

PNI Holdings Limited

Registered number: 03897811

Directors' report and financial statements

For the year ended 30 September 2016

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PNI HOLDINGS LIMITED

COMPANY INFORMATION

Directors

M J Kelly
D C Lewis
I M Sackree
D L Wilkinson

Company secretary

M J Kelly

Registered number

03897811

Registered office

Protocol
The Point Welbeck Road
West Bridgford
Nottingham
NG2 7QW

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Incorporation

PNI Holdings Limited was incorporated on the 16 December 1999.
Registered in England and incorporated under the Companies Act 2006
as a Private Limited Company, limited by shares.

PNI HOLDINGS LIMITED

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PNI HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

Introduction

The directors submit their strategic report on PNI Holdings Limited ("the company") for the year ended 30th September 2016.

Business review 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 tax of £5,347k (2015: £5,040k).

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.

Financial key performance indicators

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.

This report was approved by the board and signed on its behalf.

D L Wilkinson
Director



Date:

28 June 2017

PNI HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Results and dividends

The loss for the year, after taxation, amounted to £5,347k (2015 - loss £5,040k).

Directors

The directors who served during the year were:

M J Kelly
D C Lewis
I M Sackree
D L Wilkinson

Indication of exposure to price risk, credit risk, liquidity risk and cash flow risk

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.

PNI HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

Indication of financial risk management objectives and policies, including hedging policy

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 groups external debt.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Director's indemnity

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Post balance sheet events

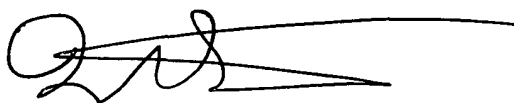
There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

D L Wilkinson
Director



Date:

28 June 2017

PNI HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PNI HOLDINGS LIMITED

We have audited the financial statements of PNI Holdings Limited for the year ended 30 September 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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 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 2016 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

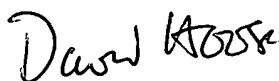
PNI HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PNI HOLDINGS LIMITED

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: 28/6/17

PNI HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Note	2016 £000	2015 £000
Interest payable and expenses	6	(5,347)	(5,040)
Loss before tax		<u>(5,347)</u>	<u>(5,040)</u>
Taxation	7	-	-
Loss for the year		<u>(5,347)</u>	<u>(5,040)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(5,347)</u>	<u>(5,040)</u>

All of the activities of the company are classed as continuing.

The notes on pages 10 to 19 form part of these financial statements.

**BALANCE SHEET
AS AT 30 SEPTEMBER 2016**

	Note	2016 £000	2015 £000
Current assets			
Debtors: amounts falling due within one year	9	5,070	5,070
		<u>5,070</u>	<u>5,070</u>
Creditors: amounts falling due within one year	10	(2,402)	(2,402)
		<u>(2,402)</u>	<u>(2,402)</u>
Net current assets		2,668	2,668
Total assets less current liabilities		<u>2,668</u>	<u>2,668</u>
Creditors: amounts falling due after more than one year	11	(94,292)	(88,945)
		<u>(91,624)</u>	<u>(86,277)</u>
Net liabilities		<u>(91,624)</u>	<u>(86,277)</u>
Capital and reserves			
Called up share capital	14	1,029	1,029
Share premium account		114	114
Profit and loss account		(92,767)	(87,420)
		<u>(91,624)</u>	<u>(86,277)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D L Wilkinson
Director



Date: 28 June 2017

The notes on pages 10 to 19 form part of these financial statements.

PNI HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital £000	Share Premium Account £000	Profit and Loss Account £000	Total equity £000
At 1 October 2015	1,029	114	(87,420)	(86,277)
Total comprehensive income for the year				
Loss for the year	-	-	(5,347)	(5,347)
Other comprehensive income for the year	-	-	-	-
At 30 September 2016	<u>1,029</u>	<u>114</u>	<u>(92,767)</u>	<u>(91,624)</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Called up share capital £000	Share Premium Account £000	Profit and Loss Account £000	Total equity £000
At 1 October 2014	1,029	114	(82,380)	(81,237)
Total comprehensive income for the year				
Loss for the year	-	-	(5,040)	(5,040)
Other comprehensive income for the year	-	-	-	-
At 30 September 2015	<u>1,029</u>	<u>114</u>	<u>(87,420)</u>	<u>(86,277)</u>

Description of Reserves

Profit and Loss Account

The Profit and Loss account represents cumulative profits and losses of the company.

