Company number: 8319737

Caesar Topco Limited

Report and Financial Statements

31 December 2013

Company information

Directors

R A Chapman	(appointed 5 December 2012)
C P Morris	(appointed 18 March 2013)
D A Painter	(appointed 3 June 2013)
A D Vaughan	(appointed 21 December 2012)
J A Moran	(appointed 2 January 2013 & resigned 30 September 2013)

Registered number

8319737

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Registered Office

Citation House
1 Macclesfield Road
Wilmslow
Cheshire
SK9 1BZ

Registered No: 8319737

Strategic report

The directors present their Strategic report for the period ended 31 December 2013.

Principal activity and business review

The principal activity of the group is the outsourcing of other companies' responsibilities for compliance with Health and Safety and Employment legislation in the United Kingdom and the provision of certification of International Standards of quality management, environmental compliance and health and safety. This includes a comprehensive review of the customers' existing processes and controls, the provision of detailed policy documents, consultancy services on the application of policies and ad-hoc advice with regard to specific issues. This is backed up by an Advice Guarantee which will pay up to a specified sum should the client face tribunal or prosecution.

The results for the period are set out on page 9 of the financial statements.

In 2013 the group continued to grow its new business acquisitions, with renewal business remaining strong. The group maintains its commitment to the ongoing investment in staff, through training and development programmes as well as using technology to deliver new and inventive ways of service delivery, including proprietary software.

The group achieved turnover for the year of £20,158,000 and recorded a loss before taxation of £2,199,000.

Principal risks and uncertainties

The pace of continued growth depends upon the group continuing to attract new clients for its services and the renewal of existing client contracts. The directors are confident the ongoing strong performance of the group clearly demonstrates its success and resilience.

The servicing of the group's growing client bank requires ongoing recruitment of qualified service personnel. The group are dedicated to being a first class employer and employing only the best.

The group is confident of meeting the challenges of attracting new business because of the size of the market, the heavy regulatory burden on small and medium sized companies, the deployment of new routes to market and the enhanced development of the service offerings using technology and new products. Additional staff will continue to be recruited to match the growth in the business, and to deliver the standards of service as recognised by the BSI under its ISO accreditation regime.

Changes in legislation have a significant impact on the group through updates to client information and the requirement to ensure that all company staff maintains their comprehensive knowledge of the regulations that could affect clients.

The board reviews the group's liquidity risks annually as part of the planning process and on an ad hoc basis. The board considers short-term requirements against available sources of funding taking into account forecast cash flow. The group manages liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

The group is exposed to credit risk on financial assets, such as trade and other receivables. Trade receivable exposures are managed in house and through specialist debt recovery lawyers. When the debt is deemed irrecoverable, the overdue invoices and accrued income account is written off against the underlying receivable.

Registered No: 8319737

Strategic report (continued)

Key performance indicators

The board uses a range of financial and non-financial performance indicators, reported on a regular basis, to monitor performance over time. These KPI's include customer service, Net promoter score (NPS), new and renewal business, operating business cashflow, EBITDA, order book value, health and safety and the environment.

On behalf of the board

C P Morris
Director
18 June 2014

Registered No: 8319737

Directors' report

The directors present their report and financial statements from the date of incorporation on 5 December 2012 to 31 December 2013.

Results and dividends

The group loss for the period after taxation amounted to £2,482,000. The directors do not recommend a final dividend.

Directors

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

R A Chapman	(appointed 5 December 2012)
C P Morris	(appointed 18 March 2013)
D A Painter	(appointed 3 June 2013)
A D Vaughan	(appointed 21 December 2012)
J A Moran	(appointed 2 January 2013 & resigned 30 September 2013)

Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees.

Disabled employees

Disabled employees are given full and fair consideration for all types of vacancy. Should an existing employee become disabled, such steps as are practical and reasonable are taken to retain him or her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Environmental matters

Due to the nature of the Group's business, the directors believe that the impact of the business is minimal. Consequently the company has chosen not to set environmental Key Performance Indicators.

