

Registration number 06511368

Professional Cost Management Group Limited

Director's report and financial statements

for the year ended 31 December 2011



Professional Cost Management Group Limited

Company information

Directors	JOHN COURY VINCENT TAUPIN
Secretary	BIRCHAM DYSON BELL
Company number	06511368
Registered office	50 BROADWAY LONDON SW1H 0BL
Auditors	ERNST & YOUNG LLP 100 BARBIROLI SQUARE MANCHESTER M2 3EY

Professional Cost Management Group Limited

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Professional Cost Management Group Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was undertaking cost recovery audits on customers' utility expenditure

REVIEW OF BUSINESS

Results and dividends

The loss for the year after taxation amounted to £6,754,340 (2010 £3,458,918) and is after depreciation, impairment and amortisation of £5,487,443 (2010 £2,576,428) The directors do not recommend payment of a dividend (2010 £nil)

Overall the directors are disappointed with the state of the company's affairs, although do expect growth from the 2011 position in 2012

Development and Performance

The company is a wholly owned subsidiary of Alma Consulting Group SAS and trades as Professional Cost Management Group Ltd

The company has maintained a position of strength in the market and has continued to develop new products throughout the year, along with continued analysis of key clients from within the FTSE 100

Telecoms have continued to produce the majority of revenues, with Energy maintaining its contribution

Principal Risks and Uncertainties

The company's operations expose it to a variety of financial risks including liquidity risk, interest rate risk, currency risk and credit risk Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's Managing Director and Head of Operations

Liquidity Risk

For the whole of the period the company has operated with credit funds at the bank and has access to longer term funding from its ultimate parent if required

Interest rate risk

The company has cash balances of £220,971 (2010 - £488,200), the interest base rate being 0.5%

Currency risk

The currency risk is minimal

Credit risk

There is a risk of financial loss to the company arising from the failure of the company's customers to meet their financial obligations for the services provided by the company

The company manages this situation through credit control procedures and management are of the view that the risk is at an acceptable level

Professional Cost Management Group Limited

Directors' report for the year ended 31 December 2011

Telecoms

There is potential for key clients to consider undertaking this activity themselves moving forward following an audit, therefore reducing our potential on-going revenue from these clients

New opportunities may not be forthcoming as potential FTSE 100 clients use their existing consultants to look at billing errors, or they achieve a reduced rate from our competitors

Clients are securing cost effective rates for their Mobile Telecoms expenditure making share of savings difficult to achieve

Energy

The UK energy consultancy market is crowded and mature and there may be potential for competitors to start to undertake share of savings, and billing errors/overcharges which they do not currently review

The UK energy suppliers have become more stringent in identifying undercharges, which can impact on the net recovery

The current UK economic downturn may bring increased risk of non-payment of invoices

Additional consideration upon purchase of the business

The offer of settlement of £950,000 made to the former owners/partners over a dispute regarding the interpretation of certain parts of the sale and purchase agreement has been accepted. Payment was made by the parent company and is shown within amounts due to the parent company in the current year within note 14

Directors

The directors who served during the year are as stated below

JOHN COURY

MARC SIMON EISENBERG (resigned 01 02 2012)

HENRY ROBET (resigned 12 12 2011)

VINCENT TAUPIN (appointed 01 02 2012)

Professional Cost Management Group Limited

**Directors' report
for the year ended 31 December 2011**

Directors' responsibilities statement

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 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

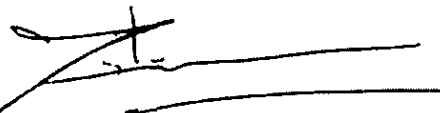
Auditors

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report was approved by the Board and signed on its behalf by

John Coury
Director

Date


19/10/2012

Independent auditor's report to the shareholders of Professional Cost Management Group Limited

We have audited the financial statements of Professional Cost Management Group Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1-20. 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 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 auditors' 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 auditors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2011 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

**Independent auditor's report to the shareholders of
Professional Cost Management Group Limited**

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These conditions, described in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

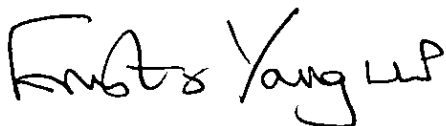
Opinion on other matter prescribed by the Companies Act 2006.

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.

