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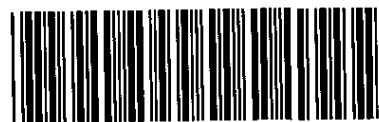
AMS Midco Limited

Annual report and financial statements

for the year ended 31 December 2016

Registered number: 08781558

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AMS Midco Limited

Annual report and financial statements 2016

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AMS Midco Limited

Annual report and financial statements 2016

Officers and professional advisers

Directors

R Blair
R Timmins

Registered Office

7 Bishopsgate
London
EC2N 3AQ

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP

ING Luxembourg SA
52 route d'Esch
L-2965 Luxembourg

Credit Suisse AG
Eleven Madison Avenue
New York, NY10010
USA

Solicitors

Kirkland and Ellis
30 St. Mary Axe
London
EC3 8AF

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
London
United Kingdom

AMS Midco Limited

Strategic report

Review of AMS Midco Limited ("the Group") trading results for the year ended 31 December 2016

In 2016 the Group generated earnings before exceptional items, interest, taxation, depreciation and amortisation (EBITDA) of £35.0m (2015: £27.0m) and an operating profit before exceptional items of £31.7m (2015: £24.1m).

The key financial metrics used by the Group to monitor trading performance are NFI (net fee income), operating profit and EBITDA. Operating profit and EBITDA are measured before exceptional items and amortisation of goodwill.

The strong progression in the Group's trading metrics is detailed below.

£'000	2016	% change	2015	% change	2014	% change	2013
Billing	920,589	14.7%	802,626	10.3%	727,894	17.9%	617,400
Turnover	202,455	10.1%	183,971	11.3%	165,242	26.3%	130,828
NFI (Gross profit)	171,119	11.5%	153,415	12.6%	136,244	23.1%	110,677
Operating Profit (before exceptional items and goodwill)	31,677	31.6%	24,079	0.1%	24,061	23.8%	19,440
EBITDA (before exceptional items and goodwill)	35,038	29.6%	27,042	-0.4%	27,150	23.8%	21,939

The Group continues to record total billings to customers as this is a driver of working capital and reflects overall transactional activity. Total billings equates to the turnover that the Group reported prior to implementing IFRS 15.

2016 was a year of strong growth for the Group with turnover rising by 10.1% and NFI rising by 11.5%. As disclosed in note 3 to the accounts, the Group has early-adopted IFRS 15 – Revenue from Contracts with Customers – and as a result turnover now no longer includes the 'pass through' revenues and costs associated with the Group's contingent workforce solutions business.

The growth in both turnover and NFI reflects the ongoing success of the Group's strategy to diversify into different geographies and sectors whilst also seeking to extend its offering into a wider range of services. The Group increased its NFI in 2016 by 11.5% due to the positive impact of new clients coupled with geographical and scope expansion with existing clients. The number and size of new wins in 2016 was encouraging as was the increase in the number of new clients secured in USA. The positive impact of both new clients and geographical and scope expansion with existing clients, more than compensated for ongoing weakness in the oil and gas sector where volumes dropped further in 2016.

The Group generated EBITDA of £35.0m in 2016 which is an increase of 29.6% on 2015. This strong performance, with EBITDA as a % of NFI increasing from 17.6% in 2015 to 20.5% in 2016, reflects both the benefits of the investment in the Shared Service model and the investment in internal technology as well as economies of scale in management and back office functions.

In 2016 the Group signed contracts with a number of new clients and in particular with three new major clients in the USA that will have a significant impact in 2016 and beyond. In addition during the year, the Group continued its excellent track record with regards to renewals.

The Group is primarily funded through external debt provided by third party banks and funds managed by New Mountain Capital LLC. The Group has a net asset position at 31 December 2016 of £199.0m (2015: £183.7m).

AMS Midco Limited

Strategic report (continued)

Principal risks and uncertainties (Financial risk management objectives and policies)

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow and interest rate risk

The Group's balance sheet is funded by a US\$ denominated senior loan of US\$128.8 million and it has entered into derivative contracts to hedge part of the foreign currency risk associated with this loan. The derivatives comprise a cross-currency swap, a 1% GBP interest rate floor option and a 1% US\$ floor option. These derivatives provide certainty over 70% of the senior loan foreign currency exposure. In addition, AMS Bidco Limited, a 100% owned subsidiary of the Company, has entered into derivatives to cap its interest rate exposure on 70% of its estimated borrowings through to December 2019 at US\$ and GBP LIBOR +4%.

In addition to this the Group's trading activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group aims wherever possible to match income and costs by currency, and maintains foreign currency denominated bank accounts so as to minimise the exposure to converting currencies into sterling. The Group also draws funding in foreign currencies so as to minimise the foreign exchange exposure of funding the working capital requirements of its overseas subsidiaries. In addition, in view of the increasing cost base denominated in Polish zloty, the Group has entered into forward contracts which guarantee that the Group can purchase Polish zloty at a pre-determined rate each month. This provides certainty about the Polish zloty exchange rate for approximately 50% of the Group's forecast Polish zloty funding requirements.

