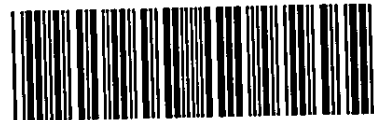


**Company Registration No. 3413040**

**Charles Taylor Administration Services  
Limited  
Report and Financial Statements**

**31 December 2012**

**MONDAY**



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30/09/2013  
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# **Charles Taylor Administration Services Limited**

## **Report and financial statements 2012**

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# **Charles Taylor Administration Services Limited**

## **Report and financial statements 2012**

### **Officers and professional advisers**

#### **Directors**

J S Matthews (resigned 3 May 2013)  
I J Keane  
G W Fitzsimons (resigned 31 October 2012)  
T D Ely  
A J Groom  
C S Oliver (resigned 23 March 2012)  
T M Soso (appointed 24 May 2013)  
D G Marock (appointed 24 May 2013)  
S A Mizzi (appointed 24 May 2013)  
K Dhir (appointed 24 May 2013)

#### **Secretary**

H Bramall (appointed 22 June 2012, resigned 31 December 2012)  
D Lanchester (appointed 9 January 2013)

#### **Registered Office**

Standard House  
12-13 Essex Street  
London  
WC2R 3AA

#### **Bankers**

National Westminster Bank Plc  
116 Fenchurch Street  
London  
EC3M 5AN

#### **Solicitors**

Burgess Salmon  
6 New Street Square  
London  
EC4A 3BF

#### **Auditor**

Deloitte LLP  
London, UK

# Charles Taylor Administration Services Limited

## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2012

### Business review

The principal activity of the company is to provide management services to other group companies for which it recovers its costs by way of management recharges. Results for the company are set out in detail on page 7. The directors are satisfied with the results for the year and expect the company to continue with its principal activity for the foreseeable future.

The board uses key performance indicators to measure past performance and as a basis for future business planning. These include financial performance against budget.

The financial risks and uncertainties facing the company are described below under 'Use of financial instruments'. In addition to these financial risks the company is exposed to legal and commercial risks. Professional indemnity insurance provides some protection and there are comprehensive policies, procedures and training to minimise the risk.

Lack of business continuity risks and/or the failure of information technology systems are further risks faced by the company and these are managed by business continuity plans and having appropriate support arrangements in place.

### Dividends

The directors do not recommend payment of a dividend (2011 - £nil)

### Use of financial instruments

The company is exposed to financial risk through its financial assets and its financial liabilities. The most important components of financial risk are interest rate risk, currency risk, credit risk and liquidity risk. The company does not use hedging or adopt hedge accounting for any type of transactions.

#### *Currency risk*

The company is not exposed to any material currency risk.

#### *Interest rate risk*

The company is exposed to interest rate risk in relation to its defined benefit pension liabilities. Movements in interest rates give rise to changes in the value of the company's pension liability calculated in accordance with FRS 17.

#### *Credit risk*

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company is exposed to credit risk in relation to amounts due from group companies. The risk in relation to these balances is not considered to be material.

The company is also exposed to credit risk in relation to its pension scheme investments. This risk is mitigated by a diversified investment policy and the use of professional investment managers.

#### *Liquidity risk*

Liquidity risk is the risk that cash may not be available to pay obligations when due. The company seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due by way of funding from other group companies.

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force as at the date of this report.

### Directors

The directors who served during the year and the present membership of the board are shown on page 1.

# Charles Taylor Administration Services Limited

## Directors' report (continued)

### Going concern

As explained in the business review this company acts as a service company, with its income derived solely from other group members. Its results and liquidity therefore need to be considered in the context of the wider group, of which the company is an integral part.

The group has adequate financial resources that provide additional comfort. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current challenging environment.

The directors are aware that the directors of the ultimate holding company, Charles Taylor plc, have prepared and carefully considered cash flow forecasts for the group and are confident that the group has adequate resources to meet its liabilities as they fall due. The company has received a letter from the ultimate parent confirming that it will continue to provide financial support for at least a year after the date the financial statements are approved.

