

De La Rue Investments Limited
(Registered Number: 2527386)

Directors' Report and Financial Statements

For the period ended 31 March 2012

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Directors' Report

The Directors submit their report together with the audited financial statements of the Company for the period 27 March 2011 to 31 March 2012

Principal activity

The Company is a holding company and has no employees

Principal risks and uncertainties

The Company has provided a loan to its immediate parent company, De La Rue Holdings plc. The principal risk to the Company is the risk of default on this loan.

The key risks facing De La Rue Holdings plc, its subsidiaries and associate investments are disclosed in the Business Review section of the annual report of De La Rue plc.

Review of business and future developments

The Company will continue to operate in accordance with its principal activities for the immediate future.

The Company received no dividends from subsidiary undertakings during the period (2011: £nil).

In June 2012 the Company and certain other De La Rue Group companies agreed a new £200 million four and a half year revolving facility which expires in December 2016. Key financial covenants on this facility are unchanged.

Key performance indicators

The Directors monitor and manage the performance of each investment against its published financial statements and against the key performance indicators (KPI's) of the De La Rue Group because the Company's Directors believe that analysis using KPI's specifically for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. Details of the Group's KPI's, which includes the Company, are set out in the Business Review section on pages 6 – 33 of the annual report of De La Rue plc, which does not form part of this report.

Results and dividends

The profit for the period after taxation was £1,225,000 (2011: £601,000). The Directors do not recommend the payment of a dividend (2011: £nil). The profit for the financial period of £1,225,000 (2011: £601,000) has been transferred to reserves.

Directors' Report (continued)

Directors

The names of the Directors holding office during the period were as follows

C C Child
E H D Peppiatt

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The auditors, KPMG Audit Plc, have indicated their willingness to continue to act and are deemed to have been re-appointed pursuant to Section 487 of the Companies Act 2006

Statement of directors' responsibilities in respect of the Directors' Report and the 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

By Order of the Board



J F Hermans
Secretary

Registered Office
De La Rue House
Jays Close
Viabes
Basingstoke
Hampshire
RG22 4BS

13 September 2012



Independent Auditor's Report to the Member of De La Rue Investments Limited

We have audited the financial statements of De La Rue Investments Limited for the period ended 31 March 2012 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member those matters we are required to state to the member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with UK 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 period for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Member of De La Rue Investments Limited (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'A J Sykes'.

A J Sykes
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square,
London
E14 5GL

13 September 2012

Profit and Loss Account
For the period ended 31 March 2012

	Note	2012 £'000	2011 £'000
Administration expenses		<u>1,046</u>	<u>(1,591)</u>
Operating profit/(loss)		1,046	(1,591)
Interest receivable and similar income	4	309	47
Interest payable and similar charges	5	(130)	(93)
		<u> </u>	<u> </u>
Profit/(loss) on ordinary activities before taxation		1,225	(1,637)
Taxation on profit/(loss) on ordinary activities	3	-	2,238
		<u> </u>	<u> </u>
Profit for the financial period		1,225	601
		<u> </u>	<u> </u>

There is no difference between the results in the profit and loss account and the results on an historical cost basis

There are no recognised gains or losses other than the retained profit for the financial years shown in the above profit and loss account

The notes on pages 9 to 14 form part of these financial statements

Balance Sheet at 31 March 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	6	33,383	33,383
Current assets			
Debtors (including £84,196,000 (2011 £84,196,000) due after one year)	7	86,915	84,342
Cash at bank and in hand		273	255
		87,188	84,597
Current Liabilities			
Creditors – amounts falling due within one year	8	(75)	(29)
Net current assets		87,113	84,568
Total assets less current liabilities		120,496	117,951
Creditors – amounts falling due after more than one year	9	(12,547)	(11,227)
Net Assets		107,949	106,724
Capital and reserves			
Called up share capital	10	95,000	95,000
Profit and loss account	11	12,949	11,724
Equity shareholders' funds	12	107,949	106,724

Approved by the Board on 13 September 2012


C C Child
Director

The notes on pages 9 to 14 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared as at 31 March 2012, being the last Saturday in March. The comparatives for the 2011 financial period are for the period ended 26 March 2011.

The Company has considerable net assets. As a consequence, after consideration of the credit risk of the loan made to its immediate parent company, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(b) Consolidation of subsidiaries

The financial statements contain information about De La Rue Investments Limited as an individual Company and do not contain consolidated financial information as the parent of a group of companies. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, De La Rue plc, a company registered in England and Wales. References to "Group" mean to De La Rue plc and its subsidiaries.

(c) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Exchange gains and losses on monetary assets and liabilities are dealt with in the profit and loss account, except to the extent that they represent a hedge of the Company's overseas investments, which are dealt with in reserves together with the exchange differences on the carrying value of the related investment.

(d) Interest

Interest is recognised in the profit and loss on an accruals basis.

