Celerant Consulting Investments Limited

Report and Financial Statements

31 December 2010

Registered No 05804397

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Directors
J M B Cayzer-Colvin
I P Clarkson
J R Dunnaback
M S D Masters
J L Messman
A E Watson (Chairman)

Secretary
N von Kunitzki

Independent Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors
Macfarlanes
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London
EC4A 1BD

Bankers
The Royal Bank of Scotland
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TW9 2JY

Directors' report

The dırectors present theır annual report and fınancıal statements of the group for the year ended 31 December 2010

Busıness revıew and prıncıpal actıvıty

The group's prıncıpal actıvıty durıng the year was the provısıon of management consultancy servıces specıalısıng ın operatıonal strategy and ımplementatıon

The company's prıncıpal actıvıty ıs that of an ınvestment holdıng company

The shares ın Celerant Consultıng Investments Lımıted are held by management (53%) and Caledonıa Investments plc (47%)

Results and dividends

In 2010 turnover decreased by 13 5% from £122 7m to £106 1m However, good management of dırect costs resulted ın gross margın ımprovıng from 43% to 44% lımıtıng the reductıon ın gross profit from £52 8m ın 2009 to £46 9m ın 2010 Control over admınıstratıve overhead costs ensured that the ımpact on group operatıng profit was further mıtıgated The group's operatıng profit decreased from a profit of £6 3m to a profit of £2 8m The pre-tax loss for the year amounted to £1 0m (2009 profit £2 1m)

Included wıthın the net lıabılıtıes of the group are shareholder and management unsecured loan notes totallıng £20 1m (2009 £18 6m) When adjusted to exclude these loan notes the net assets of the busıness are £12 6m (2009 £10 8m) Before the adjustment for the loan notes the group had net lıabılıtıes of £7 5m (2009 £7 8m)

The group meets ıts day to day workıng capıtal requırements through an overdraft facılıty and other bank loans

The dırectors' have consıdered the group's forecasts and projectıons, takıng account of reasonably possıble changes ın tradıng performance, and belıeve they show that the group should be able to operate wıthın ıts current facılıty and meet ıts loan covenants for the foreseeable future The dırectors have a reasonable expectatıon that the company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future Accordıngly, the fınancıal statements have contınued to be prepared on a goıng concern basıs Unutılısed bank facılıtıes at the end of the fınancıal year were £7 5m (2009 £5 2m)

Net debt amounted to £20 0m at 31 December 2010 (2009 £24 6m) Net cash ınflow from operatıng actıvıtıes for the year was £8 5m (2009 £7 8m) In June 2011 the group settled the bank term loans In September 2011 the group made an early settlement of £1 1m on a portıon of the Unsecured 12% serıes B loan notes 2012 The loan notes were settled at a dıscount of £0 5m on the attrıbutable ınterest accrued to the year end of £0 7m

In September 2010 the group refinanced ıts bank debt The exıstıng term loan was settled ın full and new facılıtıes were entered ınto The new facılıtıes comprıse a €7 5m revolvıng credıt facılıty, a €1 0m overdraft facılıty and €4 5m term loans

The terms of the unsecured 20% serıes A loan notes were renegotıated ın the year resultıng ın the ınterest rate reducıng to 5%, wıth effect from 1 July 2010 The repayment terms of the loan notes were also amended

The dırectors do not propose the payment of a dıvıdend (2009 £ nıl)

On 17 August 2011, an ınternal reorganısatıon was completed resultıng ın the USA sub group beıng wholly owned by a USA holdıng company, Celerant US, Inc Celerant US, Inc was establıshed (on 28 June 2011) to provıde a base for future acquısıtıons and for the purposes of separatıng new busınesses from exıstıng busınesses In addıtıon, the reorganısatıon was undertaken to achıeve a more commercıally vıable level of gearıng ın the USA busıness, and to provıde for an effıcıent platform for the future redeployment of cash among the USA operatıons

Directors' report

Future outlook

The dırectors are satısfied wıth the results for the year and consıder the future prospects of the group to be sound, assumıng there are no sıgnıficant changes ın the economıes ın whıch the group operates

Prıncıpal rısks and uncertaıntıes

The management of the busıness and the executıon of the group's strategy are subject to a number of rısks Key rısks prımarıly relate to the

- Impact of the economıes and competıtıon ın the markets ın whıch the group operates
- Abılıty to recruıt and retaın qualıty people
- Abılıty to develop and grow our reputatıon ın the market place through qualıty work and brand awareness programmes
- The exposure to fluctuatıons ın foreıgn exchange rates arısıng from the translatıon of results and monetary assets and lıabılıtıes denomınated ın foreıgn currencıes to sterlıng

Key performance ındıcators

The group uses a number of key performance ındıcators to understand the development, performance and posıtıon of the busıness These ınclude

- Revenue, profitabılıty and cash flows
    - For revenues the focus ıs on consultıng fees beıng £92 1m ın 2010 (2009 £107 6m)
    - For profitabılıty the focus ıs on earnıngs before ınterest, tax and amortısatıon beıng £3 6m ın 2010 (2009 £7 1m)
    - For cash flows the focus ıs on net cash flows before financıng actıvıtıes beıng £6 7m cash ınflow ın 2010 (2009 £5 3m)
- The qualıty, level and conversıon rates of the sales pıpelıne and level of sales order book
- Project results delıvered versus plan
- Prıcıng, sıze and duratıon of engagements
- Staff attrıtıon and utılısatıon