Corporate social responsibility

The Group is committed to taking its corporate social responsibilities very seriously and includes social and environmental issues at the heart of all decision making processes. As the Group continues to grow, it is always looking for ways to increase efficiencies, so much so, that one of the Group's values will become 'find a better way', to encourage employees to think responsibly about everything they do to constantly improve processes and procedures.

The Group continues to maintain the ISO 9001 standard from the British Standards Institute, which demonstrates commitment to quality and improved performance. For example, a print strategy which has reduced the amount of individual printers and introduced network printers, reducing the amount printed as a business. An efficient diary management team looks to reduce the travel times of field based staff.

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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

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

C P Morris
Director
18 June 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 group and the company and of the profit or loss of the group 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 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 Caesar Topco Limited

We have audited the financial statements of Caesar Topco Limited for the period ended 31 December 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 23. 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 6, 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 group's and the parent undertaking'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and of the parent undertaking's affairs as at 31 December 2013 and of the group's loss for the period 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Caesar Topco 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 by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.

Ernst & Young LLP

Alastair John Richard Nuttall (Senior statutory auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

18 June 2014

Group profit and loss account

for the period ended 31 December 2013

	Notes	2013 £000
Group turnover		20,158
Cost of sales		(5,947)
Gross profit		14,211
Administrative expenses		(11,135)
Operating profit before exceptional costs		3,076
Exceptional costs		
Restructuring costs	3	(1,303)
Operating profit		1,773
Interest receivable and similar income	7	1
Interest payable and similar charges	6	(3,973)
Loss on ordinary activities before taxation		(2,199)
Tax	8	(283)
Loss for the financial period	19	(2,482)

All amounts relate to continuing operations.

Group statement of total recognised gains and losses

for the period ended 31 December 2013

	2013 £000
Loss for the financial period	(2,482)

Group balance sheet

at 31 December 2013

	Notes	*2013* *£000*
Fixed assets		
Intangible assets	9	34,275
Tangible assets	10	654
Investments	11	–
		34,929
Current assets		
Debtors	12	13,340
Cash held in segregated account	13	203
Cash at bank and in hand	13	499
		14,042
Creditors: amounts falling due within one year	14	(5,583)
Net current assets		8,459
Total assets less current liabilities		43,388
Creditors: amounts falling due after more than one year	15	(44,910)
Net liabilities		(1,522)
Capital and reserves		
Called up share capital	18	284
Capital redemption reserve		4
Share premium	19	672
Profit and loss account	19	(2,482)
Shareholders' deficit	19	(1,522)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2014

C P Morris
Director

Company balance sheet

at 31 December 2013

	Notes	2013 £000
Fixed assets		
Investments	11	776
		776
Current assets		
Debtors	12	180
Cash at bank and in hand	13	
Creditors: amounts falling due within one year	14	–
Net current assets		180
Total assets less current liabilities		956
Creditors: amounts falling due after more than one year	15	–
Net assets		956
Capital and reserves		
Called up share capital	18	284
Capital redemption reserve		4
Share premium	19	672
Profit and loss account	19	(4)
Shareholders' funds	19	956

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2014

C P Morris
Director

Group statement of cash flows

for the period ended 31 December 2013

	Notes	2013 £000
Net cash inflow from operating activities	20(a)	3,674
Returns on investments and servicing of finance	20(b)	(1,086)
Taxation		(960)
Capital expenditure and financial investment	20(b)	(329)
Acquisitions and disposals	20(b)	(45,419)
Net cash outflow before financing		(44,120)
Financing	20(c)	44,424
Opening cash balance		–
Increase in cash in the year		304

Reconciliation of net cash flow to movement in net debt

	Notes	2013 £000
Increase in cash		304
Finance leases and loans acquired with subsidiary		(73)
Cash inflow from increase in loans		(45,722)
Issue costs of new long term loans		1,265
Cash outflow from decrease in debt and lease financing		993
Change in net debt resulting from cash flows		(43,233)
Movement in net debt in the year		(43,233)
Net debt at 5 December	20(c)	–
Net debt at 31 December	20(c)	(43,233)

Notes to the financial statements

at 31 December 2013

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation of financial statements

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2013.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

As 100% of the company's voting rights are controlled within the group headed by Caesar Topco Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

Going concern

The group's business activities, financial performance and position, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 1.

