

# Caesar Topco Limited

## Report and Financial Statements

31 December 2014

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## Company information

### Directors

R A Chapman  
C P Morris  
D A Painter  
A D Vaughan  
P J Lillico (appointed 13 November 2014)  
D W Burke (appointed 13 November 2014)

### 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

## Group Strategic report

The directors present their Strategic report for the year ended 31 December 2014.

### 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 year are set out on page 9 of the financial statements.

In the year ended 31 December 2014, 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 £26,190,000 (2013: £20,158,000) and recorded a loss before taxation of £1,808,000 (2013: loss 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  
27 April 2015



Registered No: 8319737

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2014.

### **Results and dividends**

The group loss for the year after taxation amounted to £2,744,000 (2013: £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

C P Morris

D A Painter

A D Vaughan

P J Lillico (appointed 13 November 2014)

D W Burke (appointed 13 November 2014)

### **Future developments**

The Group is continuing with its strategy of expanding routes to market, adding additional products to its offering and developing the next generation IT platforms for its clients.

### **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.



## Directors' report (continued)

### 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.

### 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

27 April 2015



## Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, Directors' 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 year ended 31 December 2014 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 Statement of directors' responsibilities 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 report and financial statements 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 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Group 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.



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

29 April 2015



## Group profit and loss account

for the period ended 31 December 2014

	Notes	2014 £000	2013 £000
<b>Group turnover</b>		26,190	20,158
Cost of sales		<u>(6,997)</u>	<u>(5,947)</u>
<b>Gross profit</b>		19,193	14,211
Administrative expenses		<u>(14,618)</u>	<u>(11,135)</u>
<b>Operating profit before exceptional costs</b>		4,575	3,076
<b>Exceptional costs</b>			
Exceptional items	3	<u>(1,835)</u>	<u>(1,303)</u>
<b>Operating profit</b>		2,740	1,773
Interest receivable and similar income	7	1	1
Interest payable and similar charges	6	<u>(4,549)</u>	<u>(3,973)</u>
<b>Loss on ordinary activities before taxation</b>		(1,808)	(2,199)
Tax	8	<u>(936)</u>	<u>(283)</u>
<b>Loss for the financial period</b>	19	<u><u>(2,744)</u></u>	<u><u>(2,482)</u></u>

All amounts relate to continuing operations.

## Group statement of total recognised gains and losses

for the period ended 31 December 2014

	2014 £000	2013 £000
Loss for the financial period	<u><u>(2,744)</u></u>	<u><u>(2,482)</u></u>



## Group balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Intangible assets	9	32,651	34,275
Tangible assets	10	848	654
Investments	11	—	—
		<u>33,499</u>	<u>34,929</u>
<b>Current assets</b>			
Debtors	12	14,798	13,340
Cash held in segregated account	13	187	203
Cash at bank and in hand	13	326	499
		<u>15,311</u>	<u>14,042</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,555)</u>	<u>(5,583)</u>
<b>Net current assets</b>		<u>8,756</u>	<u>8,459</u>
<b>Total assets less current liabilities</b>		42,255	43,388
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(46,675)</u>	<u>(44,910)</u>
<b>Net liabilities</b>		<u>(4,420)</u>	<u>(1,522)</u>
<b>Capital and reserves</b>			
Called up share capital	18	286	284
Capital redemption reserve	19	4	4
Treasury shares	19	(163)	—
Share premium	19	679	672
Profit and loss account	19	<u>(5,226)</u>	<u>(2,482)</u>
<b>Shareholders' deficit</b>	19	<u>(4,420)</u>	<u>(1,522)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2015.