These are reported and monıtored throughout the year

Dırectors

The dırectors who served durıng the year and up to the date of sıgnıng the financıal statements are as follows

J M B Cayzer-Colvın (Non-executıve)
I P Clarkson (Executıve)
J R Dunnaback (Executıve)
M S D Masters (Non-executıve)
J L Messman (Non-executıve)
A E Watson (Non-executıve)

Directors' report

Called up ordinary share capital

No shares were ıssued durıng the year (2009 nıl)

Charıtable and polıtıcal contrıbutıons

No polıtıcal contrıbutıons were made ın 2010 Charıtable donatıons of £17,000 were made durıng the year (2009 £13,000)

Corporate governance

The dırectors recognıse the ımportance of good governance for the group, whıch ıs based on the followıng underlyıng prıncıples Accountabılıty, transparency, probıty and focus on sustaınable success of the group over the long term

Employee polıcies

The group recognıses the value of ıts employees and has maıntaıned ıts polıcy of communıcatıng and consultıng wıth employees through meetıngs on matters of concern to them and provıdıng ınformatıon ın partıcular on the relevant factors affectıng the performance of the group

The group ıs commıtted to a polıcy of recruıtment and promotıon on the basıs of aptıtude and abılıty wıthout dıscrımınatıon of any kınd

The group has made and expects to contınue ıts commıtment to traınıng and executıve educatıon programs for ıts employees

Applıcatıons for employment by dısabled persons are gıven full and faır consıderatıon for all vacancıes, havıng regard to theır partıcular aptıtudes and abılıtıes Where exıstıng employees become dısabled, ıt ıs the group's polıcy wherever practıcable to provıde contınuıng employment under normal terms and condıtıons and to provıde traınıng, career development and promotıon to dısabled employees wherever approprıate

Dırectors' ındemnıtıes

The company maıntaıns lıabılıty ınsurance for ıts dırectors and officers

Fınancıal risk management

The group's operatıons expose ıt to a varıety of financıal rısks that ınclude credıt rısk, lıquıdıty rısk, ınterest rate rısk, prıcıng rısk and foreıgn currency rısk Rısk management ıs carrıed out by the executıve management team under polıcıes approved by the board of dırectors

Credıt rısk

The group has ımplemented polıcıes that requıre approprıate credıt checks on potentıal customers before sales are made

Lıquıdıty rısk

The group maıntaıns approprıate debt finance that ıs desıgned to ensure the group has sufficıent avaılable funds for operatıons and planned expansıons

Interest rate rısk

The group has both ınterest bearıng assets and ınterest bearıng lıabılıtıes Interest bearıng assets are cash balances and ınterest bearıng lıabılıtıes are bank loans and shareholder and management unsecured loan notes

Prıcıng rısk

Prıcıng ıs ımpacted by the economıes ın whıch the group operates and the competıtıon ın those markets

Directors' report

Foreign currency risk

Sales and purchases take place in a number of currencies predominantly Sterling Euros and US Dollars with Euros and US Dollars being subject to exchange rate fluctuations In order to reduce its foreign currency risk where the certainty of future cash flows can be established with a fair amount of reliability the group takes out forward foreign exchange contracts to minimise the exposure to exchange rate fluctuations

Disclosure of information to auditors

For all directors at the time the reports are approved, the following applies

- so far as each director is aware, there is no relevant audit information of which the company s auditors are unaware, and
- each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group s auditors are aware of that information

Independent Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

By order of the Board

J R Dunnaback
Director
Date 29 September 2011

Statement of directors' responsibilities in respect of the financial statements

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

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

In preparing these financial statements, the directors are required to

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

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

By order of the Board

Independent auditors' report

to the members of Celerant Consulting Investments Lımited

We have audıted the financıal statements of Celerant Consultıng Investments Lımıted for the year ended 31 December 2010 whıch comprıse the consolıdated profit and loss account, the consolıdated and company balance sheets, the consolıdated cash flow statement, the consolıdated statement of total recognısed gaıns and losses and the related notes The financıal reportıng framework that has been applıed ın theır preparatıon ıs applıcable law and Unıted Kıngdom Accountıng Standards (Unıted Kıngdom Generally Accepted Accountıng Practıce)

Thıs report ıs made solely to the company's members, as a body, ın accordance wıth Chapter 3 of Part 16 of the Companıes Act 2006 Our audıt work has been undertaken so that we mıght state to the company's members those matters we are requıred to state to them ın an audıtor's report and for no other purpose To the fullest extent permıtted by law, we do not accept or assume responsıbılıty to anyone other than the company and the company's members as a body, for our audıt work, for this report, or for the opınıons we have formed

Respectıve responsıbilıties of dırectors and auditors

As explaıned more fully ın the statement of dırectors' responsıbılıtıes, the dırectors are responsıble for the preparatıon of the financıal statements and for beıng satısfied that they gıve a true and faır vıew Our responsıbılıty ıs to audıt and express an opınıon on the financıal statements ın accordance wıth applıcable law and Internatıonal Standards on Audıtıng (UK and Ireland) Those standards requıre us to comply wıth the Audıtıng Practıces Board's (APB's) Ethıcal Standards for Audıtors

