

Acal Management Services Limited

Report and Financial Statements

31 March 2015

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COMPANIES HOUSE

Company information

Directors

N J Jefferies
S M Gibbins

Secretary

G P Shillinglaw

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Clydesdale Bank
30 St Vincent Place
Glasgow G1 2HL

Danske Bank
ICB London
75 King William Street
London EC4N 7DT

HSBC Bank Plc
168 High Street
Guildford, Surrey
GU1 3YU

Lloyds TSB Bank Plc
Faryners House
25 Monument Street
London EC3R 8BQ

Registered Office

2 Chancellor Court
Occam Road
Surrey Research Park
Guildford
Surrey GU2 7AH

Strategic report

The directors present their strategic report, directors' report and the financial statements for the year ended 31 March 2015.

Principal activities and review of the business

Acal Management Services Limited ('the company') provides IT, finance, administration and marketing services to fellow group undertakings within the Acal plc group. The results and key performance indicators are summarised below:

	2015	2014
Turnover (£'000)	8,086	5,124
Operating loss (£'000)	(3,773)	(5,873)
Average monthly number of employees	32	35

The 58% increase in turnover compared to the prior year is in line with the performance of certain fellow Group trading companies. There was an increase of 8% in administrative expenses, giving an operating loss of 36% lower than the prior year.

Recapitalisation

During the year the company issued 35,000,000 ordinary shares of £1 to its immediate parent company, Acal Plc.

Secured bank loan

During the year the company participated in the Acal group's 5 year committed multi-currency rolling credit facility. At 31 March 2015, the company had facility drawdowns of £17,667,000 denominated in Sterling and Euros, which bear interest based on LIBOR and EURIBOR respectively. The facility is secured against the assets of certain Group subsidiaries. The drawdowns have enabled the company to repay certain inter-company loans.

Principal risks and uncertainties

The company's principal risk is the carrying value and the running costs of its major fixed asset, the ERP computer system, which is used by a number of group companies. The carrying value and recovery of running costs are therefore reliant on the performance of the group companies. The directors continuously monitor the performance of the group companies for any indicators of impairment.

Approved by the Board and signed on its behalf by:



S M Gibbins
Director
Date

Registered No. 2036196

Directors' report

Results and dividends

The loss for the year after taxation amounted to £2,248,000 (2014 – loss of £5,678,000). The directors do not recommend a dividend (2014 – £nil).

Going concern

The company's business activities together with the factors likely to affect future developments, performance and position are described in the strategic report on page 2.

The company had net current assets and net assets at the year end; in the prior year the company had net current liabilities and net liabilities.

After making enquiries, the directors have a reasonable expectation that the company and the Acal plc 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 financial statements.

Directors

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

N J Jefferies
S M Gibbins

Disclosure of information to the auditor

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

Reappointment of auditor

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

On behalf of the Board



S M Gibbins
Director
Date

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Acal Management Services Limited

We have audited the financial statements of Acal Management Services Limited for the year ended 31 March 2015, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of Acal Management Services Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 26/09/15

Profit and loss account

for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	8,086	5,124
Administrative expenses		(11,859)	(10,997)
Operating loss	3	(3,773)	(5,873)
Interest receivable and similar income	6	124	51
Interest payable and similar charges	7	(394)	(486)
Loss on ordinary activities before taxation		(4,043)	(6,308)
Tax	8	1,795	630
Loss for the financial year	14	(2,248)	(5,678)

The results of the current and prior year arise solely from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 March 2015

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £2,248,000 in the year ended 31 March 2015(2014 – £5,678,000).

Balance sheet

at 31 March 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible fixed assets	9	1,169	1,465
Current assets			
Debtors	10	42,659	13,610
Cash at bank and in hand		3,178	3,683
		45,837	17,293
Creditors: amounts falling due within one year	11	(22,126)	(44,297)
Net current assets / (liabilities)		23,711	(27,004)
Creditors: amounts falling due after more than one year	12	(17,667)	–
Net assets / (liabilities)		7,213	(25,539)
Capital and reserves			
Called up share capital	13	35,000	–
Share scheme reserve	14	218	218
Profit and loss account	14	(28,005)	(25,757)
Shareholders' funds / (deficit)	14	7,213	(25,539)

The financial statements were authorised for issue by the board and signed on its behalf by:



S M Gibbins

Director

Date

Notes to the financial statements

at 31 March 2015

1. Accounting policies

Basis of preparation

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

Going concern

The company had net current assets and net assets at the year-end. The ultimate parent undertaking, Acal plc, has agreed to provide financial support to the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the balance sheet. The Acal plc group has significant financial resources, well established distribution contracts with a number of suppliers and a broad and stable customer base.