Credit risk

The Group is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Group mitigates this risk by ensuring that its counterparties do not represent excessive credit risk prior to the agreement of any transaction.

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group maintains a well-established credit control function that monitors the Group's trade debtors and is in regular communication with the Group's customers. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, who tend to be global, blue chip corporations with high credit ratings. Exposure to counterparties is reviewed on a regular basis to avoid any excessive reliance on a single counterparty.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed facilities.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group has a senior term and multicurrency facilities agreement with a syndicate of banks incorporating a £15 million invoice discounting facility, a US\$40 million revolving credit facility and a US\$128.8 million term facility. These facilities have end dates ranging between 31 December 2018 and 31 December 2019.

The above facilities require compliance with covenants and the Directors monitor compliance on an ongoing basis.

AMS Midco Limited

Strategic report (continued)

Key performance indicators

The Group monitors a number of operational, financial and strategic indicators to ensure it is progressing against plan and adequately addressing any risks. As well as the financial metrics mentioned previously these include, but are not limited to, cash flow, hiring source mix and working capital.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'RKT' followed by a long horizontal flourish.

R Timmins

Director

26 April 2017

AMS Midco Limited

Directors' report

The directors of AMS Midco Limited ("the Company") present their annual report on the affairs of the Company and its subsidiaries (together "the Group"), alongside the financial statements and auditor's report for the year ended 31 December 2016.

Activities

The principal activity of the Company is that of an investment holding company. The principal activity of the Group is the provision of Talent Acquisition and Talent Management Services usually under long-term contracts.

The subsidiaries principally affecting the results or net assets of the Group in the year are listed in note 12 to the accounts.

Business review

Profit for the year after tax was £13,782,000 (2015: £11,448,000).

The directors do not recommend the payment of dividend (2015: £800,000).

Future developments

The Group will continue to expand by developing present client relationships with further geographical growth and breadth of service offering, as well as by working with new clients.

Financial risk management objectives and policies

The financial risk management objectives and policies are discussed in detail in the Strategic Report.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Group intranet and the annual appraisal process. Employees are consulted regularly on a wide range of matters affecting their current and future interests and are eligible for an annual bonus related to the overall profitability of the Group and their individual performance.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Charitable and political contributions

During the year the Group made charitable donations of £1,547 (2015: £962). The Company made no political donations in the year (2015: £nil).

AMS Midco Limited

Directors' report (continued)

Directors and their interests

The directors who have served during and since the year end are listed on page 1. There have been no changes during or since the year end.

None of the Directors held any beneficial interest in the shares of the Company, or any other group company except as disclosed below:

R Blair held 89,223 "B" preferred ordinary shares and 111,671 "D" ordinary shares in AMS Topco Limited.

R Timmins held 12,425 "B" preferred ordinary shares, 1 "C" ordinary share and 45,712 "D" ordinary shares in AMS Topco Limited.

R Blair and R Timmins were members of money purchase pension schemes.

Directors' indemnity arrangements

The Group has purchased directors' and officers' liability insurance in respect of itself and its directors.

Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

Refer to note 3 in the financial statements for the detailed considerations made by the directors.

Subsequent events

There are no material subsequent events.

Auditor

Each of the persons who is a director at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted with Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

And signed on behalf of the Board



R Timmins
Director

26 April 2017

AMS Midco Limited

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the directors, whose names are listed on page 1, confirms that:

- to the best of their knowledge, the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- to the best of their knowledge, the Annual Report and financial statements includes a fair review of the development and performance of the business and the position of the Group on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider, having taken advice from the Audit Committee, that the Annual Report and Financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Independent auditor's report to the members of AMS Midco Limited

We have audited the financial statements of AMS Midco Limited for the year ended 31 December 2016 which comprise the Consolidated profit and loss account and other comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statement of changes in equity, the Consolidated cash flow statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of AMS Midco 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Peter Saunders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

28 April 2017

AMS Midco Limited

Consolidated profit and loss account and statement of other comprehensive income

For the year ended 31 December 2016

	Notes	2016			2015 (Restated)		
		Before exceptional items £'000	Exceptional items £'000	Statutory result £'000	Before exceptional items £'000	Exceptional items £'000	Statutory result £'000
Turnover	4	202,455	-	202,455	183,971	-	183,971
Cost of sales		(31,336)	-	(31,336)	(30,556)	-	(30,556)
Gross profit	4	171,119	-	171,119	153,415	-	153,415
Administrative expenses	5	(139,442)	(1,508)	(140,950)	(129,336)	(858)	(130,194)
Operating profit/(loss)		31,677	(1,508)	30,169	24,079	(858)	23,221
Finance charges (net)				(12,005)			(8,540)
Profit on ordinary activities before taxation	7			18,164			14,681
Tax on Profit on ordinary activities	8			(4,382)			(3,233)
Profit on ordinary activities after taxation for the year				13,782			11,448

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement, and as a result no statement of comprehensive income has been presented.

