

VCG Catapult Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2012

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Company Registration No 985370

VCG Catapult Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Mollard
M Tooley
J Patel

SECRETARY

J Patel

REGISTERED OFFICE

1 Europa Park
Croft Way
Witham
Essex
CM8 2FN

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

VCG Catapult Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of VCG Catapult Limited for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The company's principal activities are the supply of print management services to a wide range of commercial customers, and storage services for third parties

REVIEW OF THE BUSINESS

As shown in the company's profit and loss account on page 6, the company's sales have decreased by 10% from the previous year. The profit before taxation of the company for the year was £120,779 (2011 £22,900)

The directors consider the company's financial position at the year end as set out in the balance sheet on page 7 to be satisfactory. Details of the amount owed to group undertakings is shown in note 10.

There have been no significant events since the balance sheet date.

VCG (Holdings) Limited manages the operations of its subsidiaries. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the group of VCG (Holdings) Limited, which includes the company, is discussed in the group's Annual Report that does not form part of this Report.

FUTURE DEVELOPMENTS

There have not been any significant changes in the company's principal activity during the period under review and the directors are not aware of any likely major changes in the company's activities or prospects in the next year.

RESULTS AND DIVIDENDS

The profit for the year amounted to £120,779 (2011 - profit £22,900). The directors have not recommended a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The challenging credit environment during 2012 has highlighted the importance of management of credit risk. The company's exposure to credit risk takes the form of a loss that would be recognised if customers failed to meet their payment obligations. This risk may arise in relation to amounts owed for sales. The current credit crisis and economic conditions could also lead to the failure of companies within our sectors including customers and suppliers.

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction or to ensure that the supplier is aware of the individual business's usual terms of payment.

VCG Catapult Limited

DIRECTORS' REPORT

CORPORATE GOVERNANCE UPDATE

Environment

VCG Catapult Limited recognises the importance of its environmental responsibilities and is committed to the ongoing reduction of the environmental impact of all its operations

The company designs and implements policies to reduce any damage that may be caused by its activities and has been accredited under ISO 14001

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements

DIRECTORS

The directors who served the company during the year were as follows

J Mollard
M Tooley
J Patel

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office

By order of the board

J Patel

Company Secretary



VCG Catapult Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCG CATAPULT LIMITED

We have audited the financial statements on pages 6 to 14. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit 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

Baker Tilly UK Audit LLP

JONATHAN ERICSON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Portland

25 High Street

Crawley

West Sussex RH10 1BG

17 September 2013

VCG Catapult Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	<i>Notes</i>	2012 £	2011 £
TURNOVER	1	6,196,741	6,876,361
Cost of sales		<u>(4,721,645)</u>	<u>(5,506,150)</u>
Gross profit		1,475,096	1,370,211
Distribution costs		<u>(1,017,790)</u>	<u>(958,893)</u>
Administrative expenses		<u>(312,443)</u>	<u>(364,256)</u>
OPERATING PROFIT	2	144,863	47,062
Interest payable and similar charges	5	(24,084)	(24,162)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>120,779</u>	<u>22,900</u>
Taxation	6	—	—
PROFIT FOR THE FINANCIAL YEAR	16	<u>120,779</u>	<u>22,900</u>

The profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

VCG Catapult Limited

BALANCE SHEET

31 December 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	<u>24,653</u>	<u>28,606</u>
CURRENT ASSETS			
Stocks	8	207,443	231,123
Debtors	9	1,106,263	1,067,519
Cash at bank and in hand		<u>3,470</u>	<u>2,490</u>
		1,317,176	1,301,132
CREDITORS			
Amounts falling due within one year	10	<u>(951,167)</u>	<u>(1,059,855)</u>
NET CURRENT ASSETS		<u>366,009</u>	<u>241,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>390,662</u>	<u>269,883</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	<u>(609,338)</u>	<u>(730,117)</u>
SHAREHOLDERS' FUNDS	17	<u>390,662</u>	<u>269,883</u>

The financial statements on pages 6 to 14 were approved by the board of directors and authorised for issue on 13 Sept 2013 and are signed on their behalf by



J Patel

VCG Catapult Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

GOING CONCERN

The company's business activities together with the factors likely to affect its future development and position are set out in the Directors' Report on pages 2 to 3

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future and has adequate financial resources, together with continuing contracts with a number of stable customers across different geographic areas and sectors. As a consequence the directors believe that the company is well placed to manage its business risks successfully. The company participates in the group's centralised treasury arrangements and having made enquiries of the company's parent VCG (Holdings) Limited has no reason to doubt the ability of the group to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in the preparation of the financial statements

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts. The sale of services is recognised using the percentage of completion method, which is measured according to the stage of customer acceptance reached

FIXED ASSETS

Fixed assets are initially recorded at cost

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Computer Equipment - 10 to 33% straight line

STOCKS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal

LEASES

Assets held under finance leases (including hire purchase contracts) are treated as tangible fixed assets, depreciation is provided accordingly and the capital element of future payments is included in creditors. Interest payable under finance leases and rental costs arising from operating leases are charged to the profit and loss account as they arise

VCG Catapult Limited

ACCOUNTING POLICIES

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

DEFERRED TAXATION

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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 a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Trade debtors

Trade debtors do not carry any interest and are stated at nominal amount less any provision for estimated irrecoverable amounts.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis.