After making enquiries, the directors have a reasonable expectation that the company and the Acal plc 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 financial statements.

Cash flow statement

The company is exempt from the requirement of FRS 1 to present a cash flow statement as over 90 per cent of the company's voting rights are controlled within the group of which the company is a member (note 17) and group financial statements that include the results of the company are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets from their time of first use, at rates calculated to write off the cost less estimated residual value of each asset, evenly over its expected useful life, as follows:

Leasehold improvements	–	straight-line over the remaining lease period
Motor vehicles	–	25% per annum
Computer software and equipment	–	10-33% per annum

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

Turnover

Turnover represents the invoiced value of services provided to fellow group companies, after deducting discounts, VAT and similar taxes levied overseas. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured.

Deferred taxation

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

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes to the financial statements (continued)

at 31 March 2015

1. Accounting policies (continued)

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease period. Rentals payable under operating leases are charged to the profit and loss financial statements as incurred.

Pensions

The company makes payments to the Acal Group's defined contribution pension scheme, the assets of which are held separately in independently administered funds. The amount charged to the profit and loss account represents employer contributions payable in respect of the accounting year.

2. Turnover

Turnover represents amounts (excluding value added tax) invoiced for the provision of services to companies within the Acal plc group. An analysis of turnover by geographical market is given below:

	2015 £'000	2014 £'000
United Kingdom	1,403	250
Europe (excluding United Kingdom)	6,683	4,874
	<u>8,086</u>	<u>5,124</u>

3. Operating loss

This is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets (note 9)	436	232
Foreign exchange loss	60	23
Operating lease rentals –land and buildings	<u>122</u>	<u>122</u>

Auditor's remuneration was borne by a fellow group undertaking in both years.

4. Directors' remuneration

	2015 £'000	2014 £'000
Aggregate remuneration in respect of qualifying services	881	839
Aggregate contribution to money purchase pension schemes	<u>37</u>	<u>36</u>
	<u>918</u>	<u>875</u>
	No.	No.
Retirement benefits accruing to the following number of directors under a defined contribution pension scheme	<u>2</u>	<u>2</u>

Notes to the financial statements (continued)

at 31 March 2015

4. Directors' remuneration (continued)

The remuneration of the highest paid director (excluding pension contributions and notional gains on share options) was £534,240 (2014 – £506,530). Pension contributions to the defined contribution scheme of £23,100 (2014 – £22,400) were made by the company.

The directors also provide services to other group undertakings. It is not possible to identify the proportion of this remuneration that relates to services to the other group undertakings.

5. Staff costs

	2015 £'000	2014 £'000
Employment costs for all employees (including directors) were:		
Salaries, bonuses and other payments	3,631	3,495
Social security costs	694	684
Pension contributions	363	350
	<u>4,688</u>	<u>4,529</u>

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

	No.	No.
Administration	<u>32</u>	<u>35</u>

6. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest on amounts owed from other group undertakings	<u>124</u>	<u>51</u>

7. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on overdrafts	25	18
Interest on amounts owed to other group undertakings	369	468
	<u>394</u>	<u>486</u>

Notes to the financial statements (continued)

at 31 March 2015

8. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2015 £'000	2014 £'000
Current taxation:		
UK corporation tax on the loss for the year	828	670
Adjustments in respect of previous years	1,039	(105)
Total current tax (note 8(b))	1,867	565
Deferred taxation:		
Timing differences, origination and reversal	58	129
Adjustments to deferred tax assets arising in prior years	(130)	(64)
Total deferred tax (note 8(c))	(72)	65
Tax on loss on ordinary activities	1,795	630

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2014 – 23%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	4,043	6,308
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014 – 23%)	849	1,451
<i>Effects of:</i>		
Capital allowances in arrears of depreciation	(63)	(47)
Movement in respect of short term timing differences	2	(78)
Adjustments in respect of prior years	1,039	(105)
Expenses not deductible for tax purposes	40	(451)
Losses not recognised	–	(205)
Current tax for the year (note 8(a))	1,867	565