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



Julian Yates (Senior statutory auditor)

For and on behalf of ERNST & YOUNG LLP (Statutory Auditor)

MANCHESTER

19 October 2012

Professional Cost Management Group Limited

**Profit and loss account
for the year ended 31 December 2011**

		Continuing operations	
		2011	2010
	Notes	£	£
Turnover	2	3,091,682	4,569,202
Cost of sales		(2,803,906)	(3,581,969)
Gross profit		<u>287,776</u>	<u>987,233</u>
Administrative expenses		(3,630,850)	(3,940,854)
Exceptional items	3	(3,379,000)	(500,000)
Total administrative expenses		<u>(7,009,850)</u>	<u>(4,440,854)</u>
Operating loss	4	(6,722,074)	(3,453,621)
Interest payable and similar charges	7	<u>(15,027)</u>	<u>(9,932)</u>
Loss on ordinary activities before taxation		(6,737,101)	(3,463,553)
Tax on loss on ordinary activities	9	(17,239)	4,635
Loss for the year	17	<u>(6,754,340)</u>	<u>(3,458,918)</u>

No recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 8 to 15 form an integral part of these financial statements.

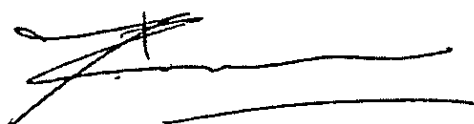
Professional Cost Management Group Limited

Balance sheet as at 31 December 2011

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		1,487,157		6,922,699
Tangible assets	11		60,623		392,519
			<u>1,547,780</u>		<u>7,315,218</u>
Current assets					
Debtors	12	1,706,850		1,988,681	
Cash at bank and in hand		220,971		488,200	
		<u>1,927,821</u>		<u>2,476,881</u>	
Creditors: amounts falling due within one year	14	(2,915,523)		(2,477,681)	
Net current liabilities			<u>(987,702)</u>		<u>(800)</u>
Total assets less current liabilities			<u>560,078</u>		<u>7,314,418</u>
Net assets			<u>560,078</u>		<u>7,314,418</u>
Capital and reserves					
Called up share capital	15		10,804,202		10,804,202
Profit and loss account	16		(10,244,124)		(3,489,784)
Shareholders' funds	17		<u>560,078</u>		<u>7,314,418</u>

The financial statements were approved by the Board and signed on its behalf by

John Coury
Director



Date :

19/10/2012

The notes on pages 8 to 16 form an integral part of these financial statements.

Professional Cost Management Group Limited

Notes to the financial statements for the year ended 31 December 2011

1. Accounting policies – Going Concern

The company has made a loss during the year and has net current liabilities of £987,702 at 31 December 2011. The company is funded through loans by fellow subsidiaries and its immediate parent company (Alma Consulting Group SAS). The directors have received confirmation from the immediate parent company of its intention to carry on providing this financial support for a period of at least one year from the date of approval of these financial statements.

In considering the basis of preparation of the financial statements the directors have taken account of this confirmation of support but have also noted that the group, comprising the ultimate parent undertaking H A M A C and its subsidiaries, has agreements with the group's lenders which contain covenants which the group is required to meet. The group is in breach of certain of those covenants meaning that group debts amounting to €169m are technically repayable on demand.

Throughout the first quarter of 2012, the group has continued to work on a restructuring plan for its debt, which is based upon a new 4 year business plan (2012-2015) which was presented to the Board on 19 April 2012 by new group management. The forecasts/budgets have been submitted to an in depth review by external advisors. As was the case with the previous plan (2011-2014), this plan confirms that the group will be able to repay the interest on all of its outstanding debt as well as the principal amounts which falls due by the end of the 2013 calendar year, on their due dates and therefore will not be subject to any liquidity problems until at least the end of 2013. This is without the need to use the group's revolving credit facility and subject to no interest payments being made to the shareholders on the private loans throughout that period.

The discussions held with the shareholders, the bankers and the mezzanine lenders have not yet been concluded but are progressing. Group management, on the basis of discussions held and correspondence with/from the bankers and mezzanine lenders, remain confident that the lenders do not intend to call for repayment of the debt. The consolidated accounts have therefore been prepared on a going concern basis, as in previous years.

The directors of the company have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company will have adequate resource to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.1. Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Professional Cost Management Group Limited

Notes to the financial statements for the year ended 31 December 2011

continued

1.2. Turnover

Turnover represents the invoiced value of services provided, exclusive of VAT. Revenue is earned under a wide variety of contracts to provide costs recovery audits. It is recognised when it is judged that the stage of completion of the contract, the amount to be received and the costs incurred to complete the contract, can be easily measured reliably, and it is further probable the revenue will be received.

