

Becap Vivat Limited

Report and Financial Statements

For the 10 months ended 31 December 2010

Registered number 07184785

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COMPANIES HOUSE

Directors' and advisers

Directors

N I B Sanders

Pietersen Holdings Limited

Collingwood Holdings Limited

Company secretary

R M Warwick-Saunders

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London WC2N 6RH

Registered Office

157 Edgware Road

London W2 2HR

Directors' report

The directors present their report and the audited consolidated financial statements of the group for the 10 month period from incorporation on 10 March 2010 to 31 December 2010

Principal activities and review of business

On 24 August 2009 RDA Inc filed for Chapter 11 bankruptcy protection and the senior creditors advised that they would withdraw their support for the UK subsidiary RDA Ltd unless the pension deficit was resolved. An agreement reached between RDA Inc, the Trustees and Pension Protection Fund failed to meet the approval of the Pensions Regulator and RDA Ltd filed for administration on 17 February 2010.

On 9 April 2010 the trade and assets of RDA Ltd were bought out of administration by Vivat Direct Ltd, a majority owned subsidiary of Becap Vivat Ltd with support from BECAP Fund LP.

The group's principal activity during the period was publishing and the sale of magazines, books, compact discs and DVDs by direct mail to the general public and the sale of financial services products to Reader's Digest customers.

During the period the business continued to operate effectively within a difficult economic climate. The key objective was to restart and rebuild the business after the period of administration.

The key performance indicators during the 10 month period were an operating loss of £8,971,000 on turnover of £34,301,000 and loss before tax of £9,268,000 after charging exceptional impairment costs of £4,346,000. The directors are satisfied with the result and the progress made by the business since emerging from administration.

Principal risks and uncertainties

Becap Vivat Limited manages the risks inherent in its activities. The group seeks to mitigate exposure to all forms of risk, where practicable and to transfer risks to insurers where cost effective.

The group faces the challenge of remaining competitive in its traditional markets, maintaining an active customer base and actively recruiting new customers through a number of channels.

The group is exposed to transaction risk in respect of products purchased in a currency other than Sterling. The group mitigates this risk by negotiating purchases in Sterling where practicable. Receipts from our Eire customers provide a degree of natural hedge against the Euro.

To manage liquidity and cash flow risk the business maintains sufficient available funds for its daily operations. Management actively monitors all funding requirements and will manage any finance arrangements needed to meet such requirements.

Future developments

The directors expect the business recovery to continue in the forthcoming years.

Results and dividends

The group's loss for the period is £9,268,000. The directors do not recommend the payment of a dividend.

Directors' report

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were

N I B Sanders (Appointed 8 September 2011)
S A Cooper (Appointed 4 June 2010, Resigned 28 July 2011)
M Aldridge (Appointed 8 April 2010, Resigned 4 June 2010)
C A Mackie (Appointed 10th March 2010, Resigned 8th April 2010)
Pietersen Holdings Limited (Appointed 8 April 2010)
Collingwood Holdings Limited (Appointed 8 April 2010)
Olswang Directors 1 Limited (Appointed 10 March 2010, Resigned 8 April 2010)
Olswang Directors 2 Limited (Appointed 10 March 2010, Resigned 8 April 2010)

The environment

The group takes steps to ensure that, where possible, consumables are recycled and active measures are taken to conserve energy. In particular, the use of electronic storage and retrieval helps ensure minimal uses of paper and other resources.

Post balance sheet events

During 2011 a review of an IT project led to the decision to delay a full implementation. As a result the carrying value of the assets was less than the cost incurred and an impairment charge was taken in 2010 against a proportion of the costs capitalised in 2010.

In July 2011 BECAP Fund LP extended an additional £8 million borrowing facility to the company to support its working capital requirements.

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 group 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 group will continue in business.

Directors' report

Statement of directors' responsibilities (continued)

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 the auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

(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.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and is currently in force. The group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent entity BECAP Fund LP. The directors have received confirmation that BECAP Fund LP intends to support the group for at least one year after these financial statements are signed.