(c) Deferred tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements (continued)

at 31 March 2015

8. Tax (continued)

(c) Deferred tax (continued)

Deferred tax is recognised at 20% (2014 – 20%) in the financial statements as follows:

	2015 £'000	2014 £'000
Decelerated capital allowances	448	384
Other timing differences	17	153
Deferred tax asset (note 10)	<u>465</u>	<u>537</u>
		£'000
At 1 April 2014		537
Charge to the profit and loss account (note 8(a))		<u>(72)</u>
At 31 March 2015		<u>(465)</u>

The company has not recognised a deferred tax asset of £1,626,578 (2014 – £1,488,498) on losses due to the uncertainty of recovery in the foreseeable future.

(d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% was effective from 1 April 2014, and a reduction from 21% to 20% was effective 1 April 2015.

9. Tangible fixed assets

	Leasehold improvements £'000	Motor vehicles £'000	Computer software and other equipment £'000	Total £'000
Cost:				
At 1 April 2014	235	59	7,808	8,102
Additions	–	–	140	140
Disposals	–	(41)	–	(41)
At 31 March 2015	<u>235</u>	<u>18</u>	<u>7,948</u>	<u>8,201</u>
Depreciation and impairment:				
At 1 April 2014	63	59	6,515	6,637
Charge for the year	25	–	411	436
Disposals	–	(41)	–	(41)
At 31 March 2015	<u>88</u>	<u>18</u>	<u>6,926</u>	<u>7,032</u>
Net book value:				
At 31 March 2015	<u>147</u>	<u>–</u>	<u>1,022</u>	<u>1,169</u>
At 1 April 2014	<u>172</u>	<u>–</u>	<u>1,293</u>	<u>1,465</u>

Notes to the financial statements (continued)

at 31 March 2015

10. Debtors

	2015 £'000	2014 £'000
Amounts due from group undertakings	40,884	11,961
Other debtors	118	118
Corporation tax	828	670
Prepayments	364	324
Deferred tax (note 8(c))	465	537
	<u>42,659</u>	<u>13,610</u>

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank overdrafts	4,806	2,830
Amounts due to group undertakings	14,368	38,884
Trade creditors	334	262
Other taxation and social security costs	1,149	946
Accruals and deferred income	1,469	1,375
	<u>22,126</u>	<u>44,297</u>

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

	2015 £'000	2014 £'000
Secured bank loan	<u>17,667</u>	–

During the year the company participated in the Acal group's 5 year committed multi-currency rolling credit facility. At 31 March 2015, the company had facility drawdowns of £17.667m denominated in Sterling and Euros, which bear interest on the aggregate of margin and a relevant base rate. Margin varies between 1.90% and 2.85% and is based on the leverage of the enlarged group of which the company is a member. The relevant base rate depends on the currency of the borrowing and is based on LIBOR and EURIBOR, as applicable. The facility is secured against the assets of certain Group subsidiaries.

13. Issued share capital

	2015		2014	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	35,000,002	<u>35,000,002</u>	2	<u>2</u>

During the year the company issued 35,000,000 shares of £1 to its immediate parent company, Acal Plc, in exchange for an inter-company debtor balance.

Notes to the financial statements (continued)

at 31 March 2015

14. Reconciliation of shareholders' funds and movements on reserves

	<i>Called up share capital</i>	<i>Share scheme reserve</i>	<i>Profit and loss account</i>	<i>Total share- holders' deficit</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 April 2013	–	218	(20,079)	(19,861)
Loss for the financial year	–	–	(5,678)	(5,678)
At 1 April 2014	–	218	(25,757)	(25,539)
Issue of share capital	35,000	–	–	35,000
Loss for the financial year	–	–	(2,248)	(2,248)
At 31 March 2015	35,000	218	(28,005)	7,213

The share scheme reserve arose due to share options granted to certain employees of the company by the company's parent undertaking, Acal plc.

15. Other financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2015</i>	<i>2014</i>
	<i>£'000</i>	<i>£'000</i>
Ending after more than five years	135	135

During the year there were limited intra group guarantees in operation in respect of monies due to the group's bankers.

16. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of Acal plc.

17. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Acal plc, a company incorporated in England and Wales.

The parent undertaking of the smallest and largest group that prepares group financial statements and of which the company is a member is Acal plc. Copies of the group financial statements of Acal plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH.