

**VITEC GROUP HOLDINGS LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**  
**Registered Number 3800708**

TUESDAY



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# VITEC GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

The directors present their annual report, together with the audited financial statements, for the year ended 31 December 2006

### Principal activity

The company carries out financing activities for The Vitec Group plc

### Results

The loss for the year transferred to reserves amounted to £ 477,163 (2005 £nil)

The directors do not recommend the payment of a dividend (2005 nil)

### Directors

The directors of the Company in the year under review were A Hewgill, R D Peate and J R Copeman

J R Copeman was appointed a director on 31 August 2006

The interests of R D Peate and J R Copeman in the share capital of the Company's ultimate parent company at 31 December 2006 and 1 January 2006 were

|             | Ordinary shares |                                                   | Share options |                                                   | Long Term Incentive Plan |                                                   |
|-------------|-----------------|---------------------------------------------------|---------------|---------------------------------------------------|--------------------------|---------------------------------------------------|
|             | 31 12 2006      | 01 01 2006<br>or if later, date<br>of appointment | 31 12 2006    | 01 01 2006 or<br>if later, date of<br>appointment | 31 12 2006               | 01 01 2006<br>or if later, date<br>of appointment |
| R D Peate   | 1,198           | 1,198                                             | 48,072        | 51,308                                            | 40,278                   | 48,146                                            |
| J R Copeman | -               | -                                                 | -             | -                                                 | 11,123                   | 7,000                                             |
|             | =====           | =====                                             | =====         | =====                                             | =====                    | =====                                             |

A Hewgill is also a director of the Company's ultimate parent company His interests in the shares of that company are shown in its accounts

The directors had no interests in the share capital of the Company

### Auditors

The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting 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 to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

J S Milton  
Secretary

  
1 October 2007

# **VITEC GROUP HOLDINGS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

# **VITEC GROUP HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VITEC GROUP HOLDINGS LIMITED**

We have audited the financial statements of Vitec Group Holdings Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## VITEC GROUP HOLDINGS LIMITED

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

*1 October* 2007

# VITEC GROUP HOLDINGS LIMITED

## Profit and loss account for the year ended 31 December 2006

|                                                                                                 | Note | 2006<br>£ | 2005<br>£ |
|-------------------------------------------------------------------------------------------------|------|-----------|-----------|
| Operating income                                                                                |      | -         | -         |
| Operating profit                                                                                | 2    | -         | -         |
| Interest payable and similar charges                                                            | 3    | 681,662   | -         |
| Loss on ordinary activities before tax                                                          |      | (681,662) | -         |
| Tax credit on ordinary activities                                                               | 4    | 204,499   | -         |
| Loss on ordinary activities after tax and retained loss<br>for the year transferred to reserves | 10   | (477,163) | -         |

The profit and loss account contains all the gains and losses recognised in the period and the retained profit for the period is the only movement in shareholders' funds

All the above results are derived from continuing activity

The notes on page 7 to 9 form an integral part of these accounts

# VITEC GROUP HOLDINGS LIMITED

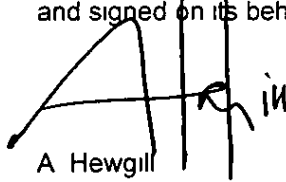
## Balance Sheet as at 31 December 2006

|                                                        | Notes | 2006<br>£        | 2005<br>£       |
|--------------------------------------------------------|-------|------------------|-----------------|
| <b>Fixed assets</b>                                    |       |                  |                 |
| Investments                                            | 5     | 35,115,779       | -               |
| <b>Current assets</b>                                  |       |                  |                 |
| Debtors                                                | 6     | 204,501          | 2               |
| Cash at bank and in hand                               |       | 111,289          | -               |
| <b>Creditors – amounts falling due within one year</b> | 7     | -                | 42,021          |
| Net current assets / (liabilities)                     |       | <u>315,790</u>   | <u>(42,019)</u> |
| <b>Creditors – amounts falling due after one year</b>  | 8     | (35,950,751)     | -               |
| <b>Net liabilities</b>                                 |       | <u>(519,182)</u> | <u>(42,019)</u> |
| <b>Capital &amp; reserves</b>                          |       |                  |                 |
| Called up share capital                                | 9     | 2                | 2               |
| Profit and loss account                                | 10    | (519,184)        | (42,021)        |
| <b>Shareholders' funds - equity</b>                    | 11    | <u>(519,182)</u> | <u>(42,019)</u> |

Approved by the Board on  
and signed on its behalf by

*1 October*

2007

  
A Hewgill  
Director

The notes on pages 7 to 9 form an integral part of these accounts

# VITEC GROUP HOLDINGS LIMITED

## Notes to the accounts

### 1. Accounting convention

The accounts have been prepared in accordance with all applicable accounting standards under the historical cost convention

The accounts have been prepared on a going concern basis as the ultimate parent company, The Vitec Group plc, has indicated its willingness to provide the Company with such funds as may be required to enable the Company to meet its liabilities as they fall due

The Company is a subsidiary of The Vitec Group plc and is included in the consolidated financial statements of The Vitec Group plc, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 as well as a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996)

The Company is also exempt under the terms of the Financial Reporting Standard No 8 from disclosed related party transactions (but not balances) with entities that are part of The Vitec Group plc