After making enquiries, the directors have an expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

### Auditor

Each of the persons who is a director at the date of approval 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 the 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 in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an annual general meeting.

Approved by the board of directors  
and signed on behalf of the board



I J Keane  
Director

27 September 2013

# **Charles Taylor Administration Services 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the member of Charles Taylor Administration Services Limited**

We have audited the financial statements of Charles Taylor Administration Services Limited for the year ended 31 December 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of changes in equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member 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 financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the 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 misstatement 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 company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## **Independent auditor's report to the member of Charles Taylor Administration Services Limited (continued)**

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

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

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



Alexander Arterton BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

*27 September* 2013



## Charles Taylor Administration Services Limited

### Profit and loss account Year ended 31 December 2012

	Notes	2012 £	2011 £
<b>Turnover</b>		5,550,903	8,306,386
Administrative expenses		<u>(10,510,839)</u>	<u>(8,879,985)</u>
<b>Operating loss</b>	2	(4,959,936)	(573,599)
Profit on disposal of fixed assets		32	30,421
Interest payable and similar charges	4	<u>(174,872)</u>	<u>(201,408)</u>
<b>Loss on ordinary activities before taxation</b>		(5,134,776)	(744,586)
Tax credit on loss on ordinary activities	5	<u>1,892,263</u>	<u>194,589</u>
<b>Loss on ordinary activities after taxation</b>		<u><u>(3,242,513)</u></u>	<u><u>(549,997)</u></u>

All activities derive from continuing operations

## Charles Taylor Administration Services Limited

### Statement of total recognised gains and losses Year ended 31 December 2012

	2012 £	2011 £
Loss for the financial year	(3,242,513)	(549,997)
Actuarial gain/(loss) on defined benefit pension schemes	859,393	(12,517,620)
Deferred tax on defined benefit pension scheme	(1,428,210)	2,074,170
Total recognised losses arising in the year	<u>(3,811,330)</u>	<u>(10,993,447)</u>

# Charles Taylor Administration Services Limited

## Balance sheet At 31 December 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	6	<u>2,467,476</u>	<u>2,570,815</u>
<b>Current assets</b>			
Debtors	7	69,398,326	60,273,749
Cash at bank and in hand		<u>20,083</u>	<u>20,874</u>
		69,418,409	60,294,623
Creditors amounts falling due within one year	8	<u>(78,863,954)</u>	<u>(63,452,566)</u>
<b>Net current liabilities</b>		<u>(9,445,545)</u>	<u>(3,157,943)</u>
<b>Total assets less current liabilities</b>		<u>(6,978,069)</u>	<u>(587,128)</u>
Creditors amounts falling due after more than one year	9	(531,568)	(904,077)
Provisions for liabilities and charges	11	<u>(31,482,161)</u>	<u>(34,683,161)</u>
<b>Net liabilities</b>		<u>(38,991,798)</u>	<u>(36,174,366)</u>
<b>Capital and reserves</b>			
Called up share capital	12	4	4
Profit and loss account	14	<u>(38,991,802)</u>	<u>(36,174,370)</u>
<b>Shareholder's deficit</b>		<u>(38,991,798)</u>	<u>(36,174,366)</u>

The financial statements of Charles Taylor Administration Services Limited (registered number 3413040) were approved by the board of directors on 27 September 2013

They were signed on its behalf by



TD Ely

Director

## Charles Taylor Administration Services Limited

### Statement of changes in equity Year ended 31 December 2012

	2012	2011
	£	£
<b>Opening equity</b>	(36,174,366)	(25,714,548)
Loss for the financial year	(3,242,513)	(549,997)
Actuarial gain/(loss) on defined benefit pension (note 11) scheme	859,393	(12,517,620)
Deferred tax on defined pension scheme	(1,428,210)	2,074,170
Movement in share based payments	993,898	533,629
	<u>                    </u>	<u>                    </u>
<b>Closing equity</b>	<u><u>(38,991,798)</u></u>	<u><u>(36,174,366)</u></u>

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

#### Going concern

In light of the net current liabilities position of the company, the company has obtained the support of its ultimate parent company Charles Taylor plc to provide adequate liquid resources enabling it to meet its obligations for the next twelve months. Accordingly, the accounts have been prepared on the going concern basis, as discussed in the directors' report on page 2.