By order of the board



N I B Sanders
Director

Dated 26 September 2011

Independent auditors' report to the members of Becap Vivat Limited

We have audited the group and parent company financial statements of Becap Vivat Limited for the period ended 31 December 2010, which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement 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 pages 3 and 4, 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 group's and parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss and cash flows for the period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

Independent auditors' report to the members of Becap Vivat Limited

- the parent company's 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



Philip Stokes (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2011

Group profit and loss account

for the 10 months ended 31 December 2010

	<i>Note</i>	<i>2010 £'000</i>
Continuing operations		
Turnover	2	34,301
Cost of sales		<u>(21,790)</u>
Gross Profit		12,511
Selling and distribution expenses		(5,525)
Administrative expenses		(11,611)
Exceptional administrative expenses	4	<u>(4,346)</u>
Total administrative expenses		<u>(15,957)</u>
Operating loss	3	(8,971)
Operating loss pre exceptional administrative expenses		(4,625)
Exceptional administrative expenses	4	(4,346)
Operating loss post exceptional administrative expenses		<u>(8,971)</u>
Loss on ordinary activities before interest and taxation		(8,971)
Interest receivable and similar income	7	7
Interest payable and similar charges	8	<u>(304)</u>
Loss on ordinary activities before taxation		(9,268)
Tax on loss on ordinary activities	9	0
Loss for the financial period	20	<u>(9,268)</u>

The Group has no recognised gains or losses other than the loss for the period and therefore no separate statement or total recognised gains or losses has been prepared

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

Group balance sheet

as at 31 December 2010

	Note	2010 £'000
Fixed assets		
Intangible assets	10	3,361
Tangible assets	12	<u>1,701</u>
		5,062
Current assets		
Stocks	14	1,427
Debtors	15	8,136
Cash at bank and in hand		<u>2,072</u>
		11,635
Creditors: amounts falling due within one year	16	<u>(12,207)</u>
Net current liabilities		<u>(572)</u>
Total assets less current liabilities		4,490
Creditors: amounts falling due after more than one year	17	(13,304)
Provision for liabilities	18	(454)
Net liabilities		<u><u>(9,268)</u></u>
Capital and reserves		
Called up share capital	19	0
Profit and loss account	20	<u>(9,268)</u>
Total shareholders' deficit	21	<u><u>(9,268)</u></u>

The financial statements on pages 7 to 25 were approved by the board of directors on 26 September 2011 and were signed on its behalf by



N I B Sanders
Director
Becap Vivat Limited

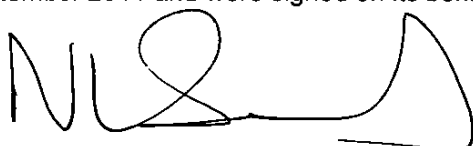
Registered number: 07184785

Company balance Sheet

as at 31 December 2010

	Note	2010 £'000
Fixed asset investments		
Investment in subsidiary undertakings	13	<u>24</u>
		24
Current assets		
Debtors	15	<u>30</u>
		30
Creditors: amounts falling due within one year	16	<u>(3)</u>
Net current assets		<u>27</u>
Total assets less current liabilities		51
Creditors: amounts falling due after more than one year	17	<u>(24)</u>
Net assets		<u><u>27</u></u>
Capital and reserves		
Called up share capital	19	0
Profit and loss account	20	<u>27</u>
Total shareholders' funds	21	<u><u>27</u></u>

The financial statements on pages 7 to 25 were approved by the board of directors on 26 September 2011 and were signed on its behalf by



