

VITEC GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Registered number 3800708



LD5 21/09/2012 #93
COMPANIES HOUSE

VITEC GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements for the year ended 31 December 2011

Principal activity

The Company carries out financing activities for The Vitec Group plc. A change in the Company's activities is not expected in the foreseeable future.

Results and dividends

The loss for the year transferred to reserves amounted to £2,044,863 (2010: £1,317,780). The Directors do not recommend the payment of a dividend (2010: £nil).

On 5 and 20 December 2011, the Company increased its investment in Palmer Dollar Finance by £3,177,772 (\$4,998,000) and £20,020,667 (\$31,000,000) respectively.

On 21 November 2011, a subsidiary of the Company, Palmer Finance, repaid capital of £7,165,808 (€8,207,000) to the Company. The capital repayments were affected by the reduction of loans equivalent to the value of the capital reductions due by the Company to another Group Company.

Directors

The Directors of the Company in the year under review and to the date of this report were:

Jonathan Bolton	
Richard Cotton	(resigned 4 February 2011)
Martin Green	(appointed 4 February 2011)
Paul Hayes	(appointed 13 June 2011)

All Directors' remuneration and audit fees are borne by the ultimate parent Company.

Auditor

The auditor, KPMG Audit Plc, has indicated its willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

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 auditor is 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.

By order of the Board



Jonathan Bolton
Director
21 September 2012

Registered Office
Bridge House
Heron Square
Richmond
TW9 1EN

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 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 VITEC GROUP HOLDINGS LIMITED

We have audited the Financial Statements of Vitec Group Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 Statement of Directors' Responsibilities set out on page 2, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 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 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



Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

21 September 2012

VITEC GROUP HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2011

	Note	2011 £	2010 £
Operating expenses		(34)	(36)
Operating loss	2	<u>(34)</u>	<u>(36)</u>
Interest payable and similar charges	3	(2,044,829)	(2,199,659)
Loss on ordinary activities before taxation		<u>(2,044,863)</u>	<u>(2,199,695)</u>
Tax credit on ordinary activities	4	-	881,915
Loss on ordinary activities after tax and retained loss for the year transferred to reserves	10	<u>(2,044,863)</u>	<u>(1,317,780)</u>

The profit and loss account contains all the gains and losses recognised in the period

All the above results are derived from continuing activities

The notes on page 6 to 9 form an integral part of these Financial Statements

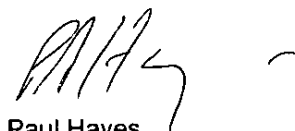
VITEC GROUP HOLDINGS LIMITED

BALANCE SHEET as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	5	166,723,734	150,691,103
Current assets			
Debtors	6	485	881,917
Cash at bank and in hand		24,469	678
Creditors – amounts falling due within one year	7	<u>(62,399,000)</u>	<u>(63,280,165)</u>
Net current liabilities		(62,374,046)	(62,397,570)
Creditors – amounts falling due after one year	8	<u>(117,153,889)</u>	<u>(99,052,871)</u>
Net liabilities		<u>(12,804,201)</u>	<u>(10,759,338)</u>
Capital & reserves			
Called up share capital	9	2	2
Profit and loss account	10	<u>(12,804,203)</u>	<u>(10,759,340)</u>
Shareholders' funds – equity	11	<u>(12,804,201)</u>	<u>(10,759,338)</u>

The notes on pages 6 to 9 form an integral part of these Financial Statements

The Financial Statements on pages 4 to 9 were approved by the Board of Directors on 21 September 2012 and were signed on its behalf by



Paul Hayes
Director

Registered in England no 3800708

VITEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

The Company is a wholly-owned subsidiary of The Vitec Group plc and is included in the consolidated financial statements of The Vitec Group plc, which are publicly available. The Company is therefore 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.

As the Company is a wholly-owned subsidiary of The Vitec Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly-owned subsidiaries which form part of the group.