#### Cash flow statement

The company has taken advantage of the exemption not to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) "*Cash Flow Statements*", on the grounds that it is a wholly owned subsidiary undertaking whose ultimate parent prepares a group cash flow statement in its publicly available financial statements.

#### Related party transactions

The company has taken advantage of the exemption not to separately disclose transactions with other group companies under Financial Reporting Standard 8 "*Related Party Disclosures*", on the grounds that it is a wholly owned subsidiary undertaking, whose ultimate parent has prepared financial statements which are publicly available.

#### Turnover

Turnover is stated net of value added tax and represents the value of services provided under contracts, to the extent that there is a right to consideration and is recorded at the value of the consideration due.

#### Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if 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, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Finance leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases on a reducing balance basis.

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 1. Accounting policies (continued)

#### Share-based payments

The company has applied the requirements of FRS 20 "Share-based payment". The company issues equity-settled share-based payments to certain employees which are measured at fair value at the date of grant under two share option schemes and one long-term incentive plan. The fair value is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair values of the executive share option scheme and save as you earn share option schemes are measured by use of the Black Scholes pricing model, with expected option life based on management's best estimates, taking behavioural considerations into account. Fair value of the long-term incentive plan (LTIP) is measured using a stochastic (Monte-Carlo simulation) pricing model which calculates the fair value of the market-related element of the LTIP awards by comparing the company's TSR performance against a comparator group of companies.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

#### Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs, is the contributions payable in the year.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of total recognised gains and losses.

Past service is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

#### Taxation

Current tax, including UK corporation 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 taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise on the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 1. Accounting policies (continued)

#### 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 their residual value of each asset on a straight line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	20-25%
Leasehold buildings	Over the lease term
Computers	25%
Motor vehicles	25%

### 2. Operating loss

Operating loss is stated after charging

	2012 £	2011 £
Rentals under operating leases		
- Land and buildings	1,671,162	1,688,091
- Other assets	4,635	3,883
Depreciation of tangible fixed assets		
- Owned assets	306,915	273,128
- Held under finance leases	741,328	635,452
Auditor's remuneration		
- Audit fees	87,550	84,547
Losses on foreign exchange	2,219	7,209

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 3. Information regarding directors and employees

Total staff costs during the year and the number of staff is shown below

	2012 £	2011 £
Wages and salaries	8,464,881	7,016,748
Social security costs	836,029	693,859
Pension costs – defined contribution	913,386	868,078
	<u>10,214,296</u>	<u>8,578,685</u>
	No.	No.
Average number of staff employed	<u>128</u>	<u>124</u>

#### Director's remuneration:

Three directors (2011 four) were directors of Charles Taylor plc and whilst it is acknowledged that a portion of their time will be spent providing services to this company, their responsibilities also extend to the wider, global business of the Charles Taylor group, and it is thus not considered practical to make a sensible apportionment of their emoluments, in respect of this company. Information regarding their emoluments is detailed in the published financial statements of Charles Taylor plc.

Two (2011 two) directors' primary responsibility is the provision of services to this company, and although they provide services to other group companies, it is not considered practical to make a sensible apportionment of their time for these services so their total remuneration is shown below. The remaining one director (2011 one) provide services to both this company and other companies within the Charles Taylor group, and again it is not considered practical to make a sensible apportionment of his time. His remuneration is disclosed in the financial statements of Charles Taylor & Co Limited.

The company contributes to group defined benefit pension schemes for eligible staff. Details of which are given in note 11. Two of the directors (2011 three) accrued benefits under defined benefit pension schemes.