Scope of the audıt of the financıal statements

A descrıptıon of the scope of an audıt of financıal statements ıs provıded on the APB's websıte at www frc org uk/apb/scope/prıvate cfm

Opinion on financıal statements
In our opınıon the financıal statements

- gıve a true and faır vıew of the state of the group's and the parent company's affaırs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce, and
- have been prepared ın accordance wıth the requırements of the Companıes Act 2006

Opinıon on other matters prescrıbed by the Companies Act 2006

In our opınıon the ınformatıon gıven ın the dırectors' report for the financıal year for whıch the financıal statements are prepared ıs consıstent wıth the financıal statements

Independent auditors' report

to the members of Celerant Consulting Investments Limited

Matters on whıch we are required to report by exceptıon

We have nothıng to report ın respect of the followıng matters where the Companıes Act 2006 requıres us to report to you ıf, ın our opınıon

- adequate accountıng records have not been kept by the parent company, or returns adequate for our audıt have not been receıved from branches not vısıted by us, or
- the parent company financıal statements are not ın agreement wıth the accountıng records and returns, or
- certaın dısclosures of dırectors' remuneratıon specıfied by law are not made, or
- we have not receıved all the ınformatıon and explanatıons we requıre for our audıt

BDO LLP

Nıcholas Carter-Pegg (senıor statutory audıtor)
For and on behalf of BDO LLP, statutory audıtor
London, Unıted Kıngdom
Date 29/9/11

BDO LLP ıs a lımıted lıabılıty partnershıp regıstered ın England and Wales (wıth regıstered number OC305127)

Consolidated profit and loss account

for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	106,107	122,729
Cost of sales		(59,182)	(69,901)
Gross profit		46,925	52,828
Administrative expenses		(44,091)	(46,512)
Operating profit	3	2,834	6,316
Net interest payable and similar charges	5	(3,817)	(4,162)
Other finance costs	6	-	(35)
(Loss) / profit on ordinary activities before taxation		(983)	2,119
Tax on (loss) / profit on ordinary activities	7	(74)	(3,492)
Retained loss for the year	17	(1,057)	(1,373)

All amounts in the year relate to continuing operations of the group

There are no differences between the results reported and the historical cost equivalents

Consolidated statement of group total recognised gains and losses

for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Loss for the financial year		(1,057)	(1,373)
Exchange adjustments offset in reserves		1,103	(1,306)
Actuarial gain / (deficit) relating to the pension schemes	20	421	(33)
Deferred tax movement associated with actuarial gain / (deficit)	11	(99)	13
Total recognised gains and losses for the year		368	(2,699)

Balance sheets

As at 31 December 2010

Registered Number 05804397

	Note	2010 Group £ 000	2010 Company £'000	2009 Group £ 000	2009 Company £ 000
Fixed Assets					
Intangible assets goodwill	8	12 696	-	13 521	-
Tangible assets	9	535	-	598	-
Investments	10	-	1	-	1
		13 231	1	14,119	1
Current Assets					
Debtors	11	28 454	1,087	28 560	1 426
Short term investments		-	-	662	-
Cash at bank and in hand		3 621	-	2,305	-
		32,075	1 087	31 527	1,426
Current Liabilities					
Creditors amounts falling due within one year	12	(30 520)	(110)	(30,479)	(2,202)
Net current assets / (liabilities)		1 555	977	1 048	(776)
Total assets less net current assets / (liabilities)		14,786	978	15,167	(775)
Creditors amounts falling due after more than one year	13	(22 258)	-	(22,754)	-
Net liabilities excluding pension liability		(7 472)	978	(7,587)	(775)
Pension liability	20	-	-	(253)	-
Net (liabilities) / assets		(7,472)	978	(7,840)	(775)
Capital and Reserves					
Called up share capital	17	1 036	1 036	1,036	1,036
Profit and loss account	17	(8 069)	381	(8 437)	(1 372)
Reserve for own shares	17	(439)	(439)	(439)	(439)
Total equity shareholders' (deficit) / surplus	17	(7 472)	978	(7 840)	(775)

The notes on pages 13 to 32 form part of the financial statements which were approved by the Board and authorised for issue on 29 Sep 2011

J R Dunnaback

Director

Date 29 Sep 2011

Consolidated cash flow statement

for the year ended 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash inflow from operating activities	21		8,508		7,803
Returns on investment and servicing of finance					
Interest received		8		51	
Interest paid		(240)		(715)	
Bank arrangement fees		(379)	(611)	-	(664)
Taxation			(911)		(1,770)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(336)		(98)
Net cash inflow before financing activities			6,650		5,271
Management of liquid resources					
Decrease / (Increase) in short term investments			625		(662)
Financing					
Increase / (Decrease) in short term borrowings		690		(718)	
Repayment of long term borrowings		(4,903)		(1,193)	
Increase in long term borrowings		2,338	(1,875)	-	(1,911)
Net increase in cash, cash equivalents and bank overdrafts			5,400		2,698

Reconciliation of net cash flow to movement in net debt

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net increase in cash, cash equivalents and bank overdrafts		5,400	2,698
Net (increase) / decrease in short term borrowings		(690)	718
Net (decrease) / increase in short term investments		(625)	662
Net decrease in long term borrowings		2,565	1,193
Exchange movements		291	722
Non cash items		(2,365)	(3,499)
Movement in net debt in the year		4,576	2,494
Net debt at the beginning of the year		(24,621)	(27,115)
Net debt at the end of the year	22	(20,045)	(24,621)