All of the results presented above derive from continuing operations.

AMS Midco Limited

Consolidated statement of financial position For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Goodwill	10	255,697	255,697
Other intangible assets	10	-	302
Tangible assets	11	4,990	3,832
Deferred tax	18	1,085	990
		<u>261,772</u>	<u>260,821</u>
Current assets			
Debtors - due within one year	13	105,369	76,218
Cash at bank and in hand		39,205	35,373
		<u>144,574</u>	<u>111,591</u>
Creditors: amounts falling due within one year	14	<u>(112,700)</u>	<u>(105,178)</u>
Net current assets		<u>31,874</u>	<u>6,413</u>
Total assets less current liabilities		<u>293,646</u>	<u>267,234</u>
Creditors: amounts falling due after more than one year	15	(94,140)	(82,995)
Provisions for liabilities	19	<u>(546)</u>	<u>(552)</u>
Net assets		<u>198,960</u>	<u>183,687</u>
Capital and reserves			
Share capital	20	174,967	174,967
Profit and loss account		23,993	8,720
Shareholders' funds		<u>198,960</u>	<u>183,687</u>

The financial statements of AMS Midco Limited, registered number 08781558, were approved by the board of directors and authorised for issue on 26 April 2017.

Signed on behalf of the board of directors



R Timmins
Director

AMS Midco Limited

Company statement of financial position At 31 December 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investments	12	174,967	174,967
		<u>174,967</u>	<u>174,967</u>
Capital and reserves			
Called up share capital	20	174,967	174,967
		<u>174,967</u>	<u>174,967</u>
Shareholders' funds		<u>174,967</u>	<u>174,967</u>

The profit for the financial year dealt with in the financial statements of the parent company, AMS Midco Limited, was Nil (2015: Nil).

The financial statements of AMS Midco Limited, registered number 08781558, were approved by the board of directors and authorised for issue on 26 April 2017.

Signed on behalf of the board of directors



R Timmins
Director

AMS Midco Limited

Consolidated statement of changes in equity Year ended 31 December 2016

Group	Share capital £'000	Retained (losses) /profits £'000	Total £'000
Financial position at 31 December 2014	174,967	(1,878)	173,089
Total comprehensive income for the year	-	11,448	11,448
Dividends	-	(800)	(800)
Exchange losses	-	(50)	(50)
Financial position at 31 December 2015	174,967	8,720	183,687
Total comprehensive income for the year	-	13,782	13,782
Exchange gain	-	1,491	1,491
Financial position at 31 December 2016	<u>174,967</u>	<u>23,993</u>	<u>198,960</u>

Company statement of changes in equity Year ended 31 December 2016

	Share capital £'000
Financial position at 31 December 2015 and 31 December 2016	<u>174,967</u>

AMS Midco Limited

Consolidated cash flow statement

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash flow used in operating activities	22	18,436	25,855
Payments to acquire tangible fixed assets	11	(3,148)	(2,472)
Payments to acquire intangible assets		-	(110)
Net cash flow used in investing activities		(3,148)	(2,582)
Loan repayments		(11,456)	(8,752)
New loans (net of costs)		-	1,451
Dividend paid		-	(800)
Net cash flow used in financing activities		(11,456)	(8,101)
Net cash flow		3,832	15,172
Cash and cash equivalents in the beginning of the financial year		35,373	20,201
Cash and cash equivalents in the end of the financial year		39,205	35,373

Cash and cash equivalents comprise cash and bank balances.

AMS Midco Limited does not hold any cash, therefore no company statement of cash flow has been produced.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

1. General Information

AMS Midco Ltd (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is 7 Bishopsgate, London EC2N 3AQ.

The principal activity of the Company is that of an investment holding company. The principal activity of the Group is the provision of Talent Acquisition and Talent Management Services usually under long-term contracts.

2. Adoption of new and revised standards

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IAS 7 (amendments) Disclosure Initiative
- IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors of the Company (the "Directors") expect that the adoption of the standards listed above will not have a material impact. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

3. Accounting policies

Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and therefore the group financial statements comply with Article 4 of the EU IAS Regulation. IFRS includes the standards and interpretations approved by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Basis of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

3. Accounting policies (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having considered the company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty. Accordingly, they have adopted the going concern basis in preparing the financial statements. Further detail is contained in the Directors' Report.

The Board has reviewed the Group's forecasts for the financial year ending 31 December 2017 and its forecast for the six months ending 30 June 2018. These forecasts, which take into account the Board's future expectations of the Group's performance indicate that there is sufficient headroom within the bank facilities for the Group to continue to operate within those facilities and to comply with the financial covenants. The directors considered factors likely to affect future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities in coming to this conclusion.

The directors believe that the Group is adequately placed to manage its business risks successfully. On the basis of the Group's forecasts and after making due enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, if the discounted cash flow is less than the carrying amount of the goodwill, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the Group pro-rata on the basis of the carrying amount of each asset. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is carried out on a systematic basis as below:

- The amortisation method reflects the pattern of benefits;
- If a pattern cannot be determined reliably, the straight-line method is adopted;
- The amortisation charge is recognised in profit or loss; and
- The amortisation period is reviewed at least annually.

