

PNI Holdings Limited

Registered Number: 3897811

**Strategic Report, Directors' report and financial statements
for the year ended 30th September 2015**

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Strategic report for the year ended 30th September 2015

The directors submit their strategic report on PNI Holdings Limited ("the company") for the year ended 30th September 2015.

Principal activity, review of business and future developments

As a sub-holding company within Protocol Associates NV Group ("the group"), 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 taxation of £5,040,000 (2014: £19,912,000).

Principal risks and uncertainties

As an intermediate holding company, the company does not have activities or exposures which give rise to specific individual risks and uncertainties. As part of a group of companies which are principally reliant on the trading activities of Protocol National Limited and Examination and Assessment Services Limited, the directors consider that the principal risks and uncertainties applicable to those entities, and disclosed in their financial statements, are indirectly applicable to the group as a whole.

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.

On behalf of the Board

18th May 2016



D Wilkinson
Director

Registered number: 3897811

Directors' report for the year ended 30th September 2015

The directors submit their annual report and the audited financial statements of PNI Holdings Limited for the year ended 30th September 2015.

Financial risk management

The nature of the company's business means that financial risks are not a key consideration at company level, although as a member of Protocol Associates NV Group ("the group") the company is indirectly exposed to the effects of liquidity risk. The company is part of a group pooling arrangement and is funded through intercompany balances with entities that carry the group's external debt.

Directors' indemnity

The company purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors. The directors have also benefited from an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006.

Holding company support

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

Dividends

The directors do not recommend the payment of a dividend (2014: £nil)

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
I Sackree

Directors' report for the year ended 30th September 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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

18th May 2016



D Wilkinson
Director

Registered number: 3897811

Independent auditor's report to the shareholders of PNI Holdings Limited

We have audited the financial statements of PNI Holdings Limited for the year ended 30 September 2015 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

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. *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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2015 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 the other matter prescribed by the Companies Act 2006

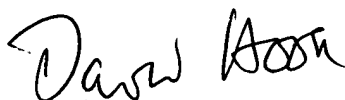
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the shareholders of PNI Holdings 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.



David Hoose (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date:

18/5/16

Profit and loss account for the year ended 30th September 2015

	Note	2015 £'000	2014 £'000
Operating expenses before exceptional items		-	-
Exceptional items	3	-	(15,141)
Total operating loss		-	(15,141)
Interest payable and similar charges	4	(5,040)	(4,771)
Loss on ordinary activities before taxation		(5,040)	(19,912)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(5,040)	(19,912)

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

There are no recognised gains or losses other than the loss for the period shown above, and therefore no separate statement of total gains and losses has been presented.

All operations are continuing operations.

Balance sheet at 30th September 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	6	-	-
Current assets			
Debtors	7	5,070	-
Cash at bank and in hand		-	5,229
		5,070	5,229
Creditors - amounts falling due within one year	8	(2,402)	(2,404)
Net current assets		2,668	2,825
Total assets less current liabilities		2,668	2,825
Creditors: amounts falling due after more than one year	9	(88,945)	(84,062)
Net liabilities		(86,277)	(81,237)
Capital and reserves			
Called up share capital	10	1,029	1,029
Share premium account	11	114	114
Profit and loss account	11	(87,420)	(82,380)
Total shareholders' deficit	12	(86,277)	(81,237)

The financial statements on pages 6 to 12 were approved by the Board of Directors on 18th May 2016 and were signed on its behalf by:



D Wilkinson
Director

Notes to the financial statements for the year ended 30th September 2015

1. Accounting policies

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 is exempt from the requirement to prepare group financial statements under S400 of the Companies Act 2006 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. In addition 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' for the same reason.

Going concern

The company is a member of Protocol Associates NV Group. The group has no bank debt. Although the company has net liabilities, this is due to debt instruments that only become repayable as and when the company is in a position where it is able to do so. The group supporting the company trades profitably before interest and amortisation costs and has adequate facilities to meet all current liabilities as they fall due, and the directors expect that to continue to be the case.

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 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 September 2015

2. Employees and operating loss

The monthly average number of persons (all are directors) employed by the company during the year was 4 (2014: 4). These directors received no emoluments for their services to the company (2014: £nil).

