PNI Holdings Limited

Registered Number 3897811

Directors' report and financial statements for the year ended 30th June 2011

Directors' report for the year ended 30th June 2011

The directors submit their report and the audited financial statements of the company for the year ended 30th June 2011

Principal activity and review of business

As a sub-holding company, PNI Holdings Limited ("the company") has incurred interest payable, but has no trading activity in the year This will continue in the future

The results for the company show a loss on ordinary activities before tax of £4,422,000 (2010 Restated £3,553,000)

The directors do not recommend the payment of a dividend (2010 £nil)

Holding company support

Protocol Associates NV, ("the group") the Protocol group holding company, has agreed to support the company for the foreseeable future

Directors

The directors of the company who held office during the financial year and subsequently up to the date of signing the financial statements were

D Lewis
M Kelly
D Wilkinson
L Tombs (appointed 1 November 2011)

Financial risk management

Liquidity risk and interest rate risk are considered to be significant exposures for the company The company manages its liquidity risk by preparing appropriate cash flow forecasts to ensure that suitable facilities are available to settle ongoing needs The interest rate exposure of the company is a feature of the current borrowing arrangements of the group, which are subject to a mixture of interest rates that the company cannot actively manage within the current repayment periods The company is seeking to manage its overall interest risk by reducing overall debt levels in order to lower the total exposure to the company

Key performance indicators ("KPI's")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

Prior period adjustment

The directors have conducted a review of the methods by which interest on loan notes has been calculated, and consider that these have historically been done incorrectly Revised methodology has been used in the current year, and the financial statements for the prior year have been restated These adjustments have been set out in note 16 to these financial statements

Directors' report for the year ended 30th June 2011

Statement of directors' responsibilities

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 prepared 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 accounting 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

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies

a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board

30 March 2012

D Wilkinson
Director

Registered number. 3897811

Independent auditors' report to the members of PNI Holdings Limited

We have audited the financial statements of PNI Holdings Limited for the year ended 30th June 2011 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet and the related notes 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)

Respective responsibilities of directors and auditors

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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30th June 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

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

David Teager BSc (Hons) ACA (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 March 2012

Profit and loss account for the year ended 30th June 2011

	Note	2011 £'000	2010 Restated £'000
Administrative expenses		-	(21)
Operating loss	2	-	**(21)**
Exceptional items	3	-	250
Amounts written off investments	7	(269)	(51)
Interest receivable and similar income	4	129	206
Interest payable and similar charges	5	(4,282)	(3,937)
Loss on ordinary activities before tax		**(4,422)**	**(3,553)**
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	13	**(4,422)**	**(3,553)**

There is no material difference between the losses on ordinary activities before tax and the loss for the financial years stated above and their historical cost equivalents

All operations are continuing operations

Statement of total recognised gains and losses for the year ended 30 June 2011

	Note	2011 £'000	2010 Restated £'000
Loss for the financial year		(4,422)	(3,553)
Adjustment in respect of periods ending before 30 June 2010	16	11,416	-
Total recognised gains and losses for the financial year		**6,994**	**(3,553)**

Balance Sheet at 30th June 2011

	Note	2011 £'000	2010 Restated £'000
Fixed assets			
Investments	7	516	785
Current assets			
Debtors	8	22,260	23,652
Cash at bank and in hand		5,659	4,387
		27,919	**28,039**
Creditors - amounts falling due within one year	9	(2,413)	(2,411)
Net current assets		**25,506**	**25,628**
Total assets less current liabilities		**26,022**	**26,413**
Creditors - amounts falling due after one year	10	(69,413)	(65,382)
Provision for liabilities and charges	11	(350)	(350)
Total assets less current liabilities		**(43,741)**	**(39,319)**
Capital and reserves			
Called up share capital	12	1,029	1,029
Share premium account	13	114	114
Profit and loss account	13	(44,884)	(40,462)
Total shareholders' deficit	14	**(43,741)**	**(39,319)**

The financial statements on pages 4 to 13 were approved by the Board of Directors on 30 March 2012 and were signed on its behalf by

L Tombs
Director

Notes to the financial statements for the year ended 30th June 2011

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements

Accounting convention and cash flow statement

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom, all of which have been applied consistently throughout the year and the preceding year Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard 18 'Accounting policies'

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements', as it is a wholly owned subsidiary of Protocol Associates NV, a company registered in Belgium which prepares consolidated financial statements which are publicly available

Going concern

Group banking facilities outstanding at the balance sheet date were repaid in August 2011 and the bank has agreed to provide ongoing support in the form of working capital facilities as required The financial statements have therefore been prepared by the directors on a going concern basis

The group holding company has agreed to support the company for its foreseeable future

Fixed asset investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment Impairment reviews are performed by the directors when there has been indication of potential impairment