Notes to the financial statements

for the year ended 31 December 2010

1. Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

At the end of the 2010 financial year the group had net liabilities of £7 5m (2009 £7 8m) Included within the net liabilities of the group are shareholder and management unsecured loan notes totalling £20 1m (2009 £18 6m)

The group meets its day to day working capital requirements through an overdraft facility and other bank loans

The directors' have considered the group's forecasts and projections, taking account of reasonably possible changes in trading performance, and believe they show that the group should be able to operate within its current facility and meet its loan covenants for the foreseeable future The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the financial statements have continued to be prepared on a going concern basis Unutilised bank facilities at the end of the financial year were £7 5m (2009 £5 2m)

Basis of consolidation

The consolidated profit and loss account and balance sheet include the results of the company and its subsidiary undertakings Intra-group sales, profits and inter-company balances are eliminated on consolidation Profits and losses of companies entering or leaving the group are included from the date of acquisition or up to the date of disposal The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition, being the earlier of the date consideration passes, or an offer is declared unconditional

Subsidiaries are fully consolidated from the date on which control is transferred to the group Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities They are de-consolidated from the date that control ceases The purchase method of accounting is used to account for the acquisition of subsidiaries by the group The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill

All group company year ends are coterminous Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group

Foreign currency

Monetary assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rates of exchange Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of these companies at average rates, are taken to reserves and are reported in the statement of group total recognised gains and losses Other transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction Monetary assets and liabilities are translated at rates ruling at the balance sheet date and exchange differences are included in operating profit

Notes to the financial statements

for the year ended 31 December 2010

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition Goodwill is capitalised on the group balance sheet and amortised in equal instalments over its useful economic life, assumed to be no more than 20 years Goodwill is assessed for impairment where indicators exist that the carrying value may not be expected to be fully recoverable, and is carried at costs less accumulated impairment losses Impairment losses on goodwill are not reversed

Tangible fixed assets

The cost of tangible fixed assets is their historical purchase price, together with any incidental costs of acquisition Depreciation of fixed assets is charged by equal instalments commencing in the year of acquisition The charge is calculated on a pro rata basis, at rates estimated to write off their cost over their expected useful economic lives, as follows

Computer equipment	3 years
Office equipment	3-5 years
Furniture and fittings	5-8 years
Leasehold improvements	Over the expected period of the lease

Investments

Investments in group undertakings are stated at cost unless there has been a clear indication of a change in the investments' status In that case an impairment in value is established and recognised in the profit and loss account

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Pension scheme

The group operates defined contribution schemes for UK based employees of Celerant Consulting Holdings Limited and Celerant Consulting Limited Subsidiary companies of the group in the following countries also operate defined contribution schemes Belgium, Netherlands, Norway, Denmark and Sweden A 401(k) scheme is operated by the US subsidiary company

The assets of the schemes are held separately from those of the company in independently administered funds Contributions are charged to the profit and loss account so as to match the amount payable in accordance with the rules of the schemes

Operating leases

Rentals paid under operating leases are charged on a straight line basis to operating profit over the lease term

Employee benefit trust

The directors and certain employees are eligible to participate in the groups' employee benefit trust Under this scheme eligible individuals are entitled to purchase ordinary shares at nominal value The company is deemed to have control of the assets, liabilities, income and costs of its Employee Benefit

Notes to the financial statements

for the year ended 31 December 2010

Trust (EBT) It has therefore been included in the financial statements of the group and company in accordance with UITF 38, as a deduction from shareholders' funds

Turnover and long term contracts

Turnover is stated net of sales taxes and discounts

Turnover represents amounts received and receivable, excluding sales taxes and intra-group sales, in respect of work undertaken during the year, including rechargeable expenses Revenues which are dependent upon the achievement of criteria, including the delivery of results, are recognised only when they have been accepted by the customer All other revenue is recognised by applying the percentage stage of completion to the contract value of each contract The percentage of completion is calculated as being the proportion of costs incurred to date relative to the total expected costs for that project The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts Payments in excess of recorded turnover are included in creditors as payments on account of long term contracts Losses that are expected to arise on long term contracts are recognised in full immediately

2. Segmental analysis

Group turnover is attributable to the principal activity of the group

Turnover is analysed by class as follows

	2010	2009
	£'000	£'000
Consulting fees	92,142	107,607
Reimbursed expenses	13,965	15,122
	106,107	122,729

Turnover is analysed by geographical destination as follows

	2010	2009
	£'000	£'000
United Kingdom	10,895	14,591
Rest of Europe	36,187	41,009
North America	52,425	59,461
Rest of world	6,600	7,668
	106,107	122,729

Notes to the financial statements

for the year ended 31 December 2010

3. Operating profit

Group operating profit is stated after charging / (crediting)

		2010	2009
		£'000	£'000
Company audit services		12	12
Fees payable to the company auditors and its associates for other services			
	- audit of subsidiaries	189	201
	- taxation services	-	11
Goodwill amortisation		825	825
Loss on sale of fixed assets		12	10
Operating leases	- vehicle hire	1,234	1,430
	- land and buildings	1,766	1,717
	- other equipment	121	185
Depreciation of owned assets		314	342
Foreign exchange loss / (gain)		536	(2,546)