N I B Sanders
Director
Becap Vivat Limited

Registered Number: 7184785

Group cash flow statement

as at 31 December 2010

	<i>Note</i>	<i>2010 £'000</i>
Operating loss		(8,971)
Depreciation and impairment of fixed assets	12	1,122
Amortisation	10	897
Impairment of goodwill	10	3,356
Decrease in stocks	14,11	653
Increase in debtors	15,11	(4,130)
Increase in creditors	16,18,11	7,186
Net cash outflow from operating activities		113
Returns on investments and servicing of finance		
Interest received		7
		<u>7</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	12,11	(2,773)
		<u>(2,773)</u>
Acquisitions and disposals		
Payments to acquire the trade and assets of Reader's Digest	11	(8,275)
		<u>(8,275)</u>
Cash outflow before use of liquid resources and financing		(10,928)
Financing		
Issue of ordinary share capital (£1)		0
New long term loans		13,000
		<u>13,000</u>
Increase in cash		2,072
Reconciliation of net cash flow to movement in net debt		
		<i>2010 £'000</i>
Increase in cash in the year		2,072
Cash inflow from increase in loans		(13,000)
Interest on loans (non-cash)		(304)
Change in net funds resulting from cash flows		<u>(11,232)</u>
Movement in net debt in the period		
Net debt at start of period		0
Net debt at 31 December 2010		(11,232)

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period and across the group are set out below.

Revenue recognition

Turnover comprises net revenues at the fair value of the consideration received after deducting returns and excludes value added tax. Magazine turnover (both subscription and advertising) is taken into account by reference to the cover date and all other turnover by reference to the date of despatch of the goods.

Turnover from the sale of financial services products comprises the fair value of commissions receivable excluding value added tax. Turnover is taken into account by reference to the date of sale of the financial product on which the commission is earned.

Intangible assets and goodwill

Intangible fixed assets purchased separately from a business are capitalised at cost. Intangible fixed assets acquired as part of a business combination are capitalised at their fair value at the acquisition date.

Intangible fixed assets with limited useful economic lives (up to 20 years) are amortised on a straight line basis over those lives. Intangible fixed assets with indefinite useful economic lives are not amortised. Goodwill is amortised on a straight line basis over its useful economic life of 7 years.

The carrying value of intangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	life of lease
Equipment and computers	–	3 to 5 years
Software	–	3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

Investments

Fixed asset investments are recognised and carried on the balance sheet at cost less any impairment in value

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out method. Carrying value is stated after making provision for slow moving and obsolete stock.

Promotional costs

Internal promotional costs are charged to cost of sales when they are incurred, whereas external promotional costs are capitalised and charged to cost of sales according to the product type as follows:

Magazine costs	–	charged in full as at mail date for new activity and as incurred in respect of renewal activity,
Condensed books and series books	–	charged 66% in the month of the main shipment of the first paid books and the balance in the month of the second paid book.
Single sales	–	Promotion costs are matched to the timing of revenue.
Premiums	–	Premiums are expensed as incurred.

Note – no promotion costs are deferred longer than 3 months.

Product development costs

External and internal product development costs are charged to cost of sales when they are incurred.

Deferred income - unexpired subscriptions

Prepaid magazine subscriptions are credited to deferred income and released to the profit and loss account in equal instalments over the period of the subscription.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

Deferred taxation (continued)

made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Interest receivable and interest payable

Interest receivable and interest payable is recognised in the profit and loss account as it accrues

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing agreements

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Leasing agreements

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Dilapidations

The group is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs are made where a legal obligation is identified and the liability can be reasonably quantified.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company BECAP Fund LP. The directors have received confirmation that BECAP Fund LP intends to support the company for at least one year after these financial statements are signed.

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

2. Turnover

	<i>£'000</i>
By activity	
Reader's Digest Magazine	7,100
Book and home entertainment products	25,752
Sale of financial services products	927
Computer data services	51
Direct marketing services	472
	<u>34,301</u>
By geographical market	
United Kingdom	33,935
Outside United Kingdom	366
	<u>34,301</u>

All turnover originates in the United Kingdom

3. Operating loss

Operating loss is stated after charging

	<i>£'000</i>
Wages and salaries	3,797
Social security costs	434
Other pension costs (note 23)	154
Total staff costs	<u>4,385</u>
Operating lease charges	
– Plant and machinery	8
– Land and buildings	652
Services provided by the company's auditor	
– Fees payable for the audit (company £20,000)	107
– Fees payable for other services (tax compliance)	5
Depreciation of owned tangible fixed assets (note 12)	132
Impairment of tangible fixed assets (note 12)	990
Amortisation of goodwill (note 10)	897
Impairment of goodwill (note 10)	3,356