(e) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(f) Investments

Investments are stated at cost or valuation in the balance sheet, less provision for any impairment in the value of the investment.

Notes (continued)

2 Directors' emoluments and auditors' remuneration

The Directors and all other staff engaged on the Company's operations received no fees or other remuneration from the Company (2011 Nil). During the period under Mr C C Child was employed by De La Rue plc, and with effect from 3 June 2011, Mr E H D Peppiatt was also employed by De La Rue plc (previously employed by De La Rue Holdings plc), and all were remunerated in respect of their services to the Group as a whole by his or her employing company. Their emoluments are dealt with in those companies' financial statements. There are no persons employed by the Company (2011 Nil). The auditors' remuneration was borne by another Group company.

3 Taxation on profit on ordinary activities

Analysis of tax credit for the period	2012	2011
	£'000	£'000
UK corporation tax		
Prior period adjustment	-	(2,238)
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	(2,238)
	<hr/>	<hr/>

Factors affecting the tax credit for the current period

The current tax charge for the period is lower (2011 higher) than the standard rate of corporation tax in the UK 26% (2011 28%). The differences are explained below.

	2012	2011
	£'000	£'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	1,225	(1,637)
	<hr/>	<hr/>
Expected tax credit at 26% (2011 28%)	319	(458)
Effects of		
Dividend income not taxable	(75)	-
Permanent differences	585	-
Utilisation of losses not previously recognised	(389)	
Prior period adjustment	-	(2,238)
Group relief	(440)	458
	<hr/>	<hr/>
Total current tax credit	-	(2,238)
	<hr/>	<hr/>

The standard rate of corporation tax in the UK changed to 26% with effect from 1 April 2011. During the year the UK Government announced that the rate of UK corporation tax would reduce to 24% from 1 April 2012 and then by 1% over each of the following two years to 22%.

Notes (continued)

4 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from Group undertakings	287	47
External interest receivable	22	-
	<hr/>	<hr/>
Interest receivable and similar income	309	47
	<hr/>	<hr/>

5 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to Group undertakings	(130)	(93)
	<hr/>	<hr/>

6 Investments

Investments in subsidiaries	£'000
Cost	
At 26 March 2011 and 31 March 2012	267,914
Provision for impairment	
At 26 March 2011 and 31 March 2012	(234,531)
Net book value	<hr/>
At 26 March 2011 and 31 March 2012	33,383
	<hr/>

Notes (continued)

6 Investments (continued)

The Company's principal subsidiary investments are summarised as follows

Subsidiary	Class	Ownership	Country of Registration	Trade
De La Rue Scandinavia Limited	Ordinary share capital	100%	England	Holding Company
Portals Group Limited	Ordinary and preference share capital	100%	England	Holding Company
Harrison & Sons Limited	Ordinary and preference share capital	100%	England	Non Trading

In the opinion of the Directors the value of investments in subsidiary undertakings is not less than that shown in the balance sheet

7 Debtors

	2012	2011
	£'000	£'000
Amounts owed by Group undertakings	425	146
Amounts owed by Group undertakings due after one year	86,490	84,196
	<hr/>	<hr/>
Total Debtors	86,915	84,342
	<hr/>	<hr/>

8 Creditors – amounts falling due within one year

	2012	2011
	£'000	£'000
Amounts owed to Group undertakings	(75)	(29)
	<hr/>	<hr/>

Notes (continued)

9 Creditors – amounts falling due after more than one year

	2012 £'000	2011 £'000
Amounts owed to Group undertakings	<u>(12,547)</u>	<u>(11,277)</u>

Amounts due to Group undertakings are unsecured and have no fixed date for repayment, however, the above amounts represent long term group loans and are not due within less than one year

10 Called up share capital

	2012 £'000	2011 £'000
Authorised 95,000,000 Ordinary shares of £1 each	<u>95,000</u>	<u>95,000</u>
Allotted, called up and fully paid 95,000,000 Ordinary shares of £1 each	<u>95,000</u>	<u>95,000</u>

11 Reserves

	Profit and loss account £'000
At 26 March 2011	11,724
Profit for the financial period	1,225
At 31 March 2012	<u>12,949</u>

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Profit for the financial period	1,225	601
Opening shareholders' funds	106,724	106,123
	<hr/>	<hr/>
Closing shareholders' funds	107,949	106,724
	<hr/>	<hr/>

13 Contingent liabilities

The Company has jointly guaranteed the bank borrowings of Group companies under the Group £200 million four and a half year revolving credit facility

14 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of De La Rue plc and is included in the consolidated financial statements of De La Rue plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are wholly owned within the De La Rue Group.

15 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is De La Rue Holdings plc and the ultimate parent company is De La Rue plc, which are both registered in England and Wales. The De La Rue Group is the only Group of which the Company is a member and for which Group accounts are prepared. Copies of the Group accounts are available from the Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.