The group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks.

After making enquiries and preparing robust forecast for the next four financial years, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost and amortised to nil by equal annual instalments over their useful economic lives, generally considered to be a period of 3 years.

Share based payments

The share option programme allows certain employees to acquire shares of the parent company, Citation Holdings Limited. The grant date fair value of share based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an estimate of the fair value of the options, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non market performance conditions at the vesting date.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Investments

Investments are stated at cost less any provision for permanent diminution in value.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	3 years
Fixtures & fittings	-	3 years
Office equipment	-	3 years

Impairment of fixed assets and goodwill

The carrying amounts of the group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the group

Following the adoption of FRS 25, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions.

a) They include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of Personnel and Health and Safety consulting services and certification of compliance with International Standards for quality management, environmental compliance and health and safety. Services are provided under contractual agreements ranging from one year upwards on an 'ad hoc' basis which are invoiced accordingly. Turnover is recognised in a manner appropriate to the stage of completion of the contract.

Accrued income

Accrued income represents recognised turnover less amounts invoiced. A provision against accrued income is recognised to the extent customers fail to complete their contractual obligations based on past evidence.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Notes to the financial statements

at 31 December 2013

2. Operating profit

This is stated after charging:

			2013
			£000
Auditor's remuneration			
Audit of the financial statements			38
Taxation services			12
Other services			9
			59
Amortisation	–	intangible fixed assets	3
	–	goodwill	1,680
Depreciation of tangible fixed assets	–	owned by the company	247
	–	held under finance leases	38
Loss on sale of fixed asset			–
Operating lease rentals	–	plant and machinery	300
	–	other	113

3. Exceptional items

	2013
	£000
Restructuring	1,303

Included in the Group's loss for the year ended 31 December 2013, are restructuring costs of 1,303,000. Restructuring costs include a provision for rentals and ancillary costs due to the end of the building lease term, following the decision to close the Newcastle-under-Lyme office.

4. Directors' remuneration

	2013
	£000
Remuneration	689
Company pension contributions to money purchase pension schemes	35

At the year end retirement benefits were accruing to 2 directors in respect of money purchase pensions.

The highest paid director received remuneration of £220,000.

The value of the company's contributions paid to a personal pension plan in respect of the highest paid director amounted to £Nil.

Notes to the financial statements

at 31 December 2013

5. Staff costs

	2013 £000
Wages and salaries	9,579
Social security costs	931
	10,510

The average monthly number of employees, including the directors, during the period was as follows:

	No.
Sales	41
Administration	71
Consultants	208
	320

6. Interest payable and similar charges

	2013 £000
On bank loans	1,085
On finance leases and hire purchase contracts	2
On other loans	2,886
	3,973

7. Interest receivable and similar income

	2013 £000
Bank interest	1

Notes to the financial statements

at 31 December 2013

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2013
	£000
Current tax:	
UK corporation tax on the loss for the periods	256
Adjustments in respect of prior periods	(69)
Total current tax (note8(b))	187
Deferred tax:	
Origination and reversal of timing differences	56
Adjustment in respect of previous periods	2
Effect of change of tax rates	38
Total deferred tax	96
Tax on loss on ordinary activities	283

(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 23.25%. The differences are explained below:

	2013
	£000
Loss on ordinary activities before tax	(2,199)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25%	(511)
Effects of:	
Expenses not deductible for tax purposes	755
Capital allowances for year in excess of depreciation	16
Short-term timing differences	(37)
Group relief not paid for	33
Adjustments to tax charge in respect of prior periods	(69)
Current tax for the year (note 8(a))	187

Notes to the financial statements

at 31 December 2013

8. Tax (continued)

(c) Deferred tax

	2013
The deferred tax included in the balance sheet is as follows:	*£000*
Included in debtors (note 12)	(260)
Included in provisions for liabilities	–
	(260)
Accelerated capital allowances	(19)
Other timing differences	(241)
Provision for deferred tax	(260)
At 5 December 2012	–
Acquired during the year	(356)
Deferred tax charge in group profit and loss account (note 8(a))	94
Adjustments in respect of prior periods	2
At 31 December 2013	(260)

Factors that may affect future tax charges

In his Budget of 21 March 2013, the Chancellor of the Exchequer announced certain changes which have an effect on the company's future tax position. The proposals included phased reductions in the corporation tax rate to 20% from 1 April 2015. The corporation tax rate has been reduced to 23% from 1 April 2013 and the enactment of the 2013 Finance Bill on 2 July 2013 confirmed a reduction to the corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015.

As at the balance sheet date the reduction in rate to 20% has been substantively enacted and therefore deferred tax has been provided for at this rate. The rate changes will also impact the amount of future cash tax payments to be made by the company.

9. Intangible fixed assets

	Goodwill	*Other intangibles*	*Total*
Group	*£000*	*£000*	*£000*
Cost:			
At 5 December 2012	–	–	–
Acquisition of subsidiary undertakings	34,389	27	34,416
Additions	1,566	–	1,566
At 31 December 2013	35,955	27	35,982
Amortisation:			
At 5 December 2012	–	–	–
Acquisition of subsidiary undertakings	–	24	24
Charge for the year	1,680	3	1,683
At 31 December 2013	1,680	27	1,707
Net book value:			
At 31 December 2013	34,275	–	34,275
At 5 December 2012	–	–	–

Notes to the financial statements

at 31 December 2013

10. Tangible fixed assets

Group	*Leasehold improvements £000*	*Plant and machinery £000*	*Motor vehicles £000*	*Furniture, fittings and equipment £000*	*Total £000*
Cost:					
At 5 December 2012	–	–	–	–	–
Acquisition of subsidiary undertakings	142	1,025	91	938	2,196
Additions	–	352	–	–	352
Disposals	(142)	(142)	(45)	(2)	(331)
Transfers	–	–	–	–	–
At 31 December 2013	–	1,235	46	936	2,217
Depreciation:					
At 5 December 2012	–	–	–	–	–
Acquisition of subsidiary undertakings	86	630	58	812	1,586
Charge for the period	5	231	16	33	285
Disposals	(91)	(169)	(45)	(3)	(308)
At 31 December 2013	–	692	29	842	1,563
Net book value:					
At 31 December 2013	–	543	17	94	654
At 5 December 2012	–	–	–	–	–

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £000
Motor vehicles	17

Notes to the financial statements

at 31 December 2013

11. Investments

Group	*Fixed asset investments*
Cost:	£'000
At 5 December 2012	–
Acquisition of subsidiary undertakings	903
Disposals	(903)
At 31 December 2013	–

On 22 December 2012, the Group acquired the entire share capital of the Citation Holdings Limited Group for a consideration of £39,451,000 satisfied in cash. The investment in Citation Holdings Limited has been included in the company balance sheet at its fair value at the date of acquisition.

On 14 August 2013, the Group acquired the entire share capital of the BCAS Consulting Limited Group for a consideration of £4,165,000 satisfied in cash. The investment in BCAS Consulting Limited has been included in the company balance sheet at its fair value at the date of acquisition.

On 22 December 2012, the Group acquired the trade and assets of NBS UK (LLP) for a consideration of £1,600,000. Of this amount £697,000 was paid by Caesar Bidco Limited, a fellow group undertaking, the remaining £903,000 arose through the sale of a fixed asset investment in NBS UK (LLP). The assets of NBS UK (LLP) have been included in the company balance sheet at their fair value at the date of acquisition. The fair value adjustment is the inclusion of a bad debt provision of £15,000 in respect of NBS UK (LLP).

Analysis of the above acquisitions is as follows:

	Citation Holdings Limited Book value	**BCAS Consulting Limited Book value**	**NBS UK (LLP) Book value**	**Revaluation adjustments**	**Fair value to group**
	£'000	***£'000***	***£'000***	***£'000***	***£'000***
Intangible assets	3	–	–	–	3
Tangible assets	288	322	–	–	610
Fixed asset investments	903	–	–	–	903
Debtors	9,367	3,613	49	(15)	13,014
Cash	663	393	–	–	1,056
Creditors	(1,481)	(2,498)	–	–	(3,979)
Corporation tax	(467)	–	–	–	(467)
Finance lease creditors	(67)	(6)	–	–	(73)
Deferred taxation	328	28	–	–	356
Net assets	**9,537**	**1,852**	**49**	(15)	**11,423**
Goodwill arising on acquisition	31,052	3,337	1,551	15	35,955
	40,589	**5,189**	**1,600**	–	**47,378**
Discharged by:					
Cash consideration	39,451	4,165	697	–	44,313
Costs associated with the acquisition	1,138	1,024	–	–	2,162
Transfer of fixed asset investment	–	–	903	–	903
	40,589	**5,189**	**1,600**	–	**47,378**

Notes to the financial statements

at 31 December 2013

11. Investments (continued)

Details of the financial performance of the companies acquired during the period from the date of acquisition to 31 December 2013 are as follows:

	Citation Holdings Limited	BCAS Consulting Limited
	£'000	*£'000*
Turnover	18,653	1,385
Operating profit/(loss)	5,140	(1,203)
Profit/(loss) on fixed asset disposals	–	–
Profit/(loss) before tax	5,138	(1,447)
Taxation	(255)	(28)
Profit/(loss) after tax	4,883	(1,419)

There were no recognised gains or losses other than the profit shown above.

Details of the investments in which the group and company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	*Holding*	*%*	*Nature of business*
Caesar Midco Limited	Ordinary shares	100	Holding Company
Caesar Bidco Limited	Ordinary shares	100*	Holding Company
Citation Holdings Limited	Ordinary shares	100*	Holding Company
Citation Limited	Ordinary shares	100*	Health & Safety and Employment Legislation
Citation NBS Limited	Ordinary shares	100*	Provision of ISO Consultancy
BCAS Consulting Limited	Ordinary shares	100*	Health & Safety and Employment Legislation

*Held by subsidiary undertaking

The acquisition of BCAS Consulting Limited contains a deferred consideration element based on the customer book value at 14 August 2015 with a maximum potential liability of £1,500,000. The directors' best estimate is that there will be no further consideration payable.

On 1 December 2007, BCAS Consulting Limited subscribed for shares in ARM Insurance Limited, a company registered in Bermuda. The shares are preferred shares linked to a segregated account and have no voting rights in respect of ARM Insurance Limited.

The segregated account is held for the purpose of providing an indemnity to clients of the company against the cost of defending tribunals. A premium is paid into the segregated account which is invested. The only liabilities that can be paid out of the segregated account are in respect of tribunal claims and administration expenses.

Notes to the financial statements

at 31 December 2013

11. Investments (continued)

The company is entitled to dividend distributions from the segregated account, subject to there being sufficient funds, at the discretion of ARM Insurance Limited.

Summary financial statements in respect of the segregated account are shown below:

Profit and loss account

	From 5 December 2012 to 31 December 2013
	£'000
Other operating profit/(loss)	143
Administration expenses	(22)
Profit/(loss) on ordinary activities before tax	121
Tax	–
Profit/(loss) for the financial period	121

Balance sheet

	At 31 December 2013
	£'000
Current assets	
Cash (note 13)	203
Debtors – amounts due from group undertakings	79
	282
Creditors – amounts falling due within one year	
Accruals	(68)
Other creditors	(7)
Net assets	207
Capital and reserves	
Share capital – preferred shares	–
Profit and loss account	207
	207

Company	*Fixed asset investments*
Cost:	£'000
At 5 December 2012	–
Additions	776
At 31 December 2013	776

During the year the company acquired the entire share capital of Caesar Midco Limited.