4. Exceptional items

Exceptional administrative costs comprise write down of IT project of £990,000 and impairment of goodwill of £3,356,000

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

5. Directors' emoluments

	2010 £'000
Aggregate emoluments	400
Benefits in kind	1
Aggregate value of group contributions paid in respect of money purchase benefits	15

	2010 Number
Number of directors accruing benefits under money purchase pension schemes	<u>3</u>

The value of the compensation received by a former director for loss of office amounted to £87,275

Highest paid director

	2010 £'000
Total amount of emoluments and amounts receivable under long-term incentive schemes	115
Benefits in kind	1
Group contributions paid in respect of defined contribution pension scheme	5

6. Employee information

The average monthly number of employees during the period was as follows

	2010 Number
By activity:	
Production	33
Selling and distribution	11
Administration	49
	<u>93</u>

The average number of employees included 3 directors on service contracts

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

7. Interest receivable and similar income

	2010
	£'000
Interest receivable on bank deposits	2
Interest receivable on deposits held by third parties	5
	<u>7</u>

8. Interest payable and similar charges

	2010
	£'000
Interest payable on loan notes issued to BECAP Fund LP	304
	<u>304</u>

9. Tax on loss on ordinary activities

	2010
	£'000
Current tax	
- UK corporation tax on the loss for the period	0
	<u>0</u>
Deferred tax	
- Origination and reversal of timing differences	0
- Changes in the rate of UK corporation tax	0
	<u>0</u>
Total deferred tax	<u>0</u>
Tax on loss on ordinary activities	<u>0</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28%. The differences are explained below

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

9. Tax on loss on ordinary activities (continued)

	2010 £'000
Loss on ordinary activities before tax	<u>(9,268)</u>
Loss on ordinary activities multiplied by effective rate of corporation tax in the UK of 28%	(2,595)
Effects of	
Expenses not deductible for tax purposes	128
Deferred tax unrecognised	2,467
Current tax charge for the period	<u>0</u>

The group has estimated losses carried forward of £2,467,000. These have not been recognised in deferred tax as it is not considered more likely than not that they will be utilised in the near future.

10. Intangible fixed assets

Group	Goodwill £'000	Total £'000
Cost or valuation		
At start of period	0	0
Additions	7,614	7,614
At 31 December 2010	<u>7,614</u>	<u>7,614</u>
Accumulated amortisation.		
At start of period	0	0
Charge for period	897	897
Impairment	3,356	3,356
At 31 December 2010	<u>4,253</u>	<u>4,253</u>
Net book value:		
At 31 December 2010	<u>3,361</u>	<u>3,361</u>
At start of period	<u>0</u>	<u>0</u>
 Company	 Goodwill £'000	 Total £'000
Net book value:		
At start and end of period	<u>0</u>	<u>0</u>

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

10. Intangible fixed assets (continued)

During the year, an impairment review of goodwill was undertaken in accordance with FRS 11 "Impairment of fixed assets and goodwill" which resulted in a write-down of £3,356,000 to the carrying value of goodwill. It was determined that there is one IGU for the business as a whole and the calculation of value in use is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be realistically achievable in light of economic measures and forecasts for the business for the period to 2014, with a long-term growth rate of 1% assumed for the cash flows from 2015 to 2017 (the estimated useful economic life of the goodwill is 7 years). The discount rate of 12% has been determined with reference to the estimated pre-tax Weighted Average Cost of Capital ("WACC"). Whilst there is a risk associated with the cash flows, the cost base of the business can be flexed in response to changes in revenue and therefore the Directors believe that in the case of any reasonably possible change in the key assumptions on which the recoverable amount of business is based would not cause its carrying amount to exceed its recoverable amount.

11. Acquisitions

On 9 April 2010 Vivat Direct Ltd completed the acquisition of the trade and assets of RDA Limited. The goodwill arising on acquisition was as follows:

	<i>Total book Value £'000</i>	<i>Fair Value Adjustments £'000</i>	<i>Total fair value £'000</i>
Consideration			
Cash	7,501	0	7,501
Deal costs	<u>774</u>	<u>0</u>	<u>774</u>
	8,275	0	8,275
<i>Adjusted net assets at acquisition</i>			
Intellectual property	500	(500)	0
Tangible fixed assets	50	0	50
Net stocks	2,080	0	2,080
Debtors	4,006	0	4,006
Ransom creditors	0	(770)	(770)
Deferred revenue from prepaid subscriptions	0	(4,705)	(4,705)
Net assets acquired	<u>6,636</u>	<u>(5,975)</u>	<u>661</u>
Goodwill arising	<u>1,639</u>	<u>5,975</u>	<u>7,614</u>

The above fair value adjustments have been made to the book value of the acquired net assets for the following reasons:

Intellectual property (IP) – the value of the IP acquired is (on an ongoing basis) not a separately identifiable asset to the business.

Ransom creditors – settlement of certain obligations not assumed as part of the acquisition was required in order to secure ongoing supply of goods and services.

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

11. Acquisitions (continued)

Deferred revenue – the obligation to service pre paid subscribers for the remainder of their subscription

12. Tangible fixed assets

<i>Group</i>	<i>Software £'000</i>	<i>Equipment & Computers £'000</i>	<i>Leasehold improve- ments £'000</i>	<i>Total £'000</i>
Cost or valuation				
At start of period	0	0	0	0
Additions	2,040	192	591	2,823
At 31 December 2010	2,040	192	591	2,823
Accumulated depreciation:				
At start of period	0	0	0	0
Charge for period	31	71	30	132
Exceptional impairment of fixed assets	990	0	0	990
At 31 December 2010	1,021	71	30	1,122
Net book value:				
At 31 December 2010	1,019	121	561	1,701
At start of period	0	0	0	0
Company				
	<i>Software £'000</i>	<i>Equipment & Computers £'000</i>	<i>Leasehold improve- ments £'000</i>	<i>Total £'000</i>
Net book value:				
At start and end of period	0	0	0	0

13. Investments

<i>Company</i>	<i>Investment in subsidiary undertakings £'000</i>
Cost	
At start of period	0
Additions	24
At 31 December 2010	24

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

13. Investments (continued)

The details of the company's subsidiary undertakings as at 31 December 2010 are as follows

Direct subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	% owned
Direct Midco Limited	United Kingdom	Holding company	Ordinary	100
Indirect subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	% owned
Vivat Finance Limited	United Kingdom	Earning commission on the sale of financial products	Ordinary	100
Vivat Direct Limited	United Kingdom	Publishing and direct marketing	Ordinary	100
Direct Marketing Partners Limited	United Kingdom	Publishing and direct marketing	Ordinary	100

Legally the company owns 85% of Direct Midco Limited at 31 December 2010 (and therefore the group below Direct Midco Limited) with the remaining shares owned by employees. These are not accounted for as a minority interest due to the ownership conditions of, and restrictions on, these employee shares. Accordingly, the shares held by employees constitute cash settled share-based payments and fall within the scope of FRS20

14. Stocks

	Group 2010 £'000	Company 2010 £'000
Raw materials and consumables	121	0
Work in progress	0	0
Finished goods and goods for resale	1,306	0
	1,427	0

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

15. Debtors

	Group	Company
	2010	2010
	£'000	£'000
Trade debtors (after provision for doubtful debt)	7,047	0
Taxation and social security	82	0
Amounts owed by group undertakings	0	30
Other debtors	305	0
Prepayments and accrued income	702	0
	8,136	30

16. Creditors: amounts falling due within one year

	Group	Company
	2010	2010
	£'000	£'000
Trade creditors	3,981	3
Accruals and deferred income	8,226	0
	12,207	3

17. Creditors: amounts falling due after more than one year

	Group	Company
	2010	2010
	£'000	£'000
Fixed Rate Secured "A" loan stock 2010 / 2015	6,639	0
Fixed Rate Secured "B" loan stock 2010 / 2015	6,641	0
Long Term Loans	24	24
	13,304	24

Maturity of financial liabilities

	2010	2010
	£'000	£'000
In more than two years, but not more than five years	13,304	24

As at the 31 December 2010 the secured "A" loan stock instrument dated 16 November 2010 between Vivat Direct Limited and Becap Vivat Limited and the secured "B" Loan Stock Instrument dated 16 November 2010 between Vivat Direct Limited and Becap Vivat Limited were both secured on the properties and other assets of Vivat Direct Limited and Vivat Finance

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

17. Creditors: amounts falling due after more than one year (continued)

Limited (the "Chargors") under a composite guarantee and debenture dated 16 November 2010 between Chargors and Becap Vivat Limited

Interest is charged on "A" loan stock at 17.43% per annum from 16 November 2010 until 31 December 2011 when the rate reverts to 11% for the remainder of the term to 2015
Interest is charged on "B" loan stock at 20.59% per annum from 16 November 2010 until 31 December 2011 when the rate reverts to 13% for the remainder of the term to 2015

The balance of £13,280,000 includes interest accrued for the period of £304,000

18. Provision for liabilities

<i>Group</i>	<i>2010 Dilapidations Provision £'000</i>	<i>2010 Litigation Provision £'000</i>	<i>2010 Total Provision £'000</i>
At start of period	0	0	0
Charged to the profit and loss account	80	374	454
Utilised during the period	0	0	0
At 31 December 2010	80	374	454

During the period a provision for dilapidations of £80,000 was established as an estimate of the associated repair cost in respect of the office lease held by the company. An associated asset has been capitalised as leasehold improvements and is being amortised over the life of the lease and charged to the profit and loss account.

During the period a provision of £374,000 was established as an estimate of the potential legal costs associated with employment issues.

There are no provisions in the company as at 31 December 2010.

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

19. Called up share capital

Allotted and fully paid
1 ordinary share of £1.00 each

£

1.00

20. Profit and loss account

	<i>Group profit and loss account £'000</i>	<i>Company profit and loss account £'000</i>
At start of period	0	0
(Loss) / profit for the financial period	(9,268)	27
Reserves at 31 December 2010	(9,268)	27

21. Reconciliation of movements in shareholders' (deficit) / funds

	<i>Group 2010 £'000</i>	<i>Company 2010 £'000</i>
(Loss) / profit for the financial period	(9,268)	27
Net proceeds of issue of ordinary share capital	0	0
Net change in shareholders' funds	(9,268)	27
Opening shareholders' funds	0	0
Closing shareholders' (deficit) / funds	(9,268)	27

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

22. Commitments

Annual commitments under non-cancellable operating leases are as follows

<i>Group</i>	<i>Land and buildings £'000</i>	<i>Plant & machinery £'000</i>
Operating leases which expire		
Within one year	0	0
Between two and five years	43	13
Over five years	215	0
	<u>258</u>	<u>13</u>
 <i>Company</i>	 <i>Land and buildings £'000</i>	 <i>Plant & machinery £'000</i>
Operating leases which expire		
Within one year	0	0
Between two and five years	0	0
Over five years	0	0
	<u>0</u>	<u>0</u>

23. Pension commitments

The group operates a defined contributions scheme, which is open to all employees

Contributions of between 3% and 7% are made by the employee and are matched by the group
The cost of the scheme during the period was £154,317 Included in accruals is an amount of £34,100 in relation to pension costs for December 2010

24. Related party transactions

The group has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the group which are wholly owned subsidiaries There were no further related party transactions in the year

25. Post balance sheet events

During 2011 a review of an IT project led to the decision to delay a full implementation As a result the carrying value of the assets was less than the cost incurred and an impairment charge was taken in 2010 against a proportion of the costs capitalised in 2010

In July 2011 BECAP Fund LP extended an additional £8 million borrowing facility to the company to support its working capital requirements

Notes to the consolidated financial statements

for the 10 months ended 31 December 2010

26. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is BECAP Fund LP an entity incorporated in Guernsey. Becap Vivat Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2010. The consolidated financial statements of Becap Vivat Limited are available from 157 Edgware Road, London W2 2HR.