4. Directors and employees

	2010	2009
	£'000	£'000
Group staff costs including directors' emoluments		
Wages and salaries	53,582	65,395
Social security costs	5,548	5,588
Pension - defined contribution	1,629	2,126
	60,759	73,109

Average monthly number employed by the group including executive directors

	2010	2009
	No	No
Sales and administration	167	174
Consultants	333	397
	500	571

The company has no employees

Notes to the financial statements

for the year ended 31 December 2010

Group directors' emoluments	2010 £'000	2009 £'000
Aggregate emoluments (excluding pension contributions)	1,154	965
Highest paid director – aggregate emoluments (excluding pension contributions)	626	587

Pensions entitlement	2010 No	2009 No
Number of directors, during the year, qualifying for benefits under money purchase scheme	2	2

	2010 £'000	2009 £'000
Contributions in respect of directors	88	89
Contribution in respect of highest paid director	83	81
Unfunded retirement benefit accrual at year end in respect of highest paid director	700	639
Compensation for loss of office	-	197

5. Net interest payable and similar charges

	2010 £'000	2009 £'000
Loan note interest payable	2,425	3,211
Bank interest receivable	-	(21)
Bank interest payable	236	285
Amortisation of arrangement fees	333	287
Other interest payable	831	430
Other interest receivable	(8)	(30)
	3,817	4,162

Notes to the financial statements

for the year ended 31 December 2010

6. Other finance costs

	Note	2010	2009
		£'000	£'000
Expected return on defined benefit plan assets	20	-	(17)
Interest on defined benefit liabilities	20	-	52
		-	35

7. Taxation

	Note	2010	2009
		£'000	£'000
a) Tax on (loss) / profit on ordinary activities			
The tax charge for the period comprises			
UK corporation tax at 28% (2009 28%)		470	-
Double tax relief		(192)	-
		278	-
Overseas taxation		2,586	2,417
Prior years underprovision - UK		-	922
Prior years underprovision / (overprovision) - Overseas		431	(261)
Current tax charge		3,295	3,078
Deferred tax			
Origination and reversal of timing differences – Current year		(2,782)	436
Origination and reversal of timing differences – Prior year		(508)	(8)
		(3,290)	428
Pension cost charge / (relief) in excess of pension cost (relief) / charge		69	(14)
Deferred tax (relief) / charge	11	(3,221)	414
Tax on (loss) / profit on ordinary activities		74	3,492

Notes to the financial statements

for the year ended 31 December 2010

b) Factors affecting current tax charge

The tax assessed on the (loss) / profit on ordinary activities for the year differs to the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010	2009
	£'000	£'000
(Loss) / profit on ordinary activities before tax	(983)	2,119
(Loss) / profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 28%)	(275)	593
Loss utilisation	(919)	-
Unutilised losses	1,805	1,832
Unrelieved overseas tax	86	-
Differing overseas tax rates	417	783
Impact of items not taxable or deductible for tax purposes	1,159	664
Impact of goodwill not deductible for tax purposes	231	235
Prior year movements	431	660
Short term timing differences	360	(1,689)
Current tax charge	3,295	3,078

A deferred tax credit has arisen where future losses will arise in overseas jurisdictions See note 11 for further information

c) Factors affecting future tax charge

The future tax charge will be affected by the geographical split of profits and the utilisation of tax losses The UK corporation tax rate will fall to 26% for the 2011 tax year which will affect future tax charges

8. Intangible assets: goodwill

Group

	2010	2009
	£'000	£'000
Cost at beginning and end of year	16,502	16,502
Accumulated amortisation		
At beginning of the year	2,981	2,156
Charge for the year	825	825
At end of year	3,806	2,981
Net book value	12,696	13,521

Notes to the financial statements

for the year ended 31 December 2010

9. Tangible fixed assets

Group	Office and computer equipment	Furniture and fittings	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2010	1,280	629	493	2,402
Additions	315	20	1	336
Disposals	(48)	(44)	-	(92)
Write off of assets no longer in use	(162)	(4)	(64)	(230)
Foreign exchange	(27)	(21)	(14)	(62)
At 31 December 2010	1,358	580	416	2,354
Accumulated depreciation				
At 1 January 2010	1,082	391	331	1,804
Charge for the year	165	96	53	314
Disposals	(48)	(32)	-	(80)
Write off of assets no longer in use	(162)	(3)	-	(165)
Foreign exchange	(31)	(13)	(10)	(54)
At 31 December 2010	1,006	439	374	1,819
Net book value				
At 31 December 2010	352	141	42	535
At 31 December 2009	198	238	162	598

10. Fixed asset investments

Company

	Shares in subsidiary undertakings
	£
At 31 December 2010 and 2009	1,000

Notes to the financial statements

for the year ended 31 December 2010

The company holds the equity share capital of the following principal subsidiaries, all of which are included in the consolidation