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Deferred tax

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Notes to the financial statements for the year ended 30th June 2011

2. Employees and operating loss

The monthly average number of persons (all are directors) employed by the company during the period was 3 (2010 3) These directors received no emoluments for their services to the company

Directors' emoluments in respect of services to the group for the year ended 30th June 2011 are borne by another group company, and their emoluments are shown in the financial statements of ELS Group Limited Copies of these financial statements can be obtained from the Company Secretary, Castle Marina Road, Castle Marina Park, Nottingham, NG7 1TN

Auditors' remuneration was borne by another group company and not recharged

3. Exceptional item

The prior year exceptional item of £250,000 relates to a profit on the disposal of Examination and Assessment Services Limited to a fellow group company

4. Interest receivable and similar income

	2011 £'000	2010 Restated £'000
Bank Interest	129	206

5. Interest payable and similar charges

	2011 £'000	2010 Restated £'000
Debenture loan interest	3,928	3,747
Intercompany interest	103	93
Bank charges	251	97
	4,282	**3,937**

Notes to the financial statements for the year ended 30th June 2011

6. Tax on loss on ordinary activities

There is no tax on the result for the year (2010 £nil)

Factors affecting tax for the year

The tax assessed for both years is higher than the 27 5% (2010 28%) standard rate of corporation tax in the United Kingdom The differences are explained below

	2011	2010
		Restated
	£'000	£'000
Loss on ordinary activities before tax	**(4,422)**	**(3,553)**
Loss on ordinary activities multiplied by 27 5% (2010 28%) standard rate of corporation tax in the United Kingdom	(1,216)	(995)
Effects of		
Permanent differences	1,626	1,460
Utilisation of losses	(410)	(479)
Other timing differences	-	14
Total current tax charge	-	-

The standard rate of corporation tax in the United Kingdom changed from 28% to 26% with effect from 1 April 2011 Accordingly, the company's results for this accounting period are taxed at 27 5% and will be taxed at 26% in the future

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012 Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012 A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014 None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

Notes to the financial statements for the year ended 30th June 2011

7. Fixed asset investments

	Cost	Provision for Impairment	Net Book Value
	£'000	£'000	£'000
At 1st July 2010	6,297	(5,512)	785
Provision for impairment	-	(269)	(269)
At 30th June 2011	**6,297**	**(5,781)**	**516**

Following an impairment review on 30th June 2011, the carrying value of the company's investment in Education Lecturing Services Limited was reduced by £33,000 to £516,000, and the carrying value of the company's investment in Harnser Ltd was reduced by £236,000 to nil The directors believe that the carrying value of the investments is supported by their underlying net assets

Group undertakings held during the financial year were as follows

Name	Nature of business
Protocol Systems Limited	Provision of head office services
Protocol Learning Limited	Non-trading company
Protocol Training Limited	Non-trading company
Education Lecturing Services (a company limited by guarantee)	Non-trading company
Protocol Recruitment Limited	Dormant company
Harnser Associates Limited	Dormant company

On 6 January 2012 the directors initiated members' voluntary liquidations of Protocol Learning Limited, Protocol Training Limited, Protocol Recruitment Limited and Harnser Associates Limited On the same date the directors resolved to cease all trading activities in Protocol Systems Limited and initiate an insolvent liquidation of that company

8. Debtors

	2011	2010 Restated
	£'000	£'000
Amounts owed by group undertakings	22,260	23,652

Amounts due from group undertakings are unsecured, interest free, and are repayable on demand IN January 2012, following the liquidation of a number of fellow group undertakings, intercompany debtors of £6,447,000 were waived

9. Creditors – amounts falling due within one year

	2011	2010 Restated
	£'000	£'000
Other creditors	9	-
Amounts owed to group undertakings	2,404	2,411
	2,413	**2,411**

Amounts due to group undertakings are unsecured, interest free, and are repayable on demand

Notes to the financial statements for the year ended 30th June 2011

10. Creditors – amounts falling due after one year

	2011	2010 Restated
	£'000	£'000
Debenture notes	68,320	64,392
Term loan to a fellow group company	1,093	990
	69,413	**65,382**

The term loan to a fellow group company includes interest accrued in the year of £103,000 (2010 £93,000) which is rolled over quarterly at a rate of 10% per annum The beneficiary of the loan is Protocol Associates NV

Maturity of debt

	2011	2010 Restated
	£'000	£'000
Instalment debt All repayable In more than five years	1,093	990
Debenture notes repayable otherwise than by instalments	68,320	64,392
Total borrowings	**69,413**	**65,382**

Terms of repayment

With respect to the £68,320,000 (2010 £64,392,000) of unsecured loan notes falling due otherwise than by instalments, payment become due on a takeover or Listing The company also has the option of repaying the loan note at 30 days notice

