

Directors' Report and
Unaudited Financial Statements for the Year Ended 31 December 2016
for
Corporate Citizenship Limited

A copy of Chime Group Holdings Limited's accounts to be filed on the company register for the subsidiary Corporate Citizenship Limited 3313879 because the subsidiary is relying on audit exemption under section 479a CA2006

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Corporate Citizenship Limited

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for the Year Ended 31 December 2016

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Corporate Citizenship Limited

Company Information
for the Year Ended 31 December 2016

DIRECTORS:

Ms K M Laljani
Ms J M Parker
M W Tuffrey
A R Wilson

SECRETARY:

D Crowther

REGISTERED OFFICE:

PO Box 70693 62 Buckingham Gate
London
SW1P 9ZP

REGISTERED NUMBER:

03313879 (England and Wales)

ACCOUNTANT:

Deloitte LLP
London
EC4A 3BZ

Corporate Citizenship Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The company's principal activity is that of a consultancy providing services relating to worldwide corporate social responsibility. The directors do not anticipate any major changes in the foreseeable future.

REVIEW OF BUSINESS

The company's profit and loss account is set out on page 3 and shows a profit after taxation for the year ended 31 December 2016 of £649,337 (2015: profit £617,550).

DIVIDENDS

A total distribution of dividends for the year ended 31 December 2016 £725,000 (2015: £650,000) have been paid.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Ms K M Laljani
Ms J M Parker
M W Tuffrey
A R Wilson

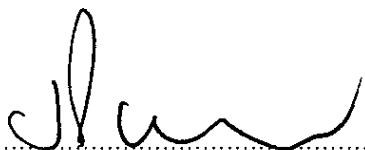
GOING CONCERN

The financial statements have been prepared on the going concern basis see note 2.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company. Chime Group Holdings Limited, the ultimate holding company, has purchased and maintains directors' and officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its directors or officers in the execution of their duties, on behalf of this company.

ON BEHALF OF THE BOARD:



Ms J M Parker - Director

Date: 26.07.2017

Corporate Citizenship Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2016

	Notes	31.12.16 £	31.12.15 £
REVENUE		3,673,133	3,727,575
Cost of sales		<u>(519,487)</u>	<u>(470,691)</u>
GROSS PROFIT		3,153,646	3,256,884
Administrative expenses		<u>(2,348,523)</u>	<u>(2,466,791)</u>
		805,123	790,093
Other operating income		<u>800</u>	<u>-</u>
OPERATING PROFIT		805,923	790,093
Interest receivable	4	<u>12,616</u>	<u>-</u>
PROFIT BEFORE TAXATION	5	818,539	790,093
Tax on profit	6	<u>(169,202)</u>	<u>(172,543)</u>
PROFIT FOR THE FINANCIAL YEAR		649,337	617,550
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>649,337</u>	<u>617,550</u>

The notes form part of these financial statements

Corporate Citizenship Limited (Registered number: 03313879)

Balance Sheet
31 December 2016

	Notes	31.12.16 £	31.12.15 £
FIXED ASSETS			
Tangible assets	8	61,239	87,838
Investments	9	<u>10,200</u>	<u>-</u>
		<u>71,439</u>	<u>87,838</u>
CURRENT ASSETS			
Work in progress		4,667	4,777
Debtors	10	1,150,336	980,132
Cash at bank		<u>36,836</u>	<u>310,608</u>
		1,191,839	1,295,517
CREDITORS			
Amounts falling due within one year	11	<u>(1,153,771)</u>	<u>(1,198,185)</u>
NET CURRENT ASSETS		<u>38,068</u>	<u>97,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>109,507</u>	<u>185,170</u>
CAPITAL AND RESERVES			
Called up share capital	12	190	190
Other reserves		10	10
Retained earnings		<u>109,307</u>	<u>184,970</u>
SHAREHOLDERS' FUNDS		<u>109,507</u>	<u>185,170</u>

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Corporate Citizenship Limited (Registered number: 03313879)

Balance Sheet - continued
31 December 2016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 26.07.17
and were signed on its behalf by:


.....
Ms J M Parker - Director

The notes form part of these financial statements

Corporate Citizenship Limited

Statement of Changes in Equity
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2015	190	217,420	10	217,620
Changes in equity				
Dividends	-	(650,000)	-	(650,000)
Total comprehensive income	-	617,550	-	617,550
Balance at 31 December 2015	190	184,970	10	185,170
Changes in equity				
Dividends	-	(725,000)	-	(725,000)
Total comprehensive income	-	649,337	-	649,337
Balance at 31 December 2016	190	109,307	10	109,507

The notes form part of these financial statements

Corporate Citizenship Limited

Notes to the Financial Statements
for the Year Ended 31 December 2016

1. **STATUTORY INFORMATION**

Corporate Citizenship Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IAS 7 Statement of Cash Flows.

2. ACCOUNTING POLICIES - continued

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. Revenue is recognised in the income statement when the economic benefits arising from an arrangement are probable.

Revenue is largely derived from services performed subject to specific agreement. Revenue is recognised when the service is performed in accordance with the contractual arrangement through an assessment of the time incurred to date compared to the total hours required to complete the contract, and an assessment of the value delivered to the client compared to the total value of the contract. If the outcome of these can be assessed with reasonable certainty, revenue and related costs are recognised in the income statement. Losses are recognised as soon as they are foreseen.

Operating income is revenue less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Contractual arrangements are reviewed to ascertain whether the group acts as principal or agent with regards to third party costs. If the relationship is that of agent then the recharge of third party costs is not recognised through revenue or cost of sales.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided in equal instalments to write off the cost less residual value over the estimated useful economic lives of asset type as follows:

Short-term leasehold improvements	5 years
Fixtures, fittings and equipment	4 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash comprises cash, overdrafts and cash held on short-term deposit (up to three months). Cash equivalents are cash deposits held on three months deposit at the Royal Bank of Scotland plc. The deposits guarantee the loan note creditors. Interest accruing on the deposits are payable to the holders of the loan notes less any costs arising.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at amortised cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs.

