

# Instinctif Partners Limited

(formerly College Hill Limited)

Directors' report and financial statements  
for the year ended 31 December 2013

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## **Directors and advisors**

### **Directors**

TP Friend  
MA Garraway  
RG Lane  
PE Owen  
MJC Smallwood  
PS Downes  
DJ Reece  
DA Simonson  
RS Nichols  
N Holgate

### **Solicitors**

Osborne Clarke  
1 London Wall  
London  
EC2Y 5EB

### **Bankers**

HSBC plc  
60 Queen Victoria Street  
London  
EC4N 4TR

Bank of Ireland  
2, Burlington Plaza  
Burlington Road  
Dublin 4

### **Company secretary and registered office**

N Holgate  
65 Gresham Street  
London  
EC2V 7NQ

### **Independent auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## Strategic report

The directors present their strategic report for the year ended 31 December 2013.

### Principal activities

The Company's principal activity is that of an international business communications consultancy. On 3 February 2014 the Company changed its name to Instinctif Partners Limited.

### Business review

The results for the year ended 31 December 2013 are set out in the profit and loss account on page 8. These show a loss attributable to shareholders of £1,113,000 (2012: loss £104,000).

Instinctif Partners Limited (formerly College Hill Limited) is a member of the Instinctif Partners Group of companies. Instinctif Partners Group is a business communications consultancy group with offices in London, Frankfurt, Cologne, Munich, Brussels, Dublin, Dubai, Delhi, Hong Kong, Beijing, Shanghai, Singapore, Johannesburg, New York, Sydney and planning to open in further international centres shortly. Instinctif Partners Group is structured in specialist industry sector teams that are retained year-on-year by a substantial number of UK and overseas corporations and institutions. Instinctif Partners Group offers a range of complementary communication services, including financial communications and media relations, public policy, crisis communications, brand positioning, strategic research, internal engagement, design, and media training.

On 1 April 2013 the Company purchased certain assets from Shared Value Limited.

Also on 1 July 2013 the Company purchased the entire issued share capital of Communications Opportunities Limited, a company registered in England & Wales.

On 1 September 2013 the Company purchased the entire issued share capital of The PR People Consultancy Limited, a company registered in Hong Kong.

Full details of all acquisitions in the year can be found in notes 10 and 12 to these accounts.

### Key performance indicators and principal risks and uncertainties

Key performance indicators and principal risks and uncertainties for the Instinctif Partners Group as a whole are discussed in the consolidated financial statements prepared by the ultimate parent company, Instinctif Partners Holdings Limited (formerly College Group Topco Limited) which are obtainable from the address on page 18.

By order of the board



*N Holgate*  
Secretary

65 Gresham Street  
London  
EC2V 7NQ.

Date 31 March 2014

## Directors' report

The directors present their directors' report for the year ended 31 December 2013.

### Principal activities

The company's principal activity is that of an international business communications consultancy. On 3 February 2014 the Company changed its name to Instinctif Partners Limited.

### Dividends

The directors do not recommend payment of a dividend (2012: £nil).

### Going concern

The financial statements have been prepared on a going concern basis in view of the fact that the parent undertaking, Instinctif Partners Holdings Limited (formerly College Group Topco Limited), has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months from the date of signing these accounts.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries as discussed within note 23 to the accounts.

The directors having assessed the responses of the directors of the Company's ultimate parent Instinctif Partners Holdings Limited (formerly College Group Topco Limited) to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Instinctif Partners Holdings Limited (formerly College Group Topco Limited) to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Instinctif Partners Holdings Limited (formerly College Group Topco Limited), the Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Directors

The directors who held office during the year were as follows:

RS Nichols  
PS Downes (appointed 13 June 2013)  
TP Friend  
MA Garraway  
N Holgate (appointed 23 September 2013)  
R G Lane  
P E Owen  
DJ Reece (appointed 13 June 2013)  
DA Simonson (appointed 13 June 2013)  
MJC Smallwood  
A Talbot (resigned 29 October 2013)

The Company purchased and maintained, throughout the year, directors' and officers' liability insurance in respect of itself and its directors.

