plc

Caledonia Investments plc is a related party of the company as it has the ability to exercise influence over the financial and operating policies of the company through its holding of 48% of the issued share capital of Celerant Consulting Investments Limited.

Caledonia Investments plc was issued loan notes as follows:

	2006 £'000
Principal	
Unsecured 20% series A loan notes 2012	14,150
Unsecured 12% series B loan notes 2012	<u>1,275</u>
	15,425
Accrued interest	1,883
	<u><u>17,308</u></u>

No interest has been paid on the loan notes during the period.

Unsecured 12% series B Loan Notes 2012

The directors of the company who hold unsecured 12% series B loan notes 2012 are as follows:

	Principal Amount £'000	Accrued Interest £'000	Total £'000
Directors			
I P Clarkson	295	22	317
M A Glyn	<u>151</u>	<u>11</u>	<u>162</u>
	446	33	479

The loan notes are redeemable in full as soon as practicable following 30 June 2012.