Rates of interest payable

With respect to £60,331,000 (2010 Restated £56,746,000) of loan notes repayable otherwise than by instalments, interest accrues at 8% per annum on the principal amount 50% of the interest is added to the principal sum on 30 June and 31 December, and 50% is payable on those dates Interest which is not paid attracts interest at the default rate of 4% above the rate otherwise payable, which compounds monthly

With respect to £7,989,000 (2010 Restated £7,646,000) of loan notes repayable otherwise than by instalments, interest accrues at 8% per annum on the principal amount, and is added to the principal sum on 31 March and 30 September

11. Provision for liabilities and charges

Provision for liabilities and charges represents professional fees of £350,000 (2010 £350,000) payable to Bridgepoint Capital (Nominees) Limited which have been deferred until disposal of the group

Notes to the financial statements for the year ended 30th June 2011

12. Called up share capital

		2011 £	2010 £
Allotted and fully paid			
999,999 (2010 999,999)	Ordinary shares of £0 90 each	899,999	899,999
142,857 (2010 142,857)	'A' ordinary shares of £0 90 each	128,571	128,571
1 (2010 1)	£1 share	1	1
		1,028,571	**1,028,571**

Share rights

The ordinary shares and 'A' ordinary shares rank pari passu with regard to distribution rights With regard to voting rights the holders of 'A' ordinary shares are entitled to cast, in relation to each resolution proposed, such number of votes as shall comprise three quarters of all votes so cast The one pound share has the same rights as an ordinary share

13. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1st July 2010 (as previously reported)	114	(51,878)	(51,764)
Prior year adjustment (see note 16)	-	11,416	11,416
At 1st July 2010 (restated)	**114**	**(40,462)**	**(40,348)**
Loss for the financial year	-	(4,422)	(4,422)
At 30th June 2011	**114**	**(44,884)**	**(44,770)**

14. Reconciliation of movements in shareholders' deficit

	2011 £'000	2010 £'000
Opening shareholders' deficit (as previously reported)		(44,474)
Prior year adjustment (see note 16)		8,708
Opening shareholders' deficit (restated)	**(39,319)**	**(35,766)**
Loss for the financial year (as previously reported)	(4,422)	(6,261)
Prior year adjustment to the loss for the financial year		2,708
Closing shareholders' deficit (restated)	**(43,741)**	**(39,319)**

15. Deferred tax

A net deferred tax asset is regarded as recoverable and therefore recognised only when, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted This is not deemed appropriate in the current year and therefore no deferred tax asset is recognised

Deferred tax assets have not been provided as follows

	2011	2010 Restated
	£'000	£'000
Losses	3,433	4,146
Other timing differences	117	126
	3,550	**4,272**

16. Prior period adjustment

The accrued interest on various debenture loans in previous years was incorrectly calculated The legal agreements have been re-reviewed and it has been concluded that unpaid interest added to loan note principle amounts has been incorrectly compounded, and, in some cases, inappropriate rates have been used to calculate default interest These accounts have been restated to reflect this

The impact of this adjustment is as follows

Balance sheet Creditors – amounts falling due after one year

	£'000
Debenture loans at 1 July 2010 (as previously reported)	75,808
Adjustment in respect of periods ending before 30 June 2010	(8,708)
Adjustment in respect of the year ended 30 June 2010	(2,708)
Debenture loans at 1 July 2010 (restated)	**64,392**

Profit and loss account – Interest payable and similar charges

	£'000
Debenture loan interest (as previously reported)	6,455
Adjustment in respect of the year ended 30 June 2010	(2,708)
Debenture loan interest (restated)	**3,747**

17. Contingent liabilities

The group operates a banking set-off arrangement such that the company has jointly guaranteed the overdraft and loan facilities of fellow group companies At 30th June 2011 the aggregate bank borrowings of the group were £400,000 (2010 £6,052,000)

Bank debt owing by the Group is secured by fixed and floating charges across the undertakings of the Group Group banking facilities outstanding at the balance sheet date were repaid in August 2011

18. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 'Related party disclosure' for wholly owned subsidiaries not to disclose related party transactions with members of the same group

19. Ultimate parent company

The company's immediate and ultimate holding company is Protocol Associates NV, a company incorporated within Belgium, which is the smallest and largest group to consolidate these financial statements Copies of the group financial statements can be obtained from the Company Secretary, Castle Marina Road, Castle Marina Park, Nottingham, NG7 1TN

Bridgepoint Capital (Nominees) Limited have a majority shareholding in Protocol Associates NV This shareholding is for the benefit of a number of investment vehicles managed by Bridgepoint Capital Limited In the opinion of the directors there is no ultimate controlling party Copies of the financial statements of these companies are available at their registered office at 30 Warwick Street, London, W1B 5AL