Directors' emoluments in respect of services to the group are borne by ELS Group Limited, another group company, and their emoluments are shown in the financial statements of that company. Copies of these financial statements can be obtained from the Company Secretary, ELS Group Ltd (c/o Protocol), The Point, Welbeck Road, Nottingham, NG2 7QW.

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

3. Exceptional items

Exceptional items of £nil (2014: £15,141,000) relate to an intercompany debtor provision.

4. Interest payable and similar charges

	2015 £'000	2014 £'000
Debenture loan interest	4,884	4,629
Intercompany interest	156	142
Bank charges	-	-
	5,040	4,771

5. Tax on loss on ordinary activities

There is no tax on the result for the financial year (2014: £nil).

Factors affecting tax for the year

The tax assessed for the year is higher (2014: higher) than the 20.5% (2014: 22%) standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(5,040)	(19,912)
Loss on ordinary activities multiplied by 20.5% (2014: 22%) standard rate of corporation tax in the United Kingdom	(1,033)	(4,381)
Effects of:		
Transfer pricing adjustment	302	241
Utilisation of losses	(270)	(209)
Expenses not deductible	1,001	4,349
Total current tax charge	-	-

The standard rate of corporation tax in the United Kingdom changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's results for the year are taxed at 20.5%.

Deferred tax is referred to in note 13.

Notes to the financial statements for the year ended 30th September 2015**6. Fixed asset investments**

	Cost £'000	Provision for Impairment £'000	Net Book Value £'000
At 1st October 2014 and 30th September 2015	600	(600)	-

Investments in group undertakings held during the financial year were as follows:

Name	Nature of business
Education Lecturing Services (a company limited by guarantee)	Non-trading company

All undertakings are 100% owned and the entities are incorporated in England and Wales.

7. Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	5,070	-

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

8. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	2,402	2,404

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

Notes to the financial statements for the year ended 30th September 2015**9. Creditors: amounts falling due after more than one year**

	2015	2014
	£'000	£'000
Debenture notes	87,438	82,555
Term loan to a fellow group company	1,507	1,507
	88,945	84,062

The term loan to a fellow group company is unsecured and includes interest accrued in the financial year of £156,000 (2014: £142,000) which is rolled over quarterly at a rate of 10% per annum. The beneficiary of the loan is Protocol Associates NV.

Maturity of debt

	2015	2014
	£'000	£'000
Debenture notes repayable otherwise than by instalments	87,438	82,555
Term loan to a fellow group company	1,507	1,507
Total borrowings	88,945	84,062

Terms of repayment

With respect to the £87,438,000 (2014: £82,555,000) of unsecured debenture notes falling due otherwise than by instalments, payment becomes due on a takeover or listing of the group. The company also has the option of repaying the debenture note at 30 days notice.

Rates of interest payable

With respect to £77,990,000 (2014: £73,450,000) of debenture 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 £9,448,000 (2014: £9,105,000) of debenture 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.

10. Called up share capital

		2015	2014
		£	£
Allotted and fully paid			
999,999 (2014: 999,999)	Ordinary shares of £0.90 each	899,999	899,999
142,857 (2014: 142,857)	'A' ordinary shares of £0.90 each	128,571	128,571
1 (2014: 1)	'£1' ordinary 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.

Notes to the financial statements for the year ended 30th September 2015**11. Reserves**

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1st October 2014	114	(82,380)	(82,266)
Loss for the financial year	-	(5,040)	(5,040)
At 30th September 2015	114	(87,420)	(87,306)

12. Reconciliation of movements in shareholders' deficit

	2015 £'000	2014 £'000
Opening shareholders' deficit	(81,237)	(61,325)
Loss for the financial year	(5,040)	(19,912)
Closing shareholders' deficit	(86,277)	(81,237)

13. 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 recognised as follows:

	2015 £'000	2014 £'000
Losses	1,729	1,993
Other timing differences	-	-
	1,729	1,993

The recoverable value of deferred tax assets would be affected by any changes to the standard rate of corporation tax in the United Kingdom. Refer to note 5 for details of any enacted changes.

14. 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.

15. Ultimate parent company and controlling party

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, PANV (c/o Protocol), The Point, Welbeck Road, West Bridgford, Nottingham, NG2 7QW.

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 95 Wigmore Street, London, W1U 1FB.