Share Premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 10 to 19 form part of these financial statements.

PNI HOLDINGS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the financial year	(5,347)	(5,040)
Adjustments for:		
Interest paid	5,347	5,040
Decrease/(increase) in amounts owed by groups	-	(5,070)
Increase in creditors	5,174	4,883
Increase/(decrease) in amounts owed to groups	173	(2)
Net cash generated from operating activities	<u>5,347</u>	<u>(189)</u>
Cash flows from financing activities		
Interest paid	(5,347)	(5,040)
Net cash used in financing activities	<u>(5,347)</u>	<u>(5,040)</u>
Net increase/(decrease) in cash and cash equivalents	-	(5,229)
Cash and cash equivalents at beginning of year	-	5,229
Cash and cash equivalents at the end of year	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of year comprise:		
	<u>-</u>	<u>-</u>

The notes on pages 10 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. General information

PNI Holdings Limited presents its financial statements for the year ended 30 September 2016. The presentation currency for the financial statements is pounds sterling (£). The Company is limited by shares and is registered in England. Its registered office address is Protocol, The Point Welbeck Road, Nottingham, NG2 7QW.

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 or the preceding year. This will continue in the future.

A summary of the Company's accounting policies, which have been consistently applied, are set out below:

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 17.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements for the year ended 30 September 2016 are the Company's first financial statements that comply with FRS 102; the Company's date of transition to FRS 102 is 1 October 2014. Note 17 describe the impact on reported Profit and Loss and Equity upon transition to FRS 102.

2.2 Going concern

In the year to 30 September 2016, the company sustained an operating loss of £5,347k before taxation (2015: generated a loss of £5,040k before taxation) with a shareholders deficit of £91,624k (2015: deficit of £86,277k), which indicates that the company may not be a going concern. However, based on the long term business plans, the directors are confident that the company will continue to trade profitably in future periods and generate sufficient cash flows to meet its obligations as they fall due for payment.

The company is dependent upon continued finance being available by other group companies and the directors. These parties have confirmed that sufficient funds will continue to be made available to allow the company to meet its liabilities as they fall due.

The directors therefore consider it appropriate that the financial statements are prepared on a going concern basis.

The accounts include no adjustments, which might be found to be necessary, should it transpire that the going concern basis is no longer appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.3 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.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, debtors and creditors. The Company has chosen where applicable to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues in full.

Financial assets - Classified as basic instruments

Financial assets are defined as cash or any asset from another entity, or a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The only category of financial asset held by the Company is Debtors.

Debtors are assets with fixed or determinable payments that are not quoted on an active market, other than those that are categorised as financial assets at transaction value through profit and loss. These are initially recognised at the transaction price. At each Balance Sheet date, they are subsequently measured at amortised cost, with interest income recognised to profit and loss using the effective interest method.

Financial liabilities - Classified as basic instruments

Financial liabilities are defined as any liability that is contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. Financial liabilities held by the Company include issued debt. Interest charges are recognised in the profit and loss using the effective interest method. The only category of financial liability held by the Company is those measured at amortised cost using the effective interest method.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.7 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.

2.8 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation or uncertainty that have had a significant effect on the amounts recognised in the financial statements.

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

4. Employees and operating loss

The monthly average number of persons (all are directors) employed by the company during the year was 4 (2015: 4). These directors received no emoluments for their services to the company (2015: £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.

5. Auditor's remuneration

The audit fee, and other fees payable to the external auditors are borne by Protocol National Limited, which is a fellow group company. The fees are disclosed in the financial statements of Protocol National Limited.