Name of undertaking	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business
Direct:				
Celerant Consulting Acquisitions Limited	England	Ordinary	100%	Holding Company
Celerant Consulting Acquisitions Limited				
Celerant Consulting Holdings Limited	England	Ordinary	100%	Strategic and operational management
Celerant Consulting Holdings Limited				
Celerant Consulting Inc	USA	Ordinary	100%	Management consultancy
Celerant Consulting (Canada) Limited	Canada	Ordinary	100%	Management consultancy
Celerant Consulting Limited	England	Ordinary	100%	Management consultancy
Celerant Consulting Netherlands Holdings BV	Netherlands	Ordinary	100%	Intermediate parent undertaking
Peter Chadwick Inc	USA	Ordinary	100%	Dormant
Celerant Consulting Russia Limited	England	Ordinary	100%	Dormant
Celerant Consulting Netherlands Holdings BV subsidiaries				
Celerant Consulting GmbH	Germany	Ordinary	100%	Management consultancy
Celerant Consulting SAS	France	Ordinary	100%	Management consultancy
Celerant Consulting Nordic AS	Norway	Ordinary	100%	Management consultancy
Celerant Consulting BVBA	Belgium	Ordinary	100%	Management consultancy
Celerant Consulting AB	Sweden	Ordinary	100%	Management consultancy

The directors believe that the carrying value of the investments is supported by their underlying net assets

Notes to the financial statements

for the year ended 31 December 2010

On 17 August 2011, an internal reorganisation was completed resulting in the USA sub group being wholly owned by a USA holding company, Celerant US, Inc Celerant US, Inc was established (on 28 June 2011) to provide a base for future acquisitions and for the purposes of separating new businesses from existing businesses In addition, the reorganisation was undertaken to achieve a more commercially viable level of gearing in the USA business, and to provide for an efficient platform for the future redeployment of cash among the USA operations

11. Debtors

	2010		2009	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Amounts owed by group undertakings	-	1,087	-	1,426
Trade debtors and amounts recoverable on long term contracts	18,079	-	22,466	-
Other debtors	2,046	-	1,816	-
Prepayments and accrued income	584	-	517	-
Deferred taxation	3,403	-	113	-
Corporation tax	4,342	-	3,648	-
	28,454	1,087	28,560	1,426

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date

Deferred tax	2010	2009
	Group	Group
	£'000	£'000
Deferred tax asset		
Accelerated capital allowances	(30)	137
Other timing differences	3,433	(24)
Deferred tax excluding that relating to pension	3,403	113
Pension asset – Germany	-	168
Total deferred tax asset	3,403	281

Notes to the financial statements

for the year ended 31 December 2010

The movement on the deferred tax asset balance is as follows

	2010 Group £'000	2009 Group £'000
Balance at the beginning of the year	281	734
Deferred tax credit / (charge) in the profit and loss account (note 7a)	3,221	(414)
Deferred tax (charge) / credit to the statement of group total recognised gains and losses	(99)	13
Foreign exchange differences	-	(52)
At end of year	3,403	281

The deferred tax asset not provided is as follows

	2010 Group £'000	2009 Group £'000
Short-term timing differences	244	125
Losses	4,735	7,553
	4,979	7,678

Circumstances that would lead to the unprovided deferred tax balance being provided would be the realisation of profits in the relevant regions to which the losses relate

12. Creditors: amounts falling due within one year

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank overdrafts	-	-	4,024	-
Bank loans	1,408	-	-	-
Trade creditors	3,645	-	3,206	-
Corporation tax	9,320	-	7,003	2,092
Other taxation and social security	2,947	-	3,508	-
Payments on account of long term contracts	3,078	-	3,042	-
Accruals	10,122	110	8,886	110
Unsecured 5% (2009 20%) series A loan notes 2015 (2009 2012)	-	-	810	-
	30,520	110	30,479	2,202

Notes to the financial statements

for the year ended 31 December 2010

Bank overdrafts include unamortised arrangement fees of £nil (2009 £202,000)
Bank loans include unamortised arrangement fees of £92,000 (2009 £nil)

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

	2010 Group £'000	2009 Group £'000
Unsecured 5% (2009 20%) series A loan notes 2015 (2009 2012)		
Principal	9,538	9,538
Accrued interest	6,126	4,236
	15,664	13,774
Unsecured 12% series B loan notes 2012		
Principal	2,602	2,602
Accrued interest	1,867	1,395
	4,469	3,997
Total unsecured loan notes	20,133	17,771
Bank loans	2,377	5,065
Unamortised arrangement fees	(252)	(82)
	22,258	22,754

The terms of the unsecured 20% series A loan notes were renegotiated in the year resulting in the interest rate reducing to 5%, with effect from 1 July 2010 The repayment terms of the loan notes were also amended

The 5% (2009 20%) series A loan notes are redeemable in quarterly instalments of £1 25m commencing 30 June 2012 with a final instalment of £1 425m on 31 March 2015 (2009 as soon as practicable following 30 June 2012) The 12% series B loan notes are redeemable in full as soon as practicable following 30 June 2012 The 5% (2009 20%) series A loan notes are held by Caledonia Investments plc The 12 % series B loan notes are held by Celerant management and Caledonia Investments plc

Bank loans comprise a term loan of €4 5m, carrying interest at EURIBOR plus 4%, which is repayable in 6 monthly instalments of €875,000 commencing 28 February 2011 with a final instalment of €1 0m on 28 February 2013 In June 2011 the group settled the bank term loans

In September 2011 the group made an early settlement of £1 1m on a portion of the Unsecured 12% series B loan notes 2012 The loan notes were settled at a discount of £0 5m on the attributable interest accrued to the year end of £0 7m

Notes to the financial statements

for the year ended 31 December 2010

14. Bank and other borrowings

	2010 Group £'000	2009 Group £'000
Due within one year or on demand		
Bank loans and overdrafts	1,408	4,024
Unsecured loan notes	-	810
Due within two to five years		
Bank loans	2,125	4,983
Unsecured loan notes	20,133	17,771
Total borrowings	23,666	27,588