	2012 £	2011 £
Emoluments	237,013	790,906
Pension costs – defined contribution	24,935	70,369
	<u>261,948</u>	<u>861,275</u>

The emoluments of the highest paid director were as follows

	2012 £	2011 £
Emolument	198,778	229,632
Pension costs – defined contribution	21,562	28,875
	<u>220,340</u>	<u>258,507</u>



# Charles Taylor Administration Services Limited

## Notes to the financial accounts Year ended 31 December 2012

### 4 Interest payable and similar charges

	2012 £	2011 £
Bank interest	77,652	60,327
Finance lease interest	72,781	89,386
Other interest	29,494	51,695
	<u>174,872</u>	<u>201,408</u>

### 5. Tax on loss on ordinary activities

The tax credit comprises

	2012 £	2011 £
<b>Corporation tax</b>		
Current year	1,550,086	123,343
Adjustment in relation to prior year	31,788	-
	<u>1,581,874</u>	<u>123,343</u>
Deferred tax - fixed asset timing differences	<u>310,389</u>	<u>71,246</u>
<b>Total tax credit on loss on ordinary activities</b>	<u>1,892,263</u>	<u>194,589</u>

The company recognises a current year corporation tax asset on the basis that its losses are group relieved to other group companies in exchange for intergroup receivable balances

Other timing differences relate to share-based payments and other charges

The difference between total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

# Charles Taylor Administration Services Limited

## Notes to the financial accounts Year ended 31 December 2012

### 5. Tax on loss on ordinary activities (continued)

	2012 £	2011 £
<b>Loss on ordinary activities before tax</b>	(5,134,776)	(744,586)
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	1,258,020	197,315
<i>Effects of</i>		
Transfer pricing interest adjustment	48,345	32,924
Tax deduction on pension contributions	525,035	540,600
Expenses not deductible for tax purposes	(43,451)	(187,181)
Capital allowances in excess of depreciation	(75,194)	9,418
Other timing differences	(162,669)	(469,733)
Adjustment in relation to prior year	31,788	-
<b>Current tax credit for period</b>	<u>1,581,874</u>	<u>123,343</u>

### 6. Tangible assets

	Leasehold building improve- ments £	Computer £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2012	822,710	3,848,527	216,006	516,448	5,403,691
Additions	1,875	986,094	-	25,460	621,719
Disposals	-	-	(38,352)	-	(38,352)
At 31 December 2012	<u>824,585</u>	<u>4,834,621</u>	<u>177,654</u>	<u>541,908</u>	<u>5,987,058</u>
<b>Accumulated depreciation</b>					
At 1 January 2012	259,762	2,187,139	59,677	326,298	2,832,876
Charge for the year	73,256	871,407	49,027	97,510	1,048,243
Disposals	-	-	(12,784)	-	(12,784)
At 31 December 2012	<u>333,018</u>	<u>3,058,546</u>	<u>95,920</u>	<u>423,808</u>	<u>3,868,335</u>
<b>Net book value</b>					
At 31 December 2012	<u>491,567</u>	<u>1,776,075</u>	<u>81,734</u>	<u>118,100</u>	<u>2,467,476</u>
At 31 December 2011	<u>562,948</u>	<u>1,661,388</u>	<u>156,329</u>	<u>190,150</u>	<u>2,570,815</u>

Included in the above amounts are the following net book values of assets held under finance leases

# Charles Taylor Administration Services Limited

## Notes to the financial accounts Year ended 31 December 2012

### 6. Tangible assets (continued)

	Fixtures, fittings and equipment £	Computer £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2012	191,863	2,966,170	150,070	3,308,103
Additions	-	560,571	-	560,571
Disposals	-	-	(38,352)	(38,352)
Transfer to non-finance lease	-	-	192	192
	<u>191,863</u>	<u>3,526,741</u>	<u>111,910</u>	<u>3,830,514</u>
<b>At 31 December 2012</b>				
<b>Accumulated depreciation</b>				
At 1 January 2012	136,245	1,807,077	44,743	1,988,065
Charge for the year	37,408	671,138	32,782	741,328
Disposals	-	-	(12,784)	(12,784)
Transfer to non-finance lease	-	-	-	-
	<u>173,653</u>	<u>2,478,215</u>	<u>64,741</u>	<u>2,716,609</u>
<b>At 31 December 2012</b>				
<b>Net book value</b>				
At 31 December 2012	<u>18,210</u>	<u>1,048,526</u>	<u>47,169</u>	<u>1,113,905</u>
At 31 December 2011	<u>55,618</u>	<u>1,159,093</u>	<u>105,327</u>	<u>1,320,038</u>