The Group has no other intangible assets with an indefinite life.

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

3. Accounting policies (continued)

Financial assets and liabilities

Financial assets

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held-to maturity investments and available-for-sale financial assets.

Trade date accounting is applied to financial assets classified in the categories financial assets at fair value through profit or loss and available-for-sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option).

Financial assets are classified as held for trading if they are held with the intention to be sold in the short term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The fair value option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies.

The nature of the financial assets and financial liabilities which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. Liabilities to policyholders and Debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equities and derivatives not designated as hedging instruments.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

3. Accounting policies (continued)

Financial assets and liabilities (continued)

Other financial liabilities

The category other financial liabilities primarily include the Group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and debt securities are included in this category.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances are used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When valuing financial liabilities at fair value own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments. In addition portfolio adjustments are made to cover market risks and the credit risk of each of the counterparties on groups of financial assets and liabilities on the basis of the net exposure to these risks. When assets and liabilities have offsetting market risks mid-market prices are used for establishing fair value of the risk positions that offset each other. To reflect counterparty risk and own credit risk in over-the-counter derivatives, adjustments are made based on the net exposure towards each counterpart.

Revenue recognition

The Group follows IFRS 15 "Revenue from Contracts with Customers", in determining appropriate revenue recognition policies. In principle, therefore, the Group follows the five step process when applying the revenue recognition policy:

- Identify the contracts with the customers;
- Identify the performance obligations in the contracts;
- Determine the transaction price;
- Allocation of the transaction price; and
- Recognised revenue when or as a performance obligations is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer. Revenue is shown net of value-added tax.

The group operates in one class of business, that of Talent Acquisition and Talent Management services.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

3. Accounting policies (continued)

Revenue recognition (continued)

Performance Obligations Satisfied at a Point in Time

Talent Acquisition performance obligations are satisfied at a point in time. AMS typically transfers control over the service to the customer upon the candidate commencing work for the customer. The promised consideration is dependent on the number of hires that are successfully placed with the customer. The main area of judgement in revenue recognition relates to timing in regards to determining the point when AMS have satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer.

Performance Obligations Satisfied Over Time

Talent Acquisition Management Service performance obligations are satisfied over time as the customer typically enjoys and consumes the benefits of our service over the contract term as we perform and transfer control of our management activities. AMS utilises an input method (based on the project status) using time as a measure of progress to recognise revenue as our management activities are performed evenly throughout the period.

Payment terms

Payment terms are negotiated on a contract by contract basis and typically averaged around 20 days after the services are completed. There is no significant financing component in the contracts.

Contract costs

No costs are recognised as an asset unless it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value not less than the amounts recognised as an asset. Costs to obtain a contract when not covered by implementation fees are carried forward and written off on a straight-line basis starting from the year commencing with service delivery to the client and ending at the earlier of contract end date or point of earliest possible termination at will by the client. Costs carried forward are disclosed as "capitalised contract implementation costs" within debtors due within one year.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	four years
Plant and machinery	four years
Computer equipment	three years

Residual value is calculated on prices prevailing at the date of acquisition.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, using rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

3. Accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Invoice discounting

Finance and transaction costs related to invoice discounting are recognised in the profit and loss account as incurred.

3a. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The main area of judgement in revenue recognition relates to timing in regards to determining the point when AMS have satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer. In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 *Revenue from contracts with customers* and, in particular,

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Goodwill

Determining whether the Company's goodwill has been impaired requires estimations of the cash generating unit's (CGU) values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the CGU and suitable discount rates in order to calculate present values. The carrying amount of goodwill at the balance sheet date was £ 255.7 Mn with no impairment loss recognised in 2016 or 2015.

3b. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in the consolidated financial statements.

The Group early adopted IFRS 15 Revenue from Contract with Customers with a date of initial application of 1 January 2016. Consequently the Group has changed its accounting policy for revenue recognition as detailed below. The Group applied IFRS 15 retrospectively under a full restatement approach. Accordingly the comparative periods have been restated for the year ended 31 December 2015. The details and quantitative impact of the changes in accounting policy is disclosed below.

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

3. Accounting policies (continued)

3b. Changes in accounting policies (continued)

Contingent workforce revenue

Previously, the revenue related to contingent workforce solutions was recognised as a principal on a gross basis based on the consolidated billings in which the Company invoiced its customer. Under IFRS 15, the criteria for determining whether the Company controls the specified service do not include the indicator relating to exposure to credit risk and accordingly, the revenue related to contingent workforce solutions is now recognised as an agent on Net basis under IFRS 15.

Impact on the financial statements

The following table summarise the impact of adopting IFRS 15 on the Group's consolidated financial statements.