C P Morris  
Director

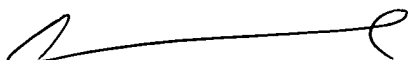


## Company balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Investments	11	776	776
		<u>776</u>	<u>776</u>
<b>Current assets</b>			
Debtors	12	26	180
Cash at bank and in hand	13	—	—
		<u>26</u>	<u>180</u>
<b>Creditors:</b> amounts falling due within one year	14	—	—
<b>Net current assets</b>		<u>26</u>	<u>180</u>
<b>Total assets less current liabilities</b>		802	956
<b>Creditors:</b> amounts falling due after more than one year	15	—	—
<b>Net assets</b>		<u>802</u>	<u>956</u>
<b>Capital and reserves</b>			
Called up share capital	18	286	284
Capital redemption reserve	19	4	4
Treasury shares	19	(163)	—
Share premium	19	679	672
Profit and loss account	19	(4)	(4)
<b>Shareholders' funds</b>	19	<u>802</u>	<u>956</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2015.



C P Morris  
Director



## Group statement of cash flows

for the period ended 31 December 2014

	Notes	2014 £000	2013 £000
<b>Net cash inflow from operating activities</b>	20(a)	4,493	3,674
<b>Returns on investments and servicing of finance</b>	20(b)	(1,052)	(1,086)
<b>Taxation</b>		(612)	(960)
<b>Capital expenditure and financial investment</b>	20(b)	(722)	(329)
<b>Acquisitions and disposals</b>	20(b)	—	(45,419)
<b>Net cash inflow/(outflow) before financing</b>		2,107	(44,120)
<b>Financing</b>	20(b)	(1,899)	44,424
<b>Increase in cash in the year</b>		<u>208</u>	<u>304</u>

### Reconciliation of net cash flow to movement in net debt

	Notes	2014 £000	2013 £000
<b>Increase in cash</b>		208	304
Finance leases and loans acquired with subsidiary		30	(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		<u>1,715</u>	<u>993</u>
<b>Change in net debt resulting from cash flows</b>		1,953	(43,233)
<b>Movement in net debt in the year</b>		1,953	(43,233)
<b>Net debt at 1 January</b>	20(c)	(43,233)	—
<b>Net debt at 31 December</b>	20(c)	<u>(41,280)</u>	<u>(43,233)</u>



## Notes to the financial statements

at 31 December 2014

### 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 2014.

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 4.

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 a 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.

#### ***Investments***

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



## Notes to the financial statements

at 31 December 2014

### 1. Accounting policies (continued)

#### *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:

Leasehold improvements	-	10 years
Motor vehicles	-	3 years
Fixtures & fittings	-	3 years
Office equipment and computer software	-	3 to 5 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 2014

### 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 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.

#### *Treasury shares*

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

#### *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.

#### *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 2014

### 2. Operating profit

This is stated after charging/(crediting):

		2014	<i>As restated</i> 2013
		£000	£000
<b>Auditor's remuneration</b>			
Audit of the financial statements		28	38
Taxation services		23	12
Other services		44	9
		<u>95</u>	<u>59</u>
Amortisation			
–	intangible fixed assets	–	3
–	goodwill	1,791	1,680
Depreciation of tangible fixed assets			
–	owned by the company	370	247
–	held under finance leases	2	38
Profit on sale of fixed asset		(11)	–
Operating lease rentals			
–	plant and machinery	35	80
–	other	429	333

### 3. Exceptional items

	2014	2013
	£000	£000
Exceptional items	<u>1,835</u>	<u>1,303</u>

Included in the Group's loss for the year ended 31 December 2014, is a one off accrual for future benefits arising under a cash settled long-term incentive plan.

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

	2014	2013
	£000	£000
Remuneration	<u>717</u>	<u>689</u>
Company pension contributions to money purchase pension schemes	<u>42</u>	<u>35</u>

At the year end retirement benefits were accruing to 5 directors in respect of money purchase pensions (2013 – 2).

The highest paid director received remuneration of £202,000 (2013: £220,000).

The value of the company's contributions paid to a personal pension plan in respect of the highest paid director amounted to £17,000 (2013: £Nil).