### Political donations

The Company did not make any political donations in the year (2012: £nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



N Holgate  
Secretary

65 Gresham Street  
London  
EC2V 7NQ

Date 31 March 2014

## **Statement of directors' responsibilities in respect of the Strategic Report and Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTINCTIF PARTNERS LIMITED**

We have audited the financial statements of Instinctif Partners Limited for the year ended 31 December 2013 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

### **Matters on which we are required to report by exception**

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

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

**Anna Jones**

**Senior Statutory Auditor for and on behalf of KPMG LLP**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

31<sup>st</sup> March 2014

**Profit and loss account  
for the year ended 31 December 2013**

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Turnover	2	20,417	16,883
Cost of sales		(3,992)	(3,401)
<b>Gross profit</b>		<b>16,425</b>	<b>13,482</b>
Administrative expenses excluding highlighted items		(15,155)	(12,172)
Administrative expenses - highlighted items	4	(1,915)	(1,072)
Administrative expenses		(17,070)	(13,244)
Operating profit excluding highlighted items		1,270	1,310
<b>Operating (loss)/profit</b>	3	<b>(645)</b>	238
Interest receivable and similar income	7	2	2
Interest payable and similar charges	8	(695)	(210)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,338)</b>	30
Tax on (loss)/profit on ordinary activities	9	225	(134)
<b>Loss on ordinary activities after taxation</b>		<b>(1,113)</b>	(104)

The Company's results are derived wholly from continuing operations.

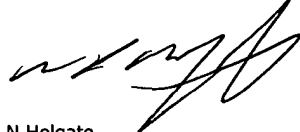
There were no recognised gains and losses in the current year other than those shown above. Consequently, a statement of total recognised gains and losses has not been presented.

Notes on pages 10-18 form part of the financial statements.

**Balance sheet**  
**At 31 December 2013**

	Note	At 31 December 2013 £'000	At 31 December 2012 £'000
<b>Fixed assets</b>			
Intangible assets	10	5,733	5,910
Tangible assets	11	966	574
Investments	12	1,054	-
		<b>7,753</b>	<b>6,484</b>
<b>Current assets</b>			
Stocks	13	200	353
Debtors	14	10,551	8,358
Cash at bank and in hand		588	407
		<b>11,339</b>	<b>9,118</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(14,385)</b>	<b>(11,307)</b>
<b>Net current liabilities</b>		<b>(3,046)</b>	<b>(2,189)</b>
<b>Total assets less current liabilities</b>		<b>4,707</b>	<b>4,295</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(4,611)</b>	<b>(3,401)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(315)</b>	-
<b>Net (liabilities)/assets</b>		<b>(219)</b>	<b>894</b>
<b>Capital and reserves</b>			
Called up share capital	20	60	60
Profit and loss account	21	(279)	834
<b>Shareholder's (deficit)/funds</b>	22	<b>(219)</b>	<b>894</b>

These financial statements were approved by the board of directors on 31 March 2014 and were signed on its behalf by:



N Holgate  
Director

Notes on pages 10-18 form part of the financial statements.

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards and comply with the requirements of the United Kingdom Companies Act 2006.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis in view of the fact that the parent undertaking, Instinctif Partners Holdings Limited (formerly College Group Topco Limited), has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months from the date of signing these accounts.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries as discussed within note 23 to the accounts.

The directors having assessed the responses of the directors of the Company's ultimate parent Instinctif Partners Holdings Limited (formerly College Group Topco Limited) to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Instinctif Partners Holdings Limited (formerly College Group Topco Limited) to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Instinctif Partners Holdings Limited (formerly College Group Topco Limited), the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Business Review section of the strategic report on page 4.

#### **Turnover and revenue recognition**

Revenue derived from retainers is recognised evenly on a monthly basis over the lifetime of the retainer contract. Revenue for time-charge based work is recognised when the service is performed in accordance with the contract. For fixed fee projects, revenue is only recognised once the final outcome can be assessed with reasonable certainty, and the stage of completion is determined relative to the total number of hours expected to complete the work or provision of services.

Turnover represents the total invoice value, net of value added tax, for the rendering of services and goods supplied by the group and comprises charges for fees, commissions, rechargeable expenses incurred on behalf of clients. Gross profit is turnover less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses.

Turnover and gross profit reflect the fair value of the proportion of the work carried out in the year by recording turnover and related costs as service activity progresses.

#### **Goodwill**

Purchased goodwill (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) arising on acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 5 to 20 years.

#### **Tangible fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short Leasehold Property	over the lease terms
Fixtures and fittings	20% per annum
Office and computer equipment	25%/33% per annum

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Principal accounting policies (continued)**

#### **Impairment of fixed assets and goodwill**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

#### **Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

#### **Deferred taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **Foreign currencies**

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

#### **Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

Work-in-progress includes external costs incurred on behalf of customers during the year but not recharged at 31 December 2013.

#### **Borrowings**

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Issue costs for bank facilities are amortised in the profit and loss account over the term.

#### **Pensions**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Highlighted items**

Where the Directors consider that particular items of income and expenditure are significant in terms of their size or nature, these items are separately identified on the income statement. Such items are typically those items which are not related to the Company's normal trading activities, for example, costs in relation to group reorganisations.

## Notes to the financial statements for the year ended 31 December 2013

### 2 Analysis of turnover

By geographical market

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
United Kingdom	14,246	12,809
Europe	3,533	2,011
Rest of world	2,638	2,063
	<b>20,417</b>	<b>16,883</b>

Turnover is allocated based on the location of the client.

### 3 Operating (loss)/profit

(Loss)/profit on ordinary activities is stated after charging/(crediting):

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
Depreciation and other amounts written off tangible fixed assets:		
Owned	399	273
Leased	74	70
Amortisation of goodwill	498	16
Hire of plant and machinery - operating leases	90	93
Hire of other assets - operating leases	391	313
Income from charges to other group companies	(1,110)	(845)
Loss/(profit) on foreign exchange	34	(11)

Auditor's remuneration

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
Audit related assurance services	32	38
Fees payable to the Company's auditor for other services	55	57
Taxation compliance services	6	25

No other fees were payable to KPMG LLP (2012: £nil)

### 4 Highlighted items

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
Costs in relation to group reorganisation	853	785
Legal and professional costs associated with Group activities	15	189
Impairment of investment	-	98
Head office move costs	1,047	-
	<b>1,915</b>	<b>1,072</b>

Costs in relation to group reorganisation include staff termination and property costs. The head office move costs relate to the Group's move to 65 Gresham Street which was completed on 31 January 2014.

The impairment of investment relates to the write off of the Company's investment in College Hill Inc. (£49,000), which was dissolved during 2012, and the write off of a debt owed by the same Company (£49,000).

## Notes to the financial statements for the year ended 31 December 2013

### 5 Remuneration of directors

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Directors' emoluments	1,549	1,416
Company contributions to money purchase pension schemes	72	73
Pension allowance	31	27
	<b>1,652</b>	<b>1,516</b>

The number of directors to whom retirement benefits are accruing at 31 December 2013 under money purchase schemes amounted to 7 (2012: 8).

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
<b>Highest paid director</b>		
Director's emoluments	275	269
Bonus	-	35
Pension allowance	27	27
Other benefits	2	-
	<b>304</b>	<b>331</b>

### 6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2013 Number	Year ended 31 December 2012 Number
Directors	11	8
Marketing services	139	122
	<b>150</b>	<b>130</b>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	9,526	8,052
Social security costs	1,080	888
Other pension costs	370	311
	<b>10,976</b>	<b>9,251</b>

### 7 Interest receivable and similar income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Bank interest receivable	2	2

### 8 Interest payable and similar charges

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Other interest payable	695	210

### 9 Taxation

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
<b>Analysis of (credit)/charge in year</b>		
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of prior periods	23	-
Total current tax	23	-
<i>Deferred tax (see note 19)</i>		
Origination and reversal of timing differences	(227)	25
Effect of rate change	35	38
Adjustments in respect of previous years	(56)	71
Total deferred tax	(248)	134
Tax on (loss)/profit on ordinary activities before tax	(225)	134

## Notes to the financial statements for the year ended 31 December 2013

### 9 Taxation (continued)

The current tax charge for the year is higher (2012: higher) than the standard rate of corporation tax in the UK (23.25%, 2012: 24.5%). The differences are explained below.

<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	<b>(1,338)</b>	30
Current tax at 23.25% (2012: 24.5%)	<b>(311)</b>	7
Effects of:		
Expenses not deductible for tax purposes	<b>31</b>	41
Capital allowances for period in excess of depreciation	<b>68</b>	9
Utilisation of losses	-	(57)
Tax losses carried forward	<b>110</b>	-
Other differences	<b>102</b>	-
Adjustments to tax charge in respect of previous periods	<b>23</b>	-
<b>Total current tax charge</b>	<b>23</b>	-

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

### 10 Intangible assets

	<b>Goodwill</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2013	5,985
Additions	327
Adjustments	(6)
<b>At 31 December 2013</b>	<b>6,306</b>
<b>Amortisation</b>	
At 1 January 2013	75
Charged in the year	498
<b>At 31 December 2013</b>	<b>573</b>
<b>Net book value</b>	
<b>At 31 December 2013</b>	<b>5,733</b>
At 31 December 2012	5,910

During 2012 the trade and net assets of a subsidiary undertaking were transferred to the Company at their book value which was less than their fair value. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the year and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and goodwill.

On 1 April 2013 the Company purchased certain trade and assets from Shared Value Limited for a total consideration of £242,000. The remainder of the additions relate to adjustments made to the purchase price of Merlin Financial Communications Limited.

During the year, the goodwill was adjusted for the value of loan notes cancelled for holders who left employment.

## Notes to the financial statements for the year ended 31 December 2013

### 11 Tangible assets

	Fixtures and fittings £'000	Short leasehold property £'000	Office and computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2013	348	616	2,502	3,466
Additions	-	668	119	787
Disposals	(283)	(616)	(1,579)	(2,478)
Transfer from associated undertaking	-	-	4	4
<b>At 31 December 2013</b>	<b>65</b>	<b>668</b>	<b>1,046</b>	<b>1,779</b>
<b>Depreciation</b>				
At 1 January 2013	347	478	2,067	2,892
Charged for the year	1	138	260	399
Disposals	(283)	(616)	(1,579)	(2,478)
<b>At 31 December 2013</b>	<b>65</b>	<b>-</b>	<b>748</b>	<b>813</b>
<b>Net book value</b>				
<b>At 31 December 2013</b>	<b>-</b>	<b>668</b>	<b>298</b>	<b>966</b>
At 31 December 2012	1	138	435	574
<b>Net book value of assets held under finance leases included:</b>				
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2012	-	74	-	74

Included in additions for short leasehold property is assets under construction (£665,000). This amount relates to fit-out costs incurred to date for newly leased office premises. As at 31 December 2013 this asset had not commenced depreciation.

### 12 Investments

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2013	-
Additions	1,054
<b>At 31 December 2013</b>	<b>1,054</b>

On 1 July 2013 the Company acquired the entire issued share capital of Communications Opportunities Limited, a company registered in England & Wales for a total consideration of £62,000. On 1 September 2013 the Company acquired the entire issued share capital of The PR People Consultancy Limited, a company registered in Hong Kong, for a total consideration of £992,000.

Details of the principal investment in which the Company holds 20% or more of the nominal value of any class of share capital at the year end are as follows:

Name	Country of incorporation	Percentage of Ordinary shares held	Nature of business
Merlin Financial Communications Limited	England & Wales	100%	Business communications
Communications Opportunities Limited	England & Wales	100%	Business communications
Instinctif Partners (Australia) Pty Limited	Australia	100%	Business communications
The PR People Consultancy Limited	Hong Kong	100%	Business communications

#### Notes

- The voting rights in respect of each subsidiary are in the same proportion as the shares held
- All companies operate principally in their country of incorporation
- All subsidiaries have a year end of 31 December

### 13 Stocks

	At 31 December 2013 £'000	At 31 December 2012 £'000
Work in progress	200	353

## Notes to the financial statements for the year ended 31 December 2013

### 14 Debtors

	At 31 December 2013 £'000	At 31 December 2012 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	3,468	3,678
Amounts owed by group undertakings	4,042	2,673
Corporation tax recoverable	51	82
Other debtors	1,183	1,229
Deferred tax asset (note 19)	661	413
Prepayments and accrued income	1,146	283
	<b>10,551</b>	<b>8,358</b>

### 15 Creditors: amounts falling due within one year

	At 31 December 2013 £'000	At 31 December 2012 £'000
Bank loans and overdrafts	1,100	500
Trade creditors	1,440	1,045
Amounts owed to group undertakings	7,433	6,707
Taxation and social security	766	770
Other creditors	1,233	234
Accruals and deferred income	2,413	2,051
	<b>14,385</b>	<b>11,307</b>

### 16 Creditors: amounts falling due after more than one year

	At 31 December 2013 £'000	At 31 December 2012 £'000
Bank loans and overdrafts (see note 18)	4,386	3,401
Deferred consideration (see note 18)	225	-
	<b>4,611</b>	<b>3,401</b>

The Company is part of a Group lending facility. See note 23 for details.

The deferred consideration relates to the acquisitions of part of the trade of Shared Value Limited (see note 10), and the acquisitions of Communications Opportunities Limited and The PR People Consultancy Limited (see note 12). The deferred consideration is payable in a mixture of cash, loan notes and shares and is variable dependent on the future performance of the business acquired. The amount included represents the Directors' best estimate of the likely amount payable.

### 17 Provisions for liabilities and charges

	2013 £'000	2012 £'000
At beginning of the year	-	-
Charge to the profit and loss account for the year	315	-
<b>At end of the year</b>	<b>315</b>	<b>-</b>

The onerous lease provision relates to office space which was vacated shortly after year end. A provision has been made for the likely level of costs expected to be incurred in relation to dilapidations and running costs to lease expiry.