The Company's investments in other group companies are reported at cost. The carrying value of the Company's investments are reviewed at inception and at each balance sheet date to determine if any provision is required against the value of the investment

The presentation requirements of the Financial Reporting Standard 25 – Financial Instruments: Disclosure and Presentation ("FRS 25") have been adopted for the first time in these financial statements. The adoption of FRS25 had no impact on these financial statements

### 2. Operating profit

All directors' remuneration and audit fees are borne by the ultimate parent company

### 3. Interest payable and similar charges

|                           | 2006    | 2005  |
|---------------------------|---------|-------|
|                           | £       | £     |
| Payable to parent company | 681,662 | -     |
|                           | =====   | ===== |

### 4. Tax on loss on ordinary activities

|                                                                                                                | 2006    | 2005  |
|----------------------------------------------------------------------------------------------------------------|---------|-------|
|                                                                                                                | £       | £     |
| (a) Analysis of credit in period                                                                               |         |       |
| <i>Current tax</i>                                                                                             |         |       |
| UK tax on loss on ordinary activities                                                                          | 204,499 | -     |
|                                                                                                                | =====   | ===== |
| (b) Factors affecting tax credit for period                                                                    |         |       |
| The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 30% (2005: 30%) |         |       |
| Loss on ordinary activities before tax                                                                         | 681,622 | -     |
|                                                                                                                | =====   | ===== |
| Loss on ordinary activities times standard tax rate                                                            | 204,499 | -     |
|                                                                                                                | =====   | ===== |
| No provision for deferred tax is required                                                                      |         |       |

# VITEC GROUP HOLDINGS LIMITED

## Notes to the accounts

### 5. Fixed Asset Investments

|                     | Shares in subsidiary<br>undertakings<br>2006<br>£ |
|---------------------|---------------------------------------------------|
| <b>Cost</b>         |                                                   |
| At 1 January 2006   | -                                                 |
| Increase in year    | 35,115,779                                        |
|                     | -----                                             |
| At 31 December 2006 | 35,115,779                                        |
|                     | =====                                             |

During the year the Company formed a wholly owned unlimited subsidiary, Palmer Dollar Finance. The purpose of this subsidiary is to be the principal holder of US Dollar currency loans made by UK group companies to group companies with a US Dollar functional currency. Loans made in US Dollars to other group companies were exchanged for Sterling loans from the Company. The Company then assigned these US Dollar loans to Palmer Dollar Finance in exchange for shares.

The investment in a subsidiary consists of the following

|                          | No of<br>shares<br>acquired | Percentage<br>of shares in<br>issue<br>acquired | Class                          | Cost of<br>investment<br><br>£ |
|--------------------------|-----------------------------|-------------------------------------------------|--------------------------------|--------------------------------|
| Palmer Dollar<br>Finance | 65,887,000                  | 100%                                            | Ordinary shares of<br>\$1 each | 35,115,779                     |
|                          |                             |                                                 |                                | =====                          |

### 6 Debtors

|                                | 2006<br>£ | 2005<br>£ |
|--------------------------------|-----------|-----------|
| Amount due from parent company | 2         | 2         |
| Corporation tax                | 204,499   | -         |
|                                | -----     | -----     |
|                                | 204,501   | 2         |
|                                | =====     | =====     |

### 7 Creditors – amounts falling due within one year

|                               | 2006<br>£ | 2005<br>£ |
|-------------------------------|-----------|-----------|
| Amounts due to parent company | -         | 42,021    |
|                               | =====     | =====     |

# VITEC GROUP HOLDINGS LIMITED

## Notes to the accounts

### 8 Creditors – amounts falling due after one year

|                               | 2006<br>£           | 2005<br>£  |
|-------------------------------|---------------------|------------|
| Amounts due to parent company | 35,950,751<br>===== | -<br>===== |

### 9. Share capital

|                                                              | 2006<br>£    | 2005<br>£    |
|--------------------------------------------------------------|--------------|--------------|
| Authorised<br>100 ordinary shares of £1 each                 | 100<br>===== | 100<br>===== |
| Allotted, issued, fully paid<br>2 ordinary shares of £1 each | 2<br>=====   | 2<br>=====   |

### 10 Profit and loss account

|                                       | 2006<br>£          | 2005<br>£         |
|---------------------------------------|--------------------|-------------------|
| Balance as at 1 January               | (42,021)           | (63,571)          |
| Retained (loss) / profit for the year | (477,163)          | 21,550            |
| Balance as at 31 December             | (519,184)<br>===== | (42,021)<br>===== |

### 11 Reconciliation of movements in shareholders' funds

|                                       | 2006<br>£          | 2005<br>£         |
|---------------------------------------|--------------------|-------------------|
| Retained (loss) / profit for the year | (477,163)          | 21,550            |
| Opening shareholders' funds           | (42,019)           | (63,569)          |
| Closing shareholders' funds           | (519,182)<br>===== | (42,019)<br>===== |

### 12. Parent company

The Company is a wholly-owned subsidiary of The Vitec Group plc, a company which is registered in England and Wales and is the ultimate parent company. Copies of the accounts of The Vitec Group plc are available from One Wheatfield Way, Kingston upon Thames, KT1 2TU