2 Accounting policies

a) Going concern

The Financial Statements have been prepared on a going concern basis as the parent company, The Vitec Group plc, has committed to provide the Company with funds as required to meet liabilities as they fall due.

b) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a currency translation gain or loss may arise. Any such differences are recognised in the Profit and Loss account.

c) Investments

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.

d) Taxation

The charge for taxation is based on the loss for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on an undiscounted basis 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 where there is an obligation to pay more tax, or a right to pay less tax, in the future.

3. Interest payable and similar charges

	2011 £	2010 £
Interest payable to other group companies	<u>2,044,829</u>	<u>2,199,659</u>

VITEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Tax on ordinary activities

(a) The tax charge is made up as follows

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax	-	(881,915)
Tax charge on loss on ordinary activities	<u>-</u>	<u>(881,915)</u>

There is no deferred tax charge/(credit) recognised in the year (2010 £nil)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher (2010 lower) than the effective rate of corporation tax in the UK of 26.5% (2010 28%). The differences are reconciled below

	2011 £	2010 £
Loss on ordinary activities before tax	(2,044,863)	(2,199,695)
Loss on ordinary activities multiplied by effective rate of corporation tax in the UK of 26.5% (2010 28%)	(541,889)	(615,915)
<i>Effects of</i>		
Transfer pricing adjustment	<u>541,889</u>	<u>(266,000)</u>
Total current tax	<u>-</u>	<u>(881,915)</u>

VITEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2011	150,691,103
Additions	23,198,439
Capital repayment by subsidiaries in the year	(7,165,808)
At 31 December 2011	<u>166,723,734</u>

On 5 and 20 December 2011, the Company increased its investment in Palmer Dollar Finance by £3,177,772 (\$4,998,000) and £20,020,667 (\$31,000,000) respectively

On 21 November 2011, a subsidiary of the Company, Palmer Finance, repaid capital of £7,165,808 (£8,207,000) to the Company

The Company's principal investment in subsidiaries as at 31 December 2011 are as follows

	Country of incorporation	Class and number of shares acquired	Percentage of shares in issue acquired
Palmer Dollar Finance	England and Wales	227,227,380 ordinary shares of \$1 each	100%
Palmer Finance	England and Wales	1,712,996 ordinary shares of €1 each	100%
Palmer Yen Finance	England and Wales	2,000,001 ordinary shares of 100 yen each	100%

Following the year end, on 13 April 2012 the Company acquired the entire issued share capital of Vitec Investments Limited for a consideration of £129,338,532

6. Debtors

	2011 £	2010 £
Amount due from parent Company	2	2
Amounts owed by group undertakings	<u>483</u>	<u>881,915</u>
	<u>485</u>	<u>881,917</u>

7 Creditors – amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>62,399,000</u>	<u>63,280,165</u>

VITEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Creditors – amounts falling due after one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>117,153,889</u>	<u>99,052,871</u>

9. Share capital

	2011 £	2010 £
Allotted, issued and called up 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Profit and loss account

	2011 £	2010 £
Balance as at 1 January	(10,759,340)	(9,441,560)
Retained loss for the year	<u>(2,044,863)</u>	<u>(1,317,780)</u>
Balance as at 31 December	<u>(12,804,203)</u>	<u>(10,759,340)</u>

11. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Retained loss for the year	(2,044,863)	(1,317,780)
Opening shareholders' funds	<u>(10,759,338)</u>	<u>(9,441,558)</u>
Closing shareholders' funds	<u>(12,804,201)</u>	<u>(10,759,338)</u>

12. Post balance sheet events

On 10 April 2012 the Company's investment in Palmer Dollar Finance was reduced by \$226,962,000 with the reduction of the share capital of that company, and on the same date the Company's investment in Palmer Finance was reduced by €39,126,000 with the reduction of the share capital of that company

On 13 April 2012 the Company acquired the entire issued share capital of Vitec Investments Limited for cash consideration of €129,338,532 On 13 April 2012 the Company declared an interim dividend of £59,487,933

On 10 July 2012 the Company agreed to become a guarantor to a £100m Revolving Credit Facility Agreement entered into between The Vitec Group plc, several of its subsidiaries and five banks

13 Ultimate 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 Annual Report & Accounts 2011 of The Vitec Group plc are available from the Company Secretary, Bridge House, Heron Square, Richmond, TW9 1EN