VCG Catapult Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 TURNOVER

Turnover is attributable to the principal activities of the company as stated in the directors' report
An analysis of turnover is given below

	2012	2011
	£	£
United Kingdom	2,649,949	4,074,523
Rest of the world	3,546,792	2,801,838
	<u>6,196,741</u>	<u>6,876,361</u>

2 OPERATING PROFIT

Operating profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	18,473	19,411
Auditor's remuneration		
- as auditor	7,500	7,000
Operating lease costs:		
- Plant and equipment	16,638	26,097
- Other	<u>39,908</u>	<u>39,862</u>

3 PARTICULARS OF EMPLOYEES

The average number of staff employed (including directors) by the company during the financial year was

	2012	2011
	No	No
Production	13	12
Sales	3	3
Administration	2	3
	<u>18</u>	<u>18</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	917,612	904,689
Social security costs	61,659	66,978
Other pension costs	14,128	14,069
	<u>993,399</u>	<u>985,736</u>

VCG Catapult Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

4 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Remuneration receivable	126,016	121,564
Value of company pension contributions to money purchase schemes	8,755	8,755
	<u>134,771</u>	<u>130,319</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2012	2011
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
On bank loans and overdrafts	<u>24,084</u>	<u>24,162</u>

6 TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% (2011 - 26%), as explained below

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>120,779</u>	<u>22,900</u>
Profit on ordinary activities by rate of tax	28,987	5,954
Effects of		
Expenses not deductible for tax purposes	7,377	4,609
Capital allowances less than/ (in excess of) depreciation for the period	(3,490)	398
Utilisation of tax losses	<u>(32,874)</u>	<u>(10,961)</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

On 29 March 2012 the Government announced that the main rate of Corporation Tax would be reduced from 26% to 24% with effect from 1 April 2012. The main rate of corporation tax for the year from 1 April 2013 has been set at 23% by inclusion in the Finance Bill 2012. This was substantively enacted on 3 July 2012. As such, in accordance with UK GAAP, the rate of 23% is used for the calculation of the deferred tax provision at 31 December 2012 (2011 - 25%).

VCG Catapult Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

7 TANGIBLE FIXED ASSETS

	Fixtures & Computer Equipment £
Cost	
At 1 January 2012	431,932
Additions	14,520
Disposals	(354,406)
At 31 December 2012	<u>92,046</u>
Depreciation	
At 1 January 2012	403,326
Charge for the year	18,473
On disposals	(354,406)
At 31 December 2012	<u>67,393</u>
Net book value	
At 31 December 2012	<u>24,653</u>
At 31 December 2011	<u>28,606</u>

8 STOCKS

	2012 £	2011 £
Work in progress	—	1,908
Finished goods	207,443	229,215
	<u>207,443</u>	<u>231,123</u>

9 DEBTORS

	2012 £	2011 £
Trade debtors	367,464	473,893
Amounts owed by group undertakings	717,130	575,493
Prepayments and accrued income	21,669	18,133
	<u>1,106,263</u>	<u>1,067,519</u>

10 CREDITORS Amounts falling due within one year

	2012 £	2011 £
Bank loans	190,955	184,366
Trade creditors	537,833	452,169
Amounts owed to group undertakings	48,912	63,573
Other taxation and social security	71,080	99,372
Accruals and deferred income	102,387	260,375
	<u>951,167</u>	<u>1,059,855</u>

Bank borrowings are secured by fixed and floating charges over the assets of the company, and by guarantee of the other members of the VCG (Holdings) Limited group

VCG Catapult Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

11 DEFERRED TAXATION

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	2012 £	2011 £
Excess of depreciation over taxation allowances	6,524	10,727
Tax losses available	56,640	95,810
	<u>63,164</u>	<u>106,537</u>

There is insufficient certainty concerning the future profits of the company to justify recognising the full deferred tax asset in respect of the items above. If profits were to arise then the potential asset is shown above and is based on a corporation tax rate of 23% (2011 25%), being the long term rate at which differences are expected to reverse

12 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Assets other than land and buildings	
	2012 £	2011 £
Operating leases which expire		
Within 2 to 5 years	<u>16,638</u>	<u>22,409</u>

13 CONTINGENT LIABILITY

The company has provided a guarantee to its parent company and to its fellow subsidiaries to secure the bank borrowings of the group. At 31 December 2012 the total group facility amounted to £6,825,000 (2011 £7,050,000) and was due to Landsbanki Islands hf, a related party, which holds 51% of the voting rights of the ultimate holding company. The company's contingent liability at the balance sheet date was £5,584,179 (2011 5,771,170)

The company is a member of a composite accounting agreement in respect of Barclays Bank Plc. At the balance sheet date the company's contingent liability is £25,493

The company is a member of a group VAT registration and would be liable for the balances due by the other members of the group. The maximum exposure is £469,332 (2011 £405,201)

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption offered by Financial Reporting Standard No 8 (Related Party Disclosures) whereby transactions with other companies in which VCG (Holdings) Limited had 100% of the voting rights are not disclosed in the accounts

The company had the following related party transactions with Landsbanki Islands hf, a company which holds 51% of the voting rights of the ultimate holding company

£190,955 (2011 £184,366) was owed to Landsbanki Islands hf at the balance sheet date as a result of credit facilities advanced to the company. Interest of £24,084 was charged during the year by Landsbanki Islands hf

VCG Catapult Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

15 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid 1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

16 RESERVES

	Profit and loss account £
Balance brought forward	(730,117)
Profit for the year	<u>120,779</u>
Balance carried forward	<u>(609,338)</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	120,779	22,900
Opening shareholders' funds	<u>269,883</u>	<u>246,983</u>
Closing shareholders' funds	<u>390,662</u>	<u>269,883</u>

18 ULTIMATE HOLDING COMPANY

The immediate holding company is VCG (Holdings) Limited registered in England and Wales. The consolidated statutory accounts of VCG (Holdings) Limited are available from the registered office of the company at 1 Europa Park, Croft Way, Witham, Essex CM8 2FN. The ultimate holding company is Landsbanki Islands hf.

The largest and smallest group preparing consolidated accounts that include the results of the company is VCG (Holdings) Limited.