Consolidated statement of profit and loss account:

	As previously reported £'000	Adjustments £'000	As restated £'000
For the year ended 31 December 2015			
Turnover	802,626	(618,655)	183,971
Cost of sales	(649,211)	618,655	(30,556)
Gross profit	153,415	-	153,415
Administrative expenses	(130,194)	-	(130,194)
Operating profit/(loss)	23,221	-	23,221
Finance charges (net)	(8,540)	-	(8,540)
Profit on ordinary activities before taxation	14,681	-	14,681
Tax on Profit on ordinary activities	(3,233)	-	(3,233)
Profit on ordinary activities after taxation for the year	11,448	-	11,448

4. Turnover

Segment information and disaggregation of turnover

The Group operates in only one class of business, that of Talent Acquisition and Talent Management Services and all its turnover, loss before tax and net assets are generated from this class of business. Management analyse turnover on the basis of the geographical locations and hence it is considered appropriate to disaggregate turnover on the basis of geographical locations. Geographical analysis of business by turnover, loss before tax and net assets is set out below.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

4. Turnover (continued)

Segment information and disaggregation of turnover (continued)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Group	2016 £'000	2015 £'000
Trade debtors	48,631	39,905
Contract costs capitalised	3,111	2,479
Amortisation of contract cost during the period	(1,033)	(1,221)
Contract assets (Accrued income)	25,093	20,486
Contract liabilities (Deferred income)	(5,638)	(4,831)

The contract assets primarily relate to the Group's rights to consideration of work completed but not billed at the reporting date on contracts with its customers. The contract assets are transferred to trade debtors when amounts are billed. Contract liabilities primarily relate to the advance consideration received from the customers for which revenue is recognised on satisfaction of performance obligations (represents the obligation to transfer services to a customer). During the year £20,486,000 was transferred to trade debtors upon billing (2015: £21,089,000). £4,831,000 of deferred income was recognised in the year (2015: £2,971,000).

5. Exceptional items reported within administrative expenses

	2016 £'000	2015 £'000
Redundancy, staff re-organisation and restructuring costs	1,508	578
Professional fees in relation to share schemes	-	280
	<u>1,508</u>	<u>858</u>

During the course of 2016, the Group incurred costs and expenses that are disclosed as 'exceptional items' in the statutory accounts. These items are exceptional by virtue of their size or infrequency and require separate disclosure as they would otherwise distort the 'normal' results of the business.

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

6. Directors emoluments and staff costs

	2016 £'000	2015 £'000
Directors' emoluments		
Directors' remuneration	512	567
Pension contributions	11	17
	<u>523</u>	<u>584</u>

The number of Directors who were members of money purchase pension schemes was two. The accrued pension entitlement is £nil.

	2016 £'000	2015 £'000
Highest paid director		
Directors' remuneration	282	306
Pension contributions	12	17
	<u>294</u>	<u>323</u>

All directors are paid through Alexander Mann Solutions Limited.

Staff costs

The average number of employees in the Group (including executive directors) was:

	2016 No.	2015 No.
Sales	2,788	2,511
Administration	173	297
	<u>2,961</u>	<u>2,808</u>

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	101,843	87,752
Social security costs	10,154	8,508
Other pension costs	2,638	2,368
	<u>114,635</u>	<u>98,628</u>

The Company has no employees (2015: none).

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2016 £'000	2015 £'000
Depreciation	2,187	1,544
Amortisation of capitalised contract implementation costs	1,034	1,222
Rentals under operating leases	2,971	2,447
Net foreign exchange loss	6,440	1,741
Amortisation of intangible assets	140	198

Fees payable to the Group's auditor for the full year are £317,000 (2015: £319,000) for the audit of the Group's financial statements, and £22,000 (2015: £23,000) for other services to the Group.

8. Tax on profit on ordinary activities

	2016 £'000	2015 £'000
UK Corporation tax – Group	2,764	2,345
Foreign tax	1,557	874
	4,321	3,219
Adjustments relating to prior year:		
UK companies	(45)	(69)
Foreign companies	200	150
Current tax charge	4,476	3,300
Deferred tax (note 18)	(94)	(67)
Tax on profit on ordinary activities	4,382	3,233

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit on ordinary activities before taxation are as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	18,164	14,681
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	3,633	2,973
Effects of:		
Disallowed expenses	63	122
Effect of changes in tax rate	531	57
Adjustments in respect of prior periods	155	81
Total tax charge	4,382	3,233

Following the 2017 Budget Statement, the main rate of UK corporation tax will reduce by 1% to 19% for the financial year beginning 1 April 2017, followed by another 2% reduce to 17% for the financial year beginning 1 April 2020. It is expected that this graduated fall in the main corporation tax rate will result in a reduction of the Company's deferred tax asset and also a reduction in the Company's future current tax charge.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

9. Profit attributable to AMS Midco Limited

The profit for the financial year dealt within the financial statements of the parent company, AMS Midco Limited, was £nil (2015: £nil). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

10. Intangible fixed assets

Goodwill

£'000

Cost

At 31 December 2015 and 31 December 2016

Arising on acquisition of subsidiaries

255,697

Impairment tests for goodwill

The Group tests goodwill annually for impairment or more frequently if there are any indications that the goodwill might be impaired. Factors considered important that could trigger an impairment review of goodwill and/or other intangible assets include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

Goodwill was tested for impairment by comparing the recoverable amount based on value-in-use of the Group to the carrying value. The recoverable amount of the Group is determined as the higher of value-in-use and fair value less costs to sell.