1.3. Goodwill

Goodwill is capitalised in the year in which it arises and is amortised over its useful economic life of six years. The carrying value of this intangible asset is reviewed for impairment if events or circumstances indicate its value may not be recoverable.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	5% straight line
Office equipment	-	33% straight line
Motor vehicles	-	33% straight line

Carrying values of tangible fixed assets are reviewed for impairment when events or circumstances indicate its value may not be recoverable.

1.5. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. 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, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

1.6. Deferred taxation (continued)

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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

1.7. Cash Flow Statement

The company is exempt from the requirement of FRS 1 'Cash flow statements' to prepare a cash flow statement as it is a wholly owned subsidiary of Alma Consulting Group SAS, and its cash flows are included within the consolidated cash flow of that group

2. Turnover

	2011	2010
	£	£
Geographical market		
UK	3,059,350	4,545,699
Europe	32,332	23,503
	<u>3,091,682</u>	<u>4,569,202</u>

Professional Cost Management Group Limited

Notes to the financial statements for the year ended 31 December 2011

. continued

3. Exceptional items

	2011 £	2010 £
Impairment of goodwill	2,929,000	-
Arbitration settlement	<u>450,000</u>	<u>500,000</u>
	<u>3,379,000</u>	<u>500,000</u>

Based on forecasts for the business, an impairment charge has been recognised in respect of purchased goodwill in the amount of £2,929K using a nominal discount rate of 12% on a pre-tax basis

Following settlement of a contractual dispute with the former owners of the business acquired by the company in a prior period, additional consideration was payable and this has been recorded as an exceptional charge to the profit and loss account of £450K. This is additional to the amount of £500K that was recorded in the prior year. These amounts have been charged to the profit and loss account on the basis that the period for recording changes to goodwill is closed.

4. Operating loss

	2011 £	2010 £
Operating loss is stated after charging		
Depreciation of tangible assets	51,901	83,220
Amortisation of intangible assets	2,506,542	2,493,208
Impairment of goodwill	2,929,000	-
Profit on disposal of tangible fixed assets	(42,875)	1,518
Operating lease rentals		
- Land and buildings	47,090	46,499
- Motor vehicles	83,461	72,417
Auditors' remuneration (Note 5)	<u>21,294</u>	<u>20,475</u>

5. Directors' remuneration

The directors received no remuneration for their services to Professional Cost Management Group Limited (2010: £nil). Directors' emoluments for the directors of Professional Cost Management Limited are paid by fellow group companies and their emoluments are deemed to be wholly attributable to their services to fellow group companies. Local operations are overseen by the Country manager.

6. Auditors' remuneration

	2011 £	2010 £
Auditors' remuneration - audit of the financial statements	<u>21,294</u>	<u>20,475</u>

7. Interest payable and similar charges

	2011 £	2010 £
Interest payable on loans < 1 yr	<u>15,027</u>	<u>9,932</u>

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

8. Employees

Number of employees	2011	2010
The average monthly numbers of employees (including the directors) during the year were	Number	Number
	48	56
Employment costs	2011	2010
	£	£
Wages and salaries	2,158,472	2,624,726
Social security costs	239,912	327,091
	2,398,384	2,951,817

9. Taxation

(a) Tax on ordinary activities

The tax charge is made up as follows.

	2011	2010
	£	£
Current tax		
UK corporation tax at 26.5% (2010 – 28%)	-	-
Adjustment in respect of prior year	<u>5,247</u>	<u>-</u>
	5,247	-
Deferred tax		
Origination and reversal of timing differences	11,437	(3,026)
Adjustment in respect of previous years	<u>555</u>	<u>(1,609)</u>
Total tax charge		
	17,239	(4,635)

Factors affecting the tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 26.5% (2010 – 28%). The actual tax credit for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

9. Taxation (continued)

	2011	2010
	£	£
(Loss) on ordinary activities before Tax	<u>(6,737,101)</u>	<u>(3,463,553)</u>
(Loss) on ordinary activities multiplied by the standard rate corporation tax in the UK of 26.5% (2010 – 28%)	(1,785,332)	(969,795)
Disallowable expenditure	189,050	30,401
Depreciation in excess of capital allowances	(5,891)	3,026
Adjustment in respect of the previous years	5,247	-
Losses not utilised in the year	<u>1,602,173</u>	<u>936,368</u>
Current tax charge/ (credit) for the year	<u>5,247</u>	<u>-</u>

A reduction in the UK corporation tax rate from 28% to 26% was substantively enacted in March 2011 and is effective from 1 April 2011. A further reduction from 26% to 25% was substantively enacted in July 2011 and will be effective from 1 April 2012. Accordingly, these rates have been applied in the measurement of the Company's deferred tax assets and liabilities as at 31 December 2011.