6. Interest payable and similar charges

	2016 £000	2015 £000
Debenture loan interest	5,173	4,884
Intercompany interest	174	156
	<u>5,347</u>	<u>5,040</u>

7. Taxation

The company has received the benefit of tax losses amounting to £Nil (2015: £Nil) without making any payment.

	2016 £000	2015 £000
Total current tax	<u>-</u>	<u>-</u>

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

7. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(5,347)	(5,040)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	(1,069)	(1,033)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,034	1,001
Utilisation of losses	(260)	(270)
Transfer pricing adjustments	295	302
Total tax charge for the year	-	-

Factors that may affect future tax charges

The main factor to consider is the decrease in tax rate. The standard rate of corporation tax rate in the UK is 20% for accounting periods from 1 April 2015 and 19% for accounting periods from 1 April 2017. Following the introduction of The Finance Act 2016, which received Royal Assent on 15 September 2016, a corporation tax rate of 17% will apply to accounting periods from 1 April 2020.

Deferred tax is referred to in note 13.

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2015	600
At 30 September 2016	600
Provision for impairment	
At 1 October 2015	600
At 30 September 2016	600
At 30 September 2016	-
At 30 September 2015	-

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding	Principal activity
Education Lecturing Services (a company limited by guarantee)	United Kingdom	100 %	Non-trading company

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

The aggregate of the share capital and reserves as at 30 September 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

9. Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	5,070	5,070
	5,070	5,070

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

9. Debtors (continued)

Included in amounts owed by group undertakings are loans to Protocol National Limited £5,070k (2015: £5,070k).

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

10. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	2,402	2,402
	<u>2,402</u>	<u>2,402</u>

Included in amounts owed to group undertakings are loans to Protocol Associates NV £2,402k (2015: £2,402k).

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

11. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Loan notes	92,612	87,438
Amounts owed to group undertakings	1,680	1,507
	<u>94,292</u>	<u>88,945</u>

Secured loans

The term loan to a fellow group company is unsecured and includes interest accrued in the financial year of £92,612k (2015: £87,438k) which is rolled over quarterly at a rate of 10% per annum. The beneficiary of the loan is Protocol Associates NV.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

11. Creditors: Amounts falling due after more than one year (continued)

	2016 £000	2015 £000
Maturity of debt		
Debenture notes repayable otherwise than by instalments	92,612	87,438
Term loan from a fellow group company	1,680	1,507
Total borrowings	<u>94,292</u>	<u>88,945</u>

Terms of repayment

With respect to the £92,612k (2015: £87,438k) 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 £82,820k (2015: £77,990k) 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 £9,792k (2015: £9,448k) 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.

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

12. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,070	5,070
	<u>5,070</u>	<u>5,070</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(96,694)	(91,347)
	<u>(96,694)</u>	<u>(91,347)</u>

Financial assets that are debt instruments measured at amortised cost comprises of amounts owed by group undertakings totaling £5,070k (2015: £5,070k).

Financial liabilities measured at amortised cost comprise of amounts owed to group undertakings totaling £2,402k (2015: £2,402k), debentures totaling £92,612k (2015: £87,438k) and a loan from a fellow group company totaling £1,680k (2015: £1,507k).

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:

	2016 £000	2015 £000
Deferred tax assets have not been recognised as follows:		
Losses	1,248	1,729
	<u>1,248</u>	<u>1,729</u>

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 7 for details of any enacted changes.

PNI HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

14. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
999,999 Ordinary shares of £0.90 each	899,999	899,999
142,857 'A' Ordinary shares of £0.90 each	128,571	128,571
1 '£1' Ordinary share of £1	1	1
	<u>1,028,571</u>	<u>1,028,571</u>

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.

15. Related party transactions

PNI Holdings Limited has taken the exemption contained in Section 33 of FRS 102 - "Related Party Disclosures" and therefore has not disclosed transactions or balances with entities wholly owned by Protocol Associates NV.

The Key Management Personnel of the company are deemed to be the Directors. The costs of the directors to the company are borne by (and disclosed in the financial statements of) ELS Group Limited, a fellow member of the Protocol group in the UK.

16. 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.

17. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.