Work in progress

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions denominated in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities classified as available for sale, are included in the fair value reserve in equity.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

3. EMPLOYEES AND DIRECTORS

	31.12.16	31.12.15
	£	£
Wages and salaries	1,375,167	1,406,119
Social security costs	165,681	162,940
Other pension costs	<u>48,721</u>	<u>44,752</u>
	<u>1,589,569</u>	<u>1,613,811</u>

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

	31.12.16	31.12.15
Directors	8	6
Consultants	16	18
Admin	<u>2</u>	<u>2</u>
	<u>26</u>	<u>26</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

3. **EMPLOYEES AND DIRECTORS - continued**

	31.12.16	31.12.15
	£	£
Directors' remuneration	<u>374,373</u>	<u>391,254</u>

The emoluments and pension contributions for the highest paid director are included in the accounts of Teamspirit Limited.

4. **INTEREST RECEIVABLE**

	31.12.16	31.12.15
	£	£
Interest Received	<u>(12,616)</u>	<u>-</u>

5. **PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging:

	31.12.16	31.12.15
	£	£
Depreciation - owned assets	<u>31,785</u>	<u>30,957</u>

6. **TAXATION**

Analysis of tax expense

	31.12.16	31.12.15
	£	£
Current tax:		
Tax	<u>169,202</u>	<u>172,543</u>
Total tax expense in statement of comprehensive income	<u>169,202</u>	<u>172,543</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. **TAXATION - continued**

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16 £	31.12.15 £
Profit before income tax	<u>818,539</u>	<u>790,093</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.246%)	163,708	159,962
Effects of:		
Fixed asset difference	-	304
Expenses that are not deductible in determining taxable profit	5,800	1,178
Other permanent differences	-	(2,268)
Prior period adjustments	(8,046)	10,403
Adjustment to tax charge in respect of previous periods – deferred tax	6,954	5
Current tax charged directly to STRGL	-	1,073
Timing differences not recognised in the computations	-	1,514
Net deferred tax adjustment	<u>786</u>	<u>372</u>
Tax expense	<u>169,202</u>	<u>172,543</u>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

7. **DIVIDENDS**

	31.12.16 £	31.12.15 £
Ordinary shares of £1.00 each		
Final	<u>725,000</u>	<u>650,000</u>

Corporate Citizenship Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

8. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1 January 2016	147,183
Additions	<u>5,186</u>
At 31 December 2016	<u>152,369</u>
DEPRECIATION	
At 1 January 2016	59,345
Charge for year	<u>31,785</u>
At 31 December 2016	<u>91,130</u>
NET BOOK VALUE	
At 31 December 2016	<u>61,239</u>
At 31 December 2015	<u>87,838</u>

9. **INVESTMENTS**

	Shares in group undertakings £
COST	
Additions	<u>10,200</u>
At 31 December 2016	<u>10,200</u>
NET BOOK VALUE	
At 31 December 2016	<u>10,200</u>

The investment relates to 51% equity share capital in Corporate Citizenship Chile SpA which was incorporated on 1st January 2016 in Chile. In addition Corporate Citizenship Ltd has one Singapore dollar investment relating to 100% of the equity share capital of Corporate Citizenship Southeast Asia PTE Ltd. which is incorporated in Singapore. Both companies operate principally in the country of incorporation and are engaged in consultancy services relating to corporate social responsibility.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade debtors	745,002	669,649
Amounts owed by group undertakings	254,876	114,475
Other debtors	150,458	196,008
	<u>1,150,336</u>	<u>980,132</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade creditors	7,779	58,029
Amounts owed to group undertakings	186,522	111,146
Tax	169,327	171,350
Social security and other taxes	47,478	45,330
VAT	149,639	160,792
Other creditors	31,557	17,929
Accruals and deferred income	507,205	578,693
Accrued expenses	54,264	54,916
	<u>1,153,771</u>	<u>1,198,185</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.16	31.12.15
Number:	Class:	Nominal value:	£	£
190	Ordinary	1.00	<u>190</u>	<u>190</u>

14. PENSION COMMITMENTS

The Company makes contributions to the group's defined contribution scheme. The assets of the scheme are held separately from those of the Company and the group and the scheme is independently administered. The amount charged in the profit and loss account for the year ended 31 December 2016 amounted to £48,721 (2015: £44,572).

15. CONTINGENT LIABILITIES

The company, together with the ultimate parent company and certain other companies in the Chime Group Holdings Limited group ("Chime"), has given an unlimited cross-guarantee in favour of its bankers. The company operates under Chime's banking facility. Chime has a committed facility of £273.9 million, comprising £120.9m until September 2021 and £153 million until September 2022. Cash flow movements are monitored to ensure that sufficient financial resources are available. The Group has seen an increase in client pressure to extend credit terms and the resulting terms are closely monitored.

16. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking and its immediate controlling party is Chime Communications Ltd, incorporated in the United Kingdom and registered in England and Wales.

The Company's ultimate parent company and controlling party is PM VII S.a.r.l, a company incorporated and registered in Luxembourg.

The largest group for which the group financial statements are prepared and of which the group is a member is Chime Group Holdings Limited which is incorporated in the United Kingdom and registered in England and Wales. The smallest group for which the group financial statements are prepared and of which the group is a member is Chime Group Limited which is incorporated in the United Kingdom and registered in England and Wales. Copies of their financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.