Notes to the financial statements

at 31 December 2013

12. Debtors

	Group 2013 £000	Company 2013 £000
Due after more than one year		
Accrued income	5,831	–
Due within one year		
Trade debtors	1,185	–
Other debtors	51	10
Prepayments and accrued income	687	–
Amounts due from group companies	–	170
Accrued income	5,020	–
Corporation tax	306	–
Deferred tax asset	260	–
	13,340	180

13. Cash at bank and in hand

	Group 2013 £000	Company 2013 £000
Cash held in segregated account (note 11)	203	–
Bank current account	499	–
	702	–

14. Creditors: amounts falling due within one year

	Group 2013 £000	Company 2013 £000
Bank loan	1,710	–
Issue costs	(210)	–
	1,500	–
Bank overdraft	398	–
Net obligation under finance leases and hire purchase contracts	13	–
Trade creditors	214	–
Social security costs and other taxes	946	–
Debt factoring	801	–
Accruals and deferred income	1,711	–
	5,583	–

Notes to the financial statements

at 31 December 2013

15. Creditors: amounts falling due after more than one year

	Group 2013 £000	*Company 2013 £000*
Bank loan	16,340	–
Issue costs	(1,055)	–
	15,285	–
Net obligations under finance leases and hire purchase contracts	17	–
Loan notes	26,722	–
Accruals and deferred income	2,886	–
	44,910	–

12% loan notes issued from the ultimate parent undertaking totalling £21,222,000 are due for redemption on 21 December 2020.

12% loan notes issued from the ultimate parent undertaking totalling £5,500,000 are due for redemption on 14 August 2021.

The Group owes monies in respect of two bank loans to HSBC Bank plc.

An amount of £8,550,000 is payable at 31 December 2013 in respect of Bank loan A and is due for repayment in equal instalments of £855,000 payable on 30 June and 31 December each year until 31 December 2018. Interest is charged on Bank loan A at a rate of LIBOR plus 4.5%.

An amount of £9,500,000 is payable at 31 December 2013 in respect of Bank loan B and is due for repayment in full on 22 December 2019. Interest is charged on Bank loan B at a rate of LIBOR plus 5%.

16. Derivatives

The group purchases interest rate swaps to manage interest rate risk volatility on firm future commitments. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, are as follows:

	Group 2013 £000	*Company 2013 £000*
Interest rate swap	(27)	–

17. Obligations under finance leases and hire purchase contracts

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group 2013 £000	*Company 2013 £000*
Amounts payable:		
Within one year	14	–
In two to five years	19	–
Less future charges	(3)	–
	30	–

Notes to the financial statements

at 31 December 2013

18. Issued share capital

	2013
	£000
Allotted, called up and fully paid	
1 Ordinary shares of £0.01each	–
787,639 A Ordinary shares of £0.25 each	197
8,119 A1 Ordinary shares of £0.25 each	2
100,000 B Ordinary shares of £0.25 each	25
60,000 B1 Ordinary shares of £1 each	60
	284

On 5 December 2012, 787,639 A ordinary shares, 8,119 A1 Ordinary shares, 90,000 B Ordinary shares and 60,000 B1 Ordinary shares with aggregate nominal value of £284,000, were allotted for cash at £1.00 each and 1 Ordinary share with aggregate nominal value of £0.01 was allotted for cash at £0.01.

During December 2013, 10,000 B ordinary shares with aggregate nominal value of £2,500 were allotted for cash at £1 each.

Details of the rights of each class of shares including voting rights, dividend policy, return of capital and redemption is available within the company's articles of association.