Bank loans and overdrafts are secured by fixed and floating charges over the group and all property and assets present and future

15. Financial Instruments

The group uses various financial instruments to manage its exposure to exchange rates and interest rates Market values have been used to determine the fair value and have been obtained from an independent third party The fair values of these instruments are as follows

	2010 Group £'000	2009 Group £'000
	Gains / (Losses)	Gains / (Losses)
Interest rate cap	8	-
Foreign exchange forward contracts and swaps	(26)	56
	(18)	56

The table above has been inserted for disclosure purposes only

16. Share capital

Group and company

	2010 No	2009 No
Authorised		
Ordinary shares of £0 10 each	11,000,000	11,000,000

Notes to the financial statements

for the year ended 31 December 2010

	2010		2009	
	No		No	
Allotted, called up and fully paid	£0 10 each	£'000	£0 10 each	£'000
Balance at the beginning and end of the year	10,360,000	1,036	10,360,000	1,036

17. Reconciliation of equity shareholders' (deficit) / funds and movement on reserves

Group

	Share Capital	Profit and loss Account	Reserve for own shares	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000
At beginning of year	1,036	(8,437)	(439)	(7,840)	(5,141)
Retained loss for the year	-	(1,057)	-	(1,057)	(1,373)
FRS 17 actuarial (loss) / gain	-	421	-	421	(33)
Deferred tax on actuarial (loss)/gain	-	(99)	-	(99)	13
Exchange differences arising on retranslations	-	1,103	-	1,103	(1,306)
At end of year	1,036	(8,069)	(439)	(7,472)	(7,840)

Company

	Share Capital	Profit and loss Account	Reserve for own shares	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000
At beginning of year	1,036	(1,372)	(439)	(775)	494
Retained profit / (loss) for the year	-	1,753	-	1,753	(1,269)
At end of year	1,036	381	(439)	978	(775)

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements Its profit for the year amounted to £1,752,860 (2009 loss £1,269,975)

A reserve for own shares has been established as the group has an employee share trust The reserve represents the nominal value of the shares held in the trust but which have not yet vested with employees

Notes to the financial statements

for the year ended 31 December 2010

18. Financial commitments

At 31 December 2010 the Group has lease agreements for which the payments extend over a number of years

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Annual commitments under operating leases expiring				
- within one year	30	247	442	183
- within two to five years	821	338	511	417
- over five years	298	-	497	-
	1,149	585	1,450	600

19. Related party transactions

The group has taken the exemption under FRS 8 not to disclose any transactions or balances between group entities that have been eliminated on consolidation

Caledonia Investments plc

Caledonia Investments plc is a related party of the group as it has the ability to exercise influence over the financial and operating policies of the group through its holding of 47% of the issued share capital of the Company and two Board positions

Caledonia Investments plc holds loan notes as follows

	2010	2009
	£'000	£'000
Principal		
Unsecured 5% (2009 20%) series A loan notes 2015 (2009 2012)	9,538	9,538
Unsecured 12% series B loan notes 2012	1,275	1,275
	10,813	10,813
Accrued interest	7,051	5,730
	17,864	16,543

During the year £2,178,000 (2009 £2,983,000) interest was charged on the series A and B loan notes and £857,000 interest was settled on the series A loan notes (2009 £1,633,000)

Notes to the financial statements

for the year ended 31 December 2010

Unsecured 12% series B loan notes 2012

The directors and senior officers of the group who hold unsecured 12% series B loan notes 2012 are as follows

	Principal amount	Accrued interest at beginning of year	Interest current year	Balance at end of year
	£'000	£'000	£'000	£'000
Directors				
I P Clarkson	295	154	55	504
A E Watson	2	3	1	6
	297	157	56	510

The loan notes are redeemable in full as soon as practicable following 30 June 2012

20. Pension arrangements

Defined Contribution scheme

The group operates defined contribution schemes for UK based employees of Celerant Consulting Holdings Limited and Celerant Consulting Limited Subsidiary companies of the group in the following countries also operate defined contribution schemes Belgium, Netherlands, Norway, Denmark and Sweden A 401(K) scheme is operated by the US subsidiary company

The assets of the schemes are held separately from those of the company in independently administered funds Contributions are charged to the profit and loss account so as to match the amount payable in accordance with the rules of the schemes

The group pension charge for the year totalled £1,629,000 (2009 £2,126,000) to the defined contribution scheme and £nil (2009 £nil) to the defined benefit scheme The unpaid contributions to the defined contribution scheme outstanding at the year end, included in accruals of note 12 are £nil (2009 £nil)

Defined benefit scheme

Defined benefit schemes were also in place for a former employee of Celerant Consulting GmbH and for 20 past employees of Celerant Consulting Holdings Limited and Celerant Consulting Limited The latter scheme was closed to new members with effect from 5 April 1997 and all members had ceased employment at this date The Celerant Consulting GmbH scheme is accounted for in accordance with FRS 17 'Retirement benefits' Novell Inc has undertaken to indemnify Celerant Consulting Investments Limited and any member of the Group in respect of all claims, losses and liabilities in relation to these schemes The remaining liabilities in the Celerant Consulting GmbH scheme were settled in full, in 2010, with a lump sum payment to the one remaining scheme member