## Notes to the financial statements

at 31 December 2014

### 5. Staff costs

	2014 £000	2013 £000
Wages and salaries	13,835	9,579
Social security costs	1,469	931
	<u>15,304</u>	<u>10,510</u>

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

	No.	No.
Sales	36	41
Administration	35	71
Consultants	244	208
	<u>315</u>	<u>320</u>

### 6. Interest payable and similar charges

	2014 £000	2013 £000
On bank loans	951	1,085
On finance leases and hire purchase contracts	—	2
On other loans	3,598	2,886
	<u>4,549</u>	<u>3,973</u>

### 7. Interest receivable and similar income

	2014 £000	2013 £000
Bank interest	<u>1</u>	<u>1</u>



## Notes to the financial statements

at 31 December 2014

### 8. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2014 £000	2013 £000
<b>Current tax:</b>		
UK corporation tax on the profit/(loss) for the periods	1,162	256
Adjustments in respect of prior periods	294	(69)
Total current tax (note 8(b))	<u>1,456</u>	<u>187</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(560)	56
Adjustment in respect of previous periods	—	2
Effect of change of tax rates	40	38
Total deferred tax	<u>(520)</u>	<u>96</u>
Tax on profit/(loss) on ordinary activities	<u>936</u>	<u>283</u>

(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 21.49% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	<u>(1,808)</u>	<u>(2,199)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%).	(389)	(511)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	849	755
Capital allowances for year in excess of depreciation	(66)	16
Short-term timing differences	373	(37)
Other differences leading to an increase (decrease) in taxation	395	—
Group relief not paid for	—	33
Adjustments to tax charge in respect of prior periods	294	(69)
Current tax for the year (note 8(a))	<u>1,456</u>	<u>187</u>



## Notes to the financial statements

at 31 December 2014

### 8. Tax (continued)

(c) Deferred tax

	2014	2013
	£000	£000
The deferred tax included in the balance sheet is as follows:		
Included in debtors (note 12)	(780)	(260)
Accelerated capital allowances	10	(19)
Other timing differences	(790)	(241)
Provision for deferred tax	(780)	(260)
At 1 January 2014		(260)
Deferred tax charge in group profit and loss account (note 8(a))		(520)
Adjustments in respect of prior periods		—
At 31 December 2014		(780)

### 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.

The 2015 budget did not propose any amendments to the changes in tax rates noted above.

### 9. Intangible fixed assets

Group	Goodwill £000	Other intangibles £000	Total £000
Cost:			
At 1 January 2014	35,955	27	35,982
Additions	—	167	167
Disposals	—	(27)	(27)
At 31 December 2014	35,955	167	36,122
Amortisation:			
At 1 January 2014	1,680	27	1,707
Charge for the year	1,791	—	1,791
On disposals	—	(27)	(27)
At 31 December 2014	3,471	—	3,471
Net book value:			
At 31 December 2014	32,484	167	32,651
At 1 January 2014	34,275	—	34,275



## Notes to the financial statements

at 31 December 2014

### 10. Tangible fixed assets

<i>Group</i>	<i>Motor vehicles £000</i>	<i>Office equipment, computer software, fixtures and fittings £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2014	46	2,171	2,217
Additions	–	581	581
Disposals	(46)	(1,137)	(1,183)
At 31 December 2014	–	1,615	1,615
Depreciation:			
At 1 January 2014	29	1,534	1,563
Charge for the period	3	369	372
Disposals	(32)	(1,136)	(1,168)
At 31 December 2014	–	767	767
Net book value:			
At 31 December 2014	–	848	848
At 1 December 2013	17	637	654

Plant and machinery with a net book value of £965,000 at 31 December 2013 has been reclassified as office equipment, computer software, fixtures and fittings.