19. Reconciliation of shareholders' funds and movements on reserves

Group	*Share capital*	*Capital redemption reserve*	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*	*£000*
At 5 December 2012	–	–	–	–	–
Issued in the period	284	4	672	–	960
Loss for the period	–	–	–	(2,482)	(2,482)
At 31 December 2013	284	4	672	(2,482)	(1,522)

Company	*Share capital*	*Capital redemption reserve*	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*	*£000*
At 5 December 2012	–	–	–	–	–
Issued in the period	284	4	672	–	960
Loss for the period	–	–	–	(4)	(4)
At 31 December 2013	284	4	672	(4)	956

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

Notes to the financial statements

at 31 December 2013

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	2013
	£000
Operating profit	1,773
Amortisation of intangible fixed assets	1,683
Depreciation of tangible fixed assets	285
Decrease in debtors	240
Decrease in creditors	(307)
Net cash inflow from operations	3,674

(b) Analysis of cash flows for headings netted in statement of cash flows

	2013
	£000
Returns on investments and servicing of finance:	
Interest received	1
Interest paid	(1,085)
Hire purchase interest	(2)
Net cash outflow from returns on investments and servicing of finance	(1,086)

	2013
	£000
Capital expenditure and financial investment:	
Purchase of tangible fixed assets	(352)
Sale of tangible fixed assets	23
Net cash outflow from capital expenditure	(329)

	2013
	£000
Acquisitions and disposals:	
Purchase of subsidiary undertakings	(46,475)
Net cash acquired with subsidiary undertaking	1,056
Net cash outflow from acquisitions and disposals	(45,419)

Notes to the financial statements

at 31 December 2013

20. Notes to the statement of cash flows (continued)

	2013
	£000
Financing:	
Issue of share capital	960
Net movement in short term borrowings	1,500
Net movement in long term borrowings	42,007
Repayment of finance leases	(43)
Net cash inflow from financing	44,424

(c) Analysis of net debt

	At 5 December 2012	*Cash flow*	*Other changes*	*At 31 December 2013*
	£000	*£000*	*£000*	*£000*
Cash at bank and in hand	–	499	–	499
Cash held in segregated account	–	203	–	203
Bank overdraft	–	(398)	–	(398)
Cash	–	304	–	304
Debt:				
Finance leases	–	(30)	–	(30)
Debts due within one year	–	(1,500)	–	(1,500)
Debts falling due after one year	–	(42,007)	–	(42,007)
Net debt	–	(43,233)	–	(43,233)

21. Other financial commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below:

Group		*2013*
	Land and buildings	*Plant*
	£000	*£000*
Operating leases which expire:		
Within one year	–	62
In two to five years	427	111
	427	173

Notes to the financial statements

at 31 December 2013

22. Related party transactions

The company has taken advantage of the exemption allowed under FRS 8 "Related Party Disclosures" and has not disclosed transactions and balances with other members of the Caesar Topco Limited group of companies.

During the year the group provided services to Paradigm Partners, a company controlled by an individual who was a director of Citation Limited and the parent company, Citation Holdings Limited, in the prior year. Services to a fair value of £5,750 (2012: £5,000) were paid for by Paradigm Partners. Services to the fair value of £Nil (2012: £12,000) were provided by Paradigm Partners and paid for by Citation Limited.

During 2009 the group entered into an agreement to lease a property in Wilmslow from Withington Investments Limited at a rent of £245,977 per annum. Paul Hogarth, a director of Citation Limited and the parent company, Citation Holdings Limited, until 22 December 2012 is also a director of Withington Investments Limited.

An amount of £50,000 was paid in 2012 to Mosaic Private Equity Limited in respect of directors' services. Mosaic Private Equity Limited was, in 2012, a related party by way of common directorship.

During the prior year Citation Ltd held an investment in a limited liability partnership, NBS (UK) LLP. There were six members of this partnership of which Citation Limited was one. The following were directors of Citation Limited in the prior years and were also members of NBS (UK) LLP: HAE Bloor, LJ Hill, PH Hogarth and JA Moran. Further details in respect to NBS (UK) LLP, including details of transactions with members, can be obtained from Citation House, 1 Macclesfield Road, Wilmslow, Cheshire SK9 1BZ and Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Included in other creditors is £Nil (2012: £325) due to NBS (UK) LLP.

An amount of £Nil (2012: £13,115) was charged by the group to NBS (UK) LLP for use of the company's employees and premises during the year.

23. Ultimate parent undertaking and controlling party

The group is controlled and funded by ECI Partners LLP. Therefore, ECI Partners LLP is considered to be the ultimate parent undertaking at 31 December 2013.