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. The Group has performed its goodwill impairment test based on the 2017 budgeted EBITDA and for 2018, 2019, 2020 and 2021 EBITDAs are based on the five year plan approved by the board. From 2021 onwards, we have conservatively factored in growth in line with GDP growth of 1.8% in perpetuity. In accordance with IFRS, the Group's WACC is calculated based on the outsourcing / recruitment industry average leverage ratio and results in a WACC of 10.4% on a post-tax basis and also factors in a small companies risk premium of 2.8%. On this basis, no impairment of goodwill is required at 31 December 2016.

Other intangible assets

	2016 £'000	2015 £'000
Purchased brands		
Cost		
At start of the year	592	201
Adjustment	(162)	-
Additions	-	391
At end of the year	430	592
Accumulated amortisation		
At start of year	290	92
Charge for the year	140	198
At end of year	430	290
Net book value		
At end of year	-	302

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

11. Tangible fixed assets

Group	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2015	15	2,334	1,826	4,175
Additions	-	2,175	297	2,472
Disposals	-	(93)	(45)	(138)
Foreign currency translation adjustment	(1)	(36)	(5)	(42)
At 31 December 2015	14	4,380	2,073	6,467
Accumulated depreciation				
At 1 January 2015	8	975	266	1,249
Charge for the period	5	1,067	472	1,544
Disposals	-	(86)	(27)	(113)
Foreign currency translation adjustment	1	(35)	(11)	(45)
At 31 December 2015	14	1,921	700	2,635

Group	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2016	14	4,380	2,073	6,467
Additions	-	2,540	608	3,148
Disposals	(1)	(2)	(90)	(93)
Foreign currency translation adjustment	2	363	178	543
At 31 December 2016	15	7,281	2,769	10,065
Accumulated depreciation				
At 1 January 2016	14	1,921	700	2,635
Charge for the period	-	1,585	602	2,187
Disposals	(1)	(2)	(90)	(93)
Foreign currency translation adjustment	2	240	104	346
At 31 December 2016	15	3,744	1,316	5,075
Net book value				
At 31 December 2016	-	3,537	1,453	4,990
At 31 December 2015	-	2,459	1,373	3,832

12. Fixed asset investments

Subsidiary undertakings	Company £'000
Cost and net book value	174,967

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

12. Fixed asset investments (continued)

The Company holds investments in the following subsidiary undertakings:

Subsidiary undertaking	Place of incorporation and Principal place of business	Activity	Proportion of ordinary shares held%
*AMS Bidco Limited	England and Wales	Holding	100%
AMS Finco SARL	Luxembourg	Holding	100%
Newincco 780 Limited	England and Wales	Holding	100%
Newincco 781 Limited	England and Wales	Holding	100%
Alexander Mann Group Limited	England and Wales	Holding	100%
Alexander Mann Associates Limited	England and Wales	Holding	100%
Alexander Mann Employee Benefit Trust Limited	England and Wales	ESOP	100%
Alexander Mann Solutions Limited	England and Wales	Trading	100%
Alexander Mann BPO Limited	England and Wales	Trading	100%
Alexander Mann Solutions GmbH	Germany	Trading	100%
Alexander Mann Solutions ApS	Denmark	Trading	100%
Alexander Mann Solutions AB	Sweden	Trading	100%
Alexander Mann Solutions GmbH	Switzerland	Trading	100%
Alexander Mann Solutions S.P.A.	Italy	Trading	100%
Alexander Mann Solutions Poland Sp. Z.o.o.	Poland	Trading	100%
Alexander Mann Solutions BVBA	Belgium	Trading	100%
Alexander Mann Solutions BV	Holland	Trading	100%
AMS Recruitment Process Outsourcing S.L.	Spain	Trading	100%
Alexander Mann Solutions Corporation	U.S.A	Trading	100%
Alexander Mann BPO Solutions (Singapore) PTE Limited	Singapore	Trading	100%
Alexander Mann Solutions S.A.R.L.	France	Trading	100%
Alexander Mann Solutions Private Limited	India	Trading	100%
Amicus Limited	England and Wales	Trading	100%
Alexander Mann Solutions K.K.	Japan	Trading	100%
Alexander Mann Group Asia Pacific Pty Limited	Australia	Trading	100%
Alexander Mann Solutions (HK) Limited	Hong Kong	Trading	100%
Alexander Mann Solutions s.r.o.	Czech Republic	Trading	100%
Alexander Mann KFT	Hungary	Trading	100%
Alexander Mann Solutions (Shanghai) Enterprise Management	China	Trading	100%
Alexander Mann Solutions Inc	Canada	Trading	100%
Capital Resource Consulting Group Limited	England and Wales	Holding	100%
Capital Resource Consulting Limited	England and Wales	Dormant	100%
Interim Capital Limited	England and Wales	Dormant	100%
Capital Resource Consulting PTE Limited	Singapore	Dormant	100%
Alexander Mann Outsourcing Solutions Limited	Ireland	Trading	100%
Capital Resource Consulting Hong Kong Limited	Hong Kong	Trading	100%
Capital Resource Consulting GmbH	Germany	Dormant	100%
AMS Processo De Recrutamento E Terceirização Ltda	Brazil	Trading	100%
Alexander Mann Solutions S. De R.L. De C.V.	Mexico	Trading	100%
Alexander Mann Solutions AS	Norway	Trading	100%
Shearwater s.r.o	Czech Republic	Dormant	100%
Alexander Mann Solutions BPO Inc.	Philippines	Trading	100%
Alexander Mann Solutions (Pty) Ltd	South Africa	Trading	100%