### 7. Debtors: amounts falling due within one year

	2012 £	2011 £
Amounts owed by group undertakings	59,661,602	49,751,423
Other debtors	705,248	921,417
Prepayments and accrued income	1,433,676	810,849
Deferred tax	7,597,800	8,786,460
Trade debtors	-	3,600
	<u>69,398,326</u>	<u>60,273,749</u>
<b>Deferred tax comprises</b>		
Fixed asset timing differences	447,099	136,710
Other timing differences	(70,839)	-
Pension liability	7,221,540	8,649,750
	<u>7,597,800</u>	<u>8,786,460</u>

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 8. Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdrafts	1,293,045	2,240,366
Obligations under finance leases (note 10)	659,240	698,608
Other loans	157,626	353,508
Amounts owed to group undertakings	70,707,376	55,738,456
Trade creditors	1,963,640	1,321,506
Other taxes and social security	950,322	902,807
Other creditors	434,207	180,020
Accruals and deferred income	2,698,498	1,982,799
Corporation tax	-	34,496
	<u>78,863,954</u>	<u>63,452,566</u>

### 9. Creditors: amounts falling due after more than one year

	2012 £	2011 £
Other loans	-	157,626
Obligations under finance leases (note 10)	531,568	746,451
	<u>531,568</u>	<u>904,077</u>

### 10. Obligations under finance lease:

	2012 £	2011 £
<b>Minimum lease payments due:</b>		
Within one year	700,490	757,603
Between one and five years	547,363	776,172
	<u>1,247,853</u>	<u>1,533,775</u>
Less Finance charges allocated to future periods	(57,045)	(88,716)
	<u>1,190,808</u>	<u>1,445,059</u>

### 11. Provision for liabilities and charges

	2012 £	2011 £
Retirement benefits	31,398,000	34,599,000
Lease provision	76,443	76,443
Annuity payments	7,718	7,718
	<u>31,482,161</u>	<u>34,683,161</u>

The lease provision relates to onerous costs in relation to the Cornhill rented property

## Charles Taylor Administration Services Limited

### Notes to the accounts Year ended 31 December 2012

#### 11. Provision for liabilities and charges (continued)

##### Pensions

Certain employees of the group are eligible for one of the four defined benefit schemes operated by the group, details of which are set out below. The assets of all these pension schemes are held in separate trustee administered funds. The defined benefit pension schemes are subject to triennial valuation by independent, professionally qualified actuaries, using the projected unit method. The results of the last actuarial review for each scheme are as follows:

	Charles Taylor & Co. Ltd Retirement Benefits Scheme	Wm. Elmslie & Sons 1972 Pension & Life Assurance Fund	E.R. Lindley & Co. Ltd Pension Plan	Richards Hogg Pension & Life Assurance Scheme
The last valuation was carried out as at	1 July 2010	1 Jan 2009	1 July 2008	1 May 2009
Market value of scheme at last valuation was	£39,339,000	£3,422,000	£3,548,900	£12,611,000
Percentage coverage of actuarial value to benefits accrued to members	71%	171%	97%	64%
The following actuarial assumptions were applied				
Investment returns				
- Post-retirement	5.4%	5.4%	6.0% *	5.8%
- Pre-retirement	5.4%	5.4%	4.7%	6.8%
Salary growth	3.1%	5.1%	3.0%	3.0%
Employer ongoing contribution rates for 2008 as a percentage of pensionable earnings	21.0%	Nil	17.4%	18.7%

\*4.7% for current pensioners paid from the fund

The employer's contribution rates over the average remaining service lives of the members of each scheme take account of the surplus/deficit disclosed by the above valuations. The total amount charged during the year in respect of the above schemes amounted to £1,438,000 (2011: £920,000). Where employees contribute to the income generating activities of other group companies their employment costs are recharged to those companies. The pension costs remaining after recharges relate to employees whose activities relate solely to this company and are shown in note 3.