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

	<i>2014 £000</i>	<i>2013 £000</i>
Motor vehicles	–	17



## Notes to the financial statements

at 31 December 2014

### 11. Investments

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 £'000	BCAS Consulting Limited Book value £'000	NBS UK (LLP) Book value £'000	Revaluation adjustments £'000	Fair value to group £'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
<b>Net assets</b>	<b>9,537</b>	<b>1,852</b>	<b>49</b>	<b>(15)</b>	<b>11,423</b>
Goodwill arising on acquisition	31,052	3,337	1,551	15	35,955
	<b>40,589</b>	<b>5,189</b>	<b>1,600</b>	<b>—</b>	<b>47,378</b>
<b>Discharged by:</b>					
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
	<b>40,589</b>	<b>5,189</b>	<b>1,600</b>	<b>—</b>	<b>47,378</b>



## Notes to the financial statements

at 31 December 2014

### 11. Investments (continued)

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:

<i>Subsidiary undertakings</i>	<i>Holding</i>	<i>%</i>	<i>Nature of business</i>
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. On 1 January 2014, the shareholding in ARM Insurance Limited was transferred to Citation 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 2014

### 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

	2014	From 5 December 2012 to 31 December 2013
	£'000	£'000
Other operating profit	74	143
Administration expenses	(17)	(22)
Profit on ordinary activities before tax	57	121
Tax	—	—
Profit for the financial period	57	121

#### Balance sheet

	At 31 December 2014	At 31 December 2013
	£'000	£'000
<b>Current assets</b>		
Cash (note 13)	187	203
Debtors – amounts due from group undertakings	82	79
	269	282
<b>Creditors – amounts falling due within one year</b>		
Accruals	(5)	(68)
Other creditors	—	(7)
Net assets	264	207

#### Capital and reserves

Share capital – preferred shares	—	—
Profit and loss account	264	207
	264	207

#### Company

Cost:		Fixed asset investments
At 1 January 2014 and 31 December 2014		£'000
		776

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



## Notes to the financial statements

at 31 December 2014

### 12. Debtors

	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>	<i>Company</i> <i>2014</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
<b>Due after more than one year</b>				
Accrued income	8,981	5,831	—	—
<b>Due within one year</b>				
Trade debtors	430	1,185	—	—
Other debtors	567	51	20	10
Prepayments and accrued income	1,010	687	—	—
Amounts due from group companies	—	—	6	170
Accrued income	3,030	5,020	—	—
Corporation tax	—	306	—	—
Deferred tax asset	780	260	—	—
	<u>14,798</u>	<u>13,340</u>	<u>26</u>	<u>180</u>

### 13. Cash at bank and in hand

	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>	<i>Company</i> <i>2014</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
Cash held in segregated account (note 11)	187	203	—	—
Bank current account	326	499	—	—
	<u>513</u>	<u>702</u>	<u>—</u>	<u>—</u>

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

	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>	<i>Company</i> <i>2014</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
Bank loan	1,710	1,710	—	—
Issue costs	(211)	(210)	—	—
	<u>1,499</u>	<u>1,500</u>	<u>—</u>	<u>—</u>
Bank overdraft	1	398	—	—
Net obligations under finance leases and hire purchase contracts	—	13	—	—
Trade creditors	333	214	—	—
Social security costs and other taxes	1,047	946	—	—
Debt factoring	—	801	—	—
Corporation tax payable	538	—	—	—
Accruals and deferred income	3,137	1,711	—	—
	<u>6,555</u>	<u>5,583</u>	<u>—</u>	<u>—</u>



## Notes to the financial statements

at 31 December 2014

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

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loan	14,630	16,340	–	–
Issue costs	(843)	(1,055)	–	–
	<u>13,787</u>	<u>15,285</u>	<u>–</u>	<u>–</u>
Net obligations under finance leases and hire purchase contracts	–	17	–	–
Loan notes	26,506	26,722	–	–
Accruals and deferred income	6,382	2,886	–	–
	<u>46,675</u>	<u>44,910</u>	<u>–</u>	<u>–</u>

12% loan notes issued from the ultimate parent undertaking totalling £21,006,000 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 £6,840,000 is payable at 31 December 2014 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 2014 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:

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Interest rate swap	<u>(3)</u>	<u>(27)</u>	<u>–</u>	<u>–</u>

### 17. Obligations under finance leases and hire purchase contracts

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

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Within one year	–	14	–	–
In two to five years	–	19	–	–
Less future charges	–	(3)	–	–
	<u>–</u>	<u>30</u>	<u>–</u>	<u>–</u>



## Notes to the financial statements

at 31 December 2014

### 18. Issued share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
1 Ordinary shares of £0.01 each	—	—
787,639 A Ordinary shares of £0.25 each	197	197
8,119 A1 Ordinary shares of £0.25 each	2	2
110,000 (2013 – 100,000) B Ordinary shares of £0.25 each	27	25
60,000 B1 Ordinary shares of £1 each	60	60
	<u>286</u>	<u>284</u>

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. During January 2014, 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.