* held directly by AMS Topco Limited.

The principal activity of all trading subsidiaries is Talent Management Services, usually under long-term contracts.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

13. Debtors

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	48,631	-	39,905	-
Amounts owed by subsidiary undertakings	-	-	-	-
Derivatives (note 16)	18,251	-	5,821	-
Other debtors	6,245	-	4,707	-
Corporation tax recoverable	209	-	126	-
Accrued income	25,093	-	20,486	-
Prepayments	3,829	-	2,694	-
Capitalised contract implementation costs	3,111	-	2,479	-
	<u>105,369</u>	<u>-</u>	<u>76,218</u>	<u>-</u>

14. Creditors: amounts falling due with one year

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and overdrafts (note 17)	7,678	-	12,318	-
Derivatives (note 16)	875	-	717	-
Trade creditors	3,703	-	2,977	-
Corporation Tax	2,312	-	1,528	-
Other taxes and social security	10,266	-	14,551	-
Other creditors	6,740	-	964	-
Accruals	75,488	-	67,292	-
Deferred income	5,638	-	4,831	-
	<u>112,700</u>	<u>-</u>	<u>105,178</u>	<u>-</u>

The Group is party to an invoice discounting facility under the terms of which any funds advanced to the Group by the discounting house are secured against a specific basket of pre-agreed trade debtors.

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

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans (note 17)	<u>94,140</u>	<u>-</u>	<u>82,995</u>	<u>-</u>

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

16. Derivative financial instruments

Financial assets carried at fair value through profit or loss (FVTPL):

	2016 £'000	2015 £'000
Interest rate SWAP		
Derivative assets		
Derivative liabilities	17,840	5,648
Forward contracts	(711)	(485)
Derivative assets		
Derivative liabilities	396	118
Interest rate cap	(164)	(232)
Derivative assets	15	55
Total derivative assets	<u>18,251</u>	<u>5,821</u>
Total derivative liabilities	<u>(875)</u>	<u>(717)</u>

All derivatives are treated as financial assets carried at fair value through profit or loss and hedge accounting is not used.

17. Borrowings

	2016 £'000	2015 £'000
Current		
Bank loans – secured	8,523	11,723
Revolving loan facility	-	1,451
Less capitalised arrangement fees	(845)	(856)
	<u>7,678</u>	<u>12,318</u>
Non-current		
Bank loans – secured	95,831	85,561
Less capitalised arrangement fees	(1,691)	(2,566)
	<u>94,140</u>	<u>82,995</u>
	<u>101,818</u>	<u>95,313</u>

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

17. Borrowings (continued)

At 31 December 2016, £104,354,000 (2015: £97,284,000) of the Group's borrowings were denominated in US\$. An analysis of the maturity of the borrowings is as follows:

	2016 £'000	2015 £'000
Not later than one year	8,523	13,174
Later than one year but not later than two years	1,296	1,081
Later than two years but not later than five years	94,535	84,480
Less unamortised capitalised arrangement fees	(2,536)	(3,422)
	<u>101,818</u>	<u>95,313</u>

In addition, within three business days of the date that the Group signs its annual audited financial statements, the Group is Under the terms of the Credit Agreement dated 20 December 2013, the Group is required to make quarterly fixed payments of US\$400,000.

In addition, within 3 business days of the date that the Group signs its annual audited financial statements, the Group is required to prepay up to 50% of the excess cash flow for that financial year. The precise percentage of Excess Cash flow is dependent on the leverage ratio achieved.

For the purposes of the maturity of the borrowings analysis above, only the US\$400,000 quarterly repayments for 2017 together with an estimated £7,236,000 in respect of the 2016 annual cash sweep payment that is payable within three business days after the delivery of the audited AMS Midco Limited statutory financial statements for the year ended 31 December 2016 are classified as payable within one year. Thereafter only the US \$400,000 quarterly payments are classified as payable in more than one year but not more than two years as the Company does not have sufficient visibility over future cash flow to accurately predict future cash flow payments that may fall due.