### 18 Borrowings

	2013		2012	
	Bank loans and overdrafts £'000	Deferred consideration £'000	Bank loans and overdrafts £'000	Deferred consideration £'000
Within one year	1,100	-	500	-
In the second to fifth years	4,386	225	3,401	-
Over five years	-	-	-	-
	<b>4,386</b>	<b>225</b>	<b>3,401</b>	<b>-</b>
	<b>5,486</b>	<b>225</b>	<b>3,901</b>	<b>-</b>

Bank loans and overdraft have an effective rate of interest of 3.25% to 3.5%. Further details are provided in note 23.

## Notes to the financial statements for the year ended 31 December 2013

### 19 Deferred tax

#### Recognised

	2013	2012
	£'000	£'000
At 1 January	413	547
Charged/(credited) to profit and loss account (note 9)	248	(134)
<b>At 31 December</b>	<b>661</b>	<b>413</b>

Deferred tax credited in the financial statements is calculated at a rate of 21.5% (2012: 23.25%). Of the deferred tax asset £497,000 (2012: £397,000) originated from tax losses not yet utilised, the remainder relates to accelerated capital allowances.

The deferred tax balance comprises:

	2013	2012
	£'000	£'000
Capital allowances	164	16
Trade losses	497	397
	<b>661</b>	<b>413</b>

### 20 Called up share capital

#### Allotted, called up and fully paid

	At 31 December	At 31 December
	2013	2012
	£'000	£'000
600,000 Ordinary shares of 10p each	60	60

### 21 Reserves

	Profit and loss account £'000
At 1 January 2013	834
Loss for the financial year	(1,113)
<b>At 31 December 2013</b>	<b>(279)</b>

### 22 Reconciliation of movements in shareholder's funds

	2013	2012
	£'000	£'000
Retained loss for the financial year	(1,113)	(104)
Net decrease to shareholder's funds	(1,113)	(104)
Opening shareholder's funds	894	998
Closing shareholder's (deficit)/funds	(219)	894

### 23 Contingent liabilities

On 6 July 2012 the Company became party to an acquisition and revolving credit facility agreement between Tower Financing Limited, a fellow subsidiary company, and HSBC Bank plc and The Governor and Company of the Bank of Ireland. As part of these banking arrangements the Company granted a fixed and floating charge over all of its property and assets to HSBC and Bank of Ireland.

The Company is also part of a composite guarantee arrangement, whereby the Company has provided guarantees over all balances outstanding to HSBC and Bank of Ireland under both the rolling credit facility and the term loan.

On 14 October 2013, as part of the banking facility, HSBC issued a £939,000 guarantee on behalf of Tower Financing Limited, a fellow subsidiary company, in favour of JPMorgan Chase Bank, National Association.

As at 31 December 2013, amounts owed on the revolving credit facility and term loan were £1,100,000 (2012: £1,250,000) and £4,386,000 (2012: £3,401,000), respectively.

Prior to 6 July 2012 the Company was part of a composite guarantee arrangement with respect to a bank overdraft held with National Westminster Bank with Instinctif Partners Intermediate Holdings Limited (formerly College Hill Holdings Limited), the immediate parent company. As part of that composite guarantee, the Company provided guarantees over balances owed on that facility by Instinctif Partners Intermediate Holdings Limited (formerly College Hill Holdings Limited), Instinctif Partners Group Limited (formerly College Group Limited), Instinctif Partners GIC Limited (formerly Green Issues Communications Limited), Tonic Vision Limited, Truth Consulting Limited and Razor Public Relations Limited. Between 29 March 2012 and 6 July 2012 another group company, All About The Idea Limited, was also party to that composite guarantee arrangement. All balances owed to National Westminster Bank were settled on 6 July 2012.

## Notes to the financial statements for the year ended 31 December 2013

### 24 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Operating leases which expire:</b>				
Within one year	92	31	-	-
In the first to second year inclusive	60	3	421	44
	<b>152</b>	<b>34</b>	<b>421</b>	<b>44</b>

### 25 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions amounting to £33,000 (2012: £36,000) were payable to the fund and are included in creditors at the year end.

### 26 Related party disclosures

As the Company is a wholly owned subsidiary of Instinctif Partners Holdings Limited (formerly College Group Topco Limited), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

### 27 Ultimate parent undertaking and controlling party

The immediate parent company is Instinctif Partners Intermediate Holdings Limited (formerly College Hill Holdings Limited), a company registered in England & Wales.

The ultimate parent company is Instinctif Partners Holdings Limited (formerly College Group Topco Limited), a company registered in England and Wales. Instinctif Partners Holdings Limited prepares group financial statements and copies can be obtained from 65 Gresham Street, London EC2V 7NQ.