## Notes to the financial statements

at 31 December 2014

### 19. Reconciliation of shareholders' funds and movements on reserves

<i>Group</i>	<i>Share capital £000</i>	<i>Capital redemption reserve £000</i>	<i>Treasury shares £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
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)
Issued in the period	2	—	—	7	—	9
Loss for the period	—	—	—	—	(2,744)	(2,744)
Acquired in the period	—	—	(163)	—	—	(163)
At 31 December 2014	286	4	(163)	679	(5,226)	(4,420)

<i>Company</i>	<i>Share capital £000</i>	<i>Capital redemption reserve £000</i>	<i>Treasury shares £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
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
Issued in the period	2	—	—	7	—	9
Acquired in the period	—	—	(163)	—	—	(163)
At 31 December 2014	286	4	(163)	679	(4)	802

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 2014

### 20. Notes to the statement of cash flows

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

	2014	2013
	£000	£000
Operating profit	2,740	1,773
Amortisation of intangible fixed assets	1,791	1,683
Depreciation of tangible fixed assets	372	285
Profit on disposal of tangible fixed assets	(11)	—
(Increase)/decrease in debtors	(1,244)	240
Increase/(decrease) in creditors	845	(307)
Net cash inflow from operations	<u>4,493</u>	<u>3,674</u>

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

	2014	2013
	£000	£000
Returns on investments and servicing of finance:		
Interest received	1	1
Interest paid	(1,053)	(1,085)
Hire purchase interest	—	(2)
Net cash outflow from returns on investments and servicing of finance	<u>(1,052)</u>	<u>(1,086)</u>

	2014	2013
	£000	£000
Capital expenditure and financial investment:		
Purchase of intangible fixed assets	(167)	(352)
Purchase of tangible fixed assets	(581)	—
Sale of tangible fixed assets	26	23
Net cash outflow from capital expenditure	<u>(722)</u>	<u>(329)</u>

	2014	2013
	£000	£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	<u>—</u>	<u>(45,419)</u>



## Notes to the financial statements

at 31 December 2014

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

	2014 £000	2013 £000
Financing:		
Issue of share capital	9	960
Treasury shares acquired in the period	(163)	–
Net movement in short term borrowings	(1)	1,500
Net movement in long term borrowings	(1,714)	42,007
Repayment of finance leases	(30)	(43)
Net cash (outflow)/inflow from financing	<u>(1,899)</u>	<u>44,424</u>

#### (c) Analysis of net debt

	At 1 January 2014 £000	Cash flow £000	Other changes £000	At 31 December 2014 £000
Cash at bank and in hand	499	(173)	–	326
Cash held in segregated account	203	(16)	–	187
Bank overdraft	<u>(398)</u>	<u>397</u>	<u>–</u>	<u>(1)</u>
Cash	304	208	–	512
Debt:				
Finance leases	(30)	30	–	–
Debts due within one year	(1,500)	1	–	(1,499)
Debts falling due after one year	<u>(42,007)</u>	<u>1,714</u>	<u>–</u>	<u>(40,293)</u>
Net debt	<u>(43,233)</u>	<u>1,953</u>	<u>–</u>	<u>(41,280)</u>

### 21. Other financial commitments

At 31 December 2014, the group had annual commitments under non-cancellable operating leases as set out below:

<i>Group</i>	<i>2014</i>		<i>2013</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	190	20	—	62
In two to five years	182	99	427	111
	<u>372</u>	<u>119</u>	<u>427</u>	<u>173</u>



## Notes to the financial statements

at 31 December 2014

### 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 companies.

### 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 2014.