Borrowings drawn under the Credit Agreement dated 20 December 2013, in respect of the revolving facility and the term loan, are secured by way of a floating charge over all of the Group's assets.

Borrowings drawn under the Receivables Finance Agreement (invoice discounting) relating to the multicurrency facility are secured against the Group's eligible trade debtors.

At 31 December 2016, the term loan of US\$128,836,000 was outstanding, nil was drawn on the Revolving loan facility and under the Receivables Finance Agreement.

18. Deferred tax

	2016 £'000	2015 £'000
At beginning of period	990	923
Credited to profit and loss account	95	67
At 31 December 2016	<u>1,085</u>	<u>990</u>
	<u>2016 £'000</u>	<u>2015 £'000</u>
The amounts of deferred taxation provided at 20% are:		
- Depreciation in excess of capital allowances	219	189
- Other temporary differences	866	801
	<u>1,085</u>	<u>990</u>

AMS Midco Limited

Notes to the financial statements For the year ended 31 December 2016

18. Deferred tax (continued)

The deferred tax asset has been recognised on the basis that it is considered more likely than not that there will be suitable taxable profits in the entity from which the future reversal of the underlying timing differences can be deducted. There are no unprovided deferred tax assets.

Following the 2017 Budget Statement, the main rate of UK corporation tax reduced by 1% to 19% for the financial year beginning 1 April 2017, followed by another 2% reduced to 17% for the financial year beginning 1 April 2020. These changes were substantively enacted at the balance sheet date and therefore have been reflected in the deferred tax provisions. The reduction in the rate is likely to reduce the value of deferred tax assets and liabilities. However this is not considered to be material.

19. Provision for liabilities

Group	Dilapidation £'000	Other provisions £'000	Total provisions £'000
At 1 January 2015	507	53	560
Charged/(credited) to profit and loss account	(210)	14	(196)
Capitalised in fixed assets	188	-	188
At 31 December 2015	485	67	552
Credited to profit and loss account	-	(14)	(14)
Foreign exchange on opening balances	8	-	8
At 31 December 2016	493	53	546

The Group has provided against the cost of rectification work required to restore leasehold premises to the same condition as at the inception of the leases. £42,000 has been provided in respect of redecoration and £451,000 has been provided in respect of capital refurbishment. They are all expected to be paid by 2024.

20. Called up share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
174,966,555 ordinary shares of £1.00 each	174,967	174,967

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

21. Reconciliation of net cash flow from operating activities

	2016 £'000	2015 £'000
Profit for the financial year	30,169	23,221
Adjustments for:		
Depreciation and amortisation	3,361	2,963
Decrease/(Increase) in trade and other receivables	(18,544)	2,226
Increase/(Decrease) in trade and other payables	12,416	6,966
Financing costs	(5,324)	(6,432)
Income tax	(3,642)	(3,089)
Net cash flow from operating activities	18,436	25,855

22. Ultimate controlling party and related party transactions

In the opinion of the directors, the Company's ultimate parent company is AMS Topco Limited, a company incorporated in the Cayman Islands. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is AMS Topco Limited, a company incorporated in the Cayman Islands. The parent undertaking of the smallest such group is AMS Holdco Limited, a company incorporated in England and Wales. Copies of the group financial statements of AMS Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Copies of the group financial statements of AMS Holdco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate parent undertaking is AMS Holdco Limited. AMS Topco Limited is under the control of funds advised by New Mountain Capital LLC, which is considered the ultimate controlling party.

No transactions have been undertaken in the year with the Group's immediate parent AMS Holdco Limited or the Group's ultimate parent AMS Topco Limited.

During the year, the AMS Topco Group paid New Mountain Capital LLC a £500,000 (2015:£500,000) fee in connection with the management of the Group.

23. Financial commitments

Commitments under non-cancellable operating leases are as follows:

	Land and buildings	
Group	2016 £'000	2015 £'000
Expiry date	2,625	2,118
- not later than one year	6,818	6,724
- later than one year and not later than five years	1,374	1,975
- later than five years		
	10,817	10,817

Company

The Company had no operating lease commitments during the year. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

AMS Midco Limited

Notes to the financial statements

For the year ended 31 December 2016

24. Pension arrangements

The pension cost charge for the current year of £2,638,000 (2015: £2,368,000) represents the amounts payable to defined contribution personal pension schemes.

25. Statement of guarantee

The Company has signed a statement of guarantee in respect of a number of subsidiary companies under section 479c of the Companies Act 2006. As a result, the following subsidiaries are exempt from the requirements of the UK Companies Act 2006 in relation to the audit of individual accounts by virtue of s479A of that Act:

Company	Company registration number
Newincco 780 Limited	06420558
Newincco 781 Limited	06420524
Alexander Mann Associates Limited	01884422
Alexander Mann BPO Limited	06292822
✓ Alexander Mann Employee Benefit Trust Limited	04014675
Amicus Limited	03930954
Capital Resource Consulting Limited	03690780
Capital Resource Consulting Group Limited	05169192
Interim Capital Limited	03703850