The four defined benefit schemes are now all closed to new entrants, but existing members continue to accrue benefits except the Charles Taylor & Co scheme, which was closed to future accrual from 1 July 2011. This means that the service cost in respect of existing members (expressed as an annual percentage of pensionable payroll) may be expected to increase in successive years as a result of the schemes' ageing membership.

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 11. Provision for liabilities and charges (continued)

#### Financial Reporting Standard 17 "Retirement Benefits"

The calculations used for FRS 17 disclosures have been based on the most recent actuarial valuations and updated by the group's actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the pensions plans at 31 December 2012. Plan assets for the four schemes are stated at their market value at 31 December 2012.

Similar financial assumptions have been used for each of the four schemes to calculate scheme liabilities under IAS 19, as below. Note that the Consumer Price Index ("CPI") measure of inflation has been applied where the rules of the scheme permit.

	2012 %	2011 %	2010 %
Rate of increase in salaries	2.8	3.0	3.3
Rate of increase of pensions in payment			
-RPI			
-max 5%	3.0	3.0	3.3
-max 2.5%	2.5	2.5	2.5
-min 3%, max 5%	3.0	3.0	3.3
-CPI			
-max 5%	2.1	2.3	2.8
-max 2.5%	2.1	2.3	2.8
Discount rate	4.5	4.7	5.4
Inflation assumption			
-RPI	2.8	3.0	3.3
-CPI	2.1	2.3	2.8

The combined assets in the schemes and the expected rate of return were

	2012 £000	2011 £000	2010 £000
Equities	26,167	24,208	25,582
Gilts	5,013	8,821	6,024
Bonds	24,695	14,591	20,190
Hedge fund	5,234	10,943	4,465
Property	74	66	963
Cash	5,234	332	827
Group Pension Contracts	7,298	7,362	7,614
	<hr/>	<hr/>	<hr/>
Total fair value of assets	73,715	66,323	65,665
Present value of liability	(105,113)	(100,922)	(90,019)
	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(31,398)	(34,599)	(24,354)
Related deferred tax asset	7,222	8,650	6,576
	<hr/>	<hr/>	<hr/>
Net pension liability	<u>(24,176)</u>	<u>(25,949)</u>	<u>(17,778)</u>

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 11. Provision for liabilities and charges (continued)

#### Analysis of amount charged to administrative expenses in the profit and loss account

	2012 £000	2011 £000
Service cost	158	463
Expected return on pension scheme assets	(3,348)	(3,874)
Interest on pension liabilities	4,628	4,618
Gain on curtailments and settlements	-	(287)
	<u>1,438</u>	<u>920</u>

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

	2012 £000	2011 £000
Actuarial return less expected return on pension scheme assets	2,939	(3,355)
Experience gains and losses arising on the scheme liabilities	780	(3,159)
Changes in assumptions underlying the present value of the scheme liabilities	(3,031)	(6,070)
	<u>688</u>	<u>(12,584)</u>
Actuarial profit/(loss) recognised in STRGL	688	(12,584)
Adjustment due to surplus cap	171	66
	<u>859</u>	<u>(12,518)</u>

#### Change in the present value of the defined benefit obligation

	2012 £000	2011 £000
Opening defined benefit obligation	99,251	88,282
Service cost	158	463
Interest cost	4,628	4,618
Experience and assumption losses	2,052	8,996
Member contributions	52	143
Benefits paid	(2,528)	(2,964)
Gain on curtailments and settlements	-	(287)
	<u>103,613</u>	<u>99,251</u>

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 11. Provision for liabilities and charges (continued)