Notes to the financial statements

for the year ended 31 December 2010

UK Scheme

Under the terms of the purchase agreement whereby Celerant Consultmg Investments Lımıted acquıred the entıre share capıtal of Celerant Consultıng Acquısıtıons Lımıted whıch had ın turn acquıred the entıre share capıtal of Celerant Consultıng Holdıngs Lımıted from Novell Inc , Novell Inc has undertaken to ındemnıfy Celerant Consultıng Investments Lımıted and any member of the Group ın respect of all claıms, losses and lıabılıtıes ın relatıon to the scheme Durıng December 2006 deferred annuıtıes were purchased to buy out remaınıng members lıabılıtıes Accordıngly no surplus / defıcıt exısts ın relatıon to the scheme

The most recent actuarıal valuatıon of the closed defined benefit sectıon of the scheme was at 1 July 2004 ın accordance wıth the Actuarıal Guıdance Note GN9 "Retırement Benefit Schemes - Actuarıal reports" current at the date of sıgnıng and was carrıed out by an ındependent professıonally qualıfied actuary

Germany Scheme

In 2010 the lıabılıtıes of the scheme were settled ın full

The actuarıal valuatıon of the scheme has not been updated ın the current year Prevıous actuarıal assumptıons are shown below

	At 31 December 2010	At 31 December 2009	At 31 December 2008
	% p a	% p a	% p a
Dıscount rate - pre-retırement	-	5 40	5 90
- post-retırement	-	5 40	5 90
Salary ıncreases	-	N/A	N/A
Deferred pensıon ıncreases before retırement	-	2 8	2 8
Increases to pensıons ın payment	-	2 8	2 8
Inflatıon assumptıon	-	2 8	2 8

Notes to the financial statements

for the year ended 31 December 2010

The assets and liabilities of the defined benefit scheme at 31 December 2010, along with the expected rates of return on the scheme's assets are shown below

	Expected rate of return at 31 December 2010 % p a	Value at 31 December 2010 £'000	Expected rate of return at 31 December 2009 % p a	Value at 31 December 2009 £'000	Expected rate of return at 31 December 2008 % p a	Value at 31 December 2008 £'000
Overall return on gilts, bonds and cash	-		3 3		3 3	
Total market value of assets		-		504		590
Actuarial value of liabilities		-		(925)		(970)
Deficit in the plan		-		(421)		(380)
Related deferred tax asset		-		168		152
Net pension liability		-		(253)		(228)

Analysis of the amount charged to operating profit

	2010 £'000	2009 £'000
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-

Analysis of the amount debited to other finance costs

	2010 £'000	2009 £'000
Expected return on the plan's assets	-	17
Interest on the plan's liabilities	-	(52)
Net charge	-	(35)

Notes to the financial statements

for the year ended 31 December 2010

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	2010 £ 000	2009 £'000	2008 £'000
Actual return less expected return on the plan's assets	-	(5)	(2)
Experience gains and losses arising on the plan's liabilities	-	-	1
Changes in assumptions underlying the present value of the plan's liabilities	-	(28)	13
Actuarial (deficit) / gain recognised in the STRGL	-	(33)	12

The movement of the deficit was as follows

	2010 £'000	2009 £'000	2008 £'000
Deficit in plan at beginning of year	(421)	(380)	(279)
Movement during the year			
- current service cost	-	-	-
- past service cost	-	-	-
- other finance cost	-	(35)	(29)
- actuarial (deficit) / gain	-	(33)	12
- foreign exchange	-	27	(84)
- settlement of liability	421	-	-
Deficit in plan at end of the year	-	(421)	(380)

The plan's experience gains and losses were as follows

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on the scheme's assets					
Amount	-	(5)	(2)	(6)	(5)
Percentage of the scheme's assets	-	(0 1%)	(0 3%)	(1 3%)	(1 1%)
Experience gains and losses on the plan's liabilities					
Amount	-	-	2	(7)	(7)
Percentage of the present value of the	-	-	0 2%	(1 0%)	(1 5%)

Notes to the financial statements

for the year ended 31 December 2010

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Experience gains and losses on the plan's liabilities (continued)					
Total amount recognised in the statement of total recognised gains and losses					
Amount	-	(33)	12	(50)	49
Percentage of the present value of the scheme's liabilities	-	(3 6%)	1 3%	(6 5%)	7 4%

21. Reconciliation of operating profit to operating cash flows

	2010 £'000	2009 £'000
Operating profit	2,834	6,316
Depreciation	314	342
Goodwill amortisation	825	825
Loss on sale of fixed assets	12	10
Fixed assets written off	65	-
Decrease in debtors	5,209	4,137
Decrease in creditors	(751)	(3,827)
Net cash inflow from operating activities	8,508	7,803

22. Analysis of net debt

	At the beginning of the year £'000	Cash flow £'000	Exchange movements £'000	Non-cash items £'000	At the end of the year £'000
Cash at bank and in hand	2,305	1,339	(23)	-	3,621
Bank overdrafts	(4,024)	4,061	164	(201)	-
Short term investments	662	(625)	(37)	-	-
Debt due within one year	(810)	(690)	-	92	(1,408)
Debt due after one year	(22,754)	2,565	187	(2,256)	(22,258)
	(24,621)	6,650	291	(2,365)	(20,045)

Non-cash items relate to interest accruals and the amortisation of arrangement fees