In addition, the Government announced its intention to further reduce the UK corporation tax rate to 24% from 1 April 2013 and to 23% from 1 April 2014. The aggregate impact of the proposed reductions from 25% to 23% would reduce the deferred tax liability by approximately £136.

10. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2011 and December 2011	14,959,264
Amortisation	
At 1 January 2011	8,036,565
Impairment	2,929,000
Charge for year	<u>2,506,542</u>
At 31 December 2011	13,472,107
Net book values	
At 31 December 2011	<u>1,487,157</u>
At 31 December 2010	<u>6,922,699</u>

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

11. Tangible fixed assets	Land and buildings freehold	Office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2011	410,000	131,628	49,636	591,264
Additions	-	60,580	-	60,580
Disposals	(410,000)	-	(35,117)	(445,117)
At 31 December 2011	<u>-</u>	<u>192,208</u>	<u>14,519</u>	<u>206,727</u>
Depreciation				
At 1 January 2011	56,783	96,132	45,830	198,745
On disposals	(72,116)	-	(32,426)	(104,542)
Charge for the year	15,333	35,454	1,114	51,901
At 31 December 2011	<u>-</u>	<u>131,586</u>	<u>14,518</u>	<u>146,104</u>
Net book values				
At 31 December 2011	<u>-</u>	<u>60,622</u>	<u>1</u>	<u>60,623</u>
At 31 December 2010	<u>353,217</u>	<u>35,496</u>	<u>3,806</u>	<u>392,519</u>

12. Debtors	2011	2010
	£	£
Trade debtors	1,287,626	1,801,274
Amount due from parent company	374,673	-
Corporation tax repayable	-	138,539
Prepayments and accrued income	44,551	38,575
Deferred tax asset	-	10,293
	<u>1,706,850</u>	<u>1,988,681</u>

13. Deferred Tax	2011	2010
	£	£
Balance at 1 January 2011	10,293	5,658
Movement in year	(11,992)	4,635
Balance at 31 December 2011	<u>(1,699)</u>	<u>10,293</u>

Deferred tax relates to tax written down values of assets being less than their net book values

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

14. Creditors: amounts falling due within one year	2011 £	2010 £
Trade creditors	70,625	125,421
Amounts owed to group undertaking	2,635,331	1,344,973
Other creditors	-	500,000
Other taxes and social security costs	30,830	198,741
Accruals and deferred income	177,038	308,546
Deferred tax liability	1,699	-
	<u>2,915,523</u>	<u>2,477,681</u>
15. Share capital	2011 £	2010 £
Allotted, called up and fully paid		
10,804,202 Ordinary shares of £1 each	<u>10,804,202</u>	<u>10,804,202</u>
Equity Shares		
10,804,202 Ordinary shares of £1 each	<u>10,804,202</u>	<u>10,804,202</u>
16. Equity Reserves		Profit and loss account £
At 1 January 2011		(3,489,784)
Loss for the year		(6,754,340)
At 31 December 2011		<u>(10,244,124)</u>
17. Reconciliation of movements in shareholders' funds	2011 £	2010 £
Loss for the year	(6,754,340)	(3,458,918)
Opening shareholders' funds	7,314,418	10,773,336
Closing shareholders' funds	<u>560,078</u>	<u>7,314,418</u>

Professional Cost Management Group Limited

**Notes to the financial statements
for the year ended 31 December 2011**

continued

18. Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within one year	-	-	7,099	13,721
Between one and five years	-	-	45,067	86,874
In over five years	50,068	46,499	-	-
	<u>50,068</u>	<u>46,494</u>	<u>52,166</u>	<u>100,595</u>

19. Related party transactions

In accordance with FRS 8, the company is exempt from disclosing transactions with Group companies

20 Ultimate parent undertaking

The parent undertaking at the year end was Alma Consulting Group SAS, a company registered in France. The ultimate controlling party is H A M A C. The results of this company will be consolidated into the accounts of H A M A C. Copies of the financial statements of H A M A C can be obtained from The Secretary, 185 Avenue des Gresillions, 92230 Gennevilliers, France.

Professional Cost Management Group Limited

The following pages do not form part of the statutory accounts.