#### Change in the fair value of plan assets

	2012 £000	2011 £000
Opening fair value of plan assets	66,323	65,665
Expected return	3,348	3,874
Experience gains	2,939	(3,355)
Contributions by employer	3,581	2,960
Member contributions	52	143
Benefits paid	(2,528)	(2,964)
	<u>73,715</u>	<u>66,323</u>

#### Reconciliation of funded status to deficit recognised in balance sheet

	2012 £000	2011 £000
Closing defined benefit obligation	103,613	99,251
Closing fair value of plan assets	(73,715)	(66,323)
	<u>29,898</u>	<u>32,928</u>
Deficit	29,898	32,928
Unrecognised amount due to effect of limit in paragraph 41	1,500	1,671
	<u>31,398</u>	<u>34,599</u>

#### History of experience gains and losses

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Defined benefit obligation	103,613	99,251	88,282	79,115	70,740
Scheme assets	73,715	66,323	65,665	57,955	48,823
Deficit	29,898	32,928	22,617	21,160	21,917
Experience gains and losses on scheme assets	2,939	(3,355)	3,487	5,029	(11,642)
Experience gains and losses on scheme liabilities	780	(3,159)	(1,772)	202	(515)



# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 11. Provision for liabilities and charges (continued)

#### Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are

	2012 Years	2011 Years
Retiring today		
Males	22.1	22.0
Females	24.4	24.3
Retiring in 20 years		
Males	23.3	23.2
Females	25.5	25.4

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 4%
Longevity	Increase by 1 year	Increase by 3%
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by 1%

### 12. Share capital

	2012 £	2011 £
<b>Called up, allotted and fully paid:</b>		
4 ordinary shares of £1 each	4	4

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 13. Share-based awards

Charles Taylor plc group operates an executive share option scheme for eligible employees, in which options are exercisable if earnings per ordinary share increase by the Retail Price Index plus 6% over a three-year period and personal targets are attained. The options expire after ten years from the date of grant and if the employee leaves they lapse unless exercised within six months of leaving.

The group also operates a SAYE share option scheme for eligible employees under which options may be granted at a discount of up to 20% of market value. Savings contracts may run over three, five or seven years. The options lapse immediately if the employee leaves within three years of the option grant and lapse within six months of leaving if the employee leaves after three years of option grant.

The share options granted during 2012 had an aggregate fair value of £47,000 (2011 £96,000). The company recognised a total charge of £37,000 (2011 £14,000) relating to share option scheme transactions in 2012.

Awards under the long term incentive scheme "LTIP" were made to executive directors in 2012. These awards are subject to a three year performance period and the group's TSR performance being equal or better than the median of the FTSE small cap index over the same period.

Awards totalling 280,000 shares (2011 500,000) were made during the year. The company recognised a total charge of £373,000 in relation to the LTIP scheme.

Further detailed information about the group's share based payments schemes is disclosed in the year end group accounts, available from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

### 14. Profit and loss account

	2012	2011
	£	£
At beginning of the year	(36,174,370)	(25,714,552)
Loss for the year	(3,242,513)	(549,997)
Actuarial gain/(loss) on defined benefit pension schemes	859,393	(12,517,620)
Deferred tax on defined benefit pension schemes (note 11)	(1,428,210)	2,074,170
Movement in share based payments	993,898	533,629
At end of the year	<u>(38,991,802)</u>	<u>(36,174,370)</u>

# Charles Taylor Administration Services Limited

## Notes to the accounts Year ended 31 December 2012

### 15 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

Leases which expire:	Land and buildings	
	2012 £	2011 £
Between two and five years	114,000	114,000
After five years	1,722,532	1,722,532
	<u>1,836,532</u>	<u>1,836,532</u>

### 16. Ultimate parent company and controlling party

The immediate parent company is Taylor Risk Solutions Limited, incorporated in United Kingdom. The ultimate parent and controlling company is Charles Taylor plc, a company incorporated in United Kingdom and registered in England and Wales. Charles Taylor plc is the parent undertaking of the largest and smallest group for which group financial statements are produced. Copies of the group accounts of that company are available from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.