

De La Rue Investments Limited
(Registered Number: 02527386)

Directors' Report and Financial Statements

For the period ended 30 March 2013



Directors' Report

The Directors submit their report together with the audited financial statements of the Company for the period 1 April 2012 to 30 March 2013

Principal activity

The Company is a holding company

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, pages 11 – 35, of the annual report of De La Rue plc, which does not form part of this report.

Review of business and future developments

The Company will continue to operate in accordance with its principal activities for the immediate future. The Company had no employees in the year.

The Company received dividends of £7,047,000 from subsidiary undertakings during the period (2012: £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 11 - 35 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 £4,898,000 (2012: £1,225,000). The Directors made interim dividend payments of £12,500,000 (2012: £nil), however the Directors do not recommend the payment of a final dividend (2012: £nil). The retained deficit for the financial period of £7,602,000 (2012: retained profit of £1,225,000) 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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office. However, our auditors, KPMG Audit Plc, have instigated an orderly transfer of its business to its parent company, KPMG LLP. Therefore, during the 2013/14 year the board of De La Rue Investments Limited will appoint KPMG LLP as auditors.

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
Viables
Basingstoke
Hampshire
RG22 4BS

30 September 2013

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 30 March 2013 set out on pages 7 to 15. 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities 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 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 web-site at www.frc.org.uk/auditscopeukprivate.

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 30 March 2013 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
- the financial statements are not in agreement with the accounting records and returns
- certain disclosures of directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit



Ian Bone
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc,
Statutory Auditor

Chartered Accountants
15 Canada Square,
London
E14 5GL

30 September 2013

Profit and Loss Account
For the period ended 30 March 2013

	Note	2013 £'000	2012 £'000
Administration expenses		(2,078)	1,046
Income from fixed asset investments		7,047	-
Operating profit		4,969	1,046
Interest receivable and similar income	4	70	309
Interest payable and similar charges	5	(141)	(130)
Profit on ordinary activities before taxation		4,898	1,225
Taxation on profit on ordinary activities	3	-	-
Profit for the financial period		4,898	1,225

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 15 form part of these financial statements

Balance Sheet at 30 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	6	33,383	33,383
Current assets			
Debtors (including £76,290,000 (2012 £86,490,000) due after one year)	7	76,664	86,915
Cash at bank and in hand		239	273
		<u>76,903</u>	<u>87,188</u>
Current Liabilities			
Creditors – amounts falling due within one year	8	(164)	(75)
		<u>76,739</u>	<u>87,113</u>
Net current assets		76,739	87,113
Total assets less current liabilities		110,122	120,496
Creditors – amounts falling due after more than one year	9	(9,775)	(12,547)
		<u>100,347</u>	<u>107,949</u>
Net Assets		100,347	107,949
Capital and reserves			
Called up share capital	10	95,000	95,000
Profit and loss account	11	5,347	12,949
		<u>100,347</u>	<u>107,949</u>
Shareholders' funds	12	100,347	107,949

Approved by the Board on 30 September 2013



C C Child
Director

The notes on pages 9 to 15 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

(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 30 March 2013, being the last Saturday in March. The comparatives for the 2012 financial period are for the period ended 31 March 2012.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. De La Rue Investments Ltd and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, De La Rue plc, a Company registered in England and Wales.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of De La Rue Holdings plc, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures', and has therefore not disclosed transaction or balances with wholly owned subsidiaries which form part of the Group. References to "Group" mean De La Rue plc and its subsidiaries.

(b) Going concern

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.

(c) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(d) Interest

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

Notes to the Financial Statements (continued)

(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.

(g) Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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 (2012 Nil). During the period under review Mr C C Child and Mr E H D Peppiatt were employed by De La Rue plc, and both were remunerated in respect of their services to the Group as a whole by their employing company. Their emoluments are dealt with in that company's financial statements. There are no persons employed by the Company (2012 Nil). The auditors' remuneration was borne by another Group company.

3 Taxation on profit on ordinary activities

Analysis of tax charge for the period	2013 £'000	2012 £'000
UK corporation tax		
Current tax on income for the period	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax credit for the current period

The current tax charge for the period is lower (2012 lower) than the standard rate of corporation tax in the UK 24% (2012 26%). The differences are explained below.

Notes to the Financial Statements (continued)

3 Taxation on profit on ordinary activities (continued)

	2013 £'000	2012 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	4,898	1,225
Expected tax charge at 24% (2012: 26%)	1,176	319
Effects of		
Dividend income not taxable	(1,706)	(75)
Permanent differences	31	585
Utilisation of losses not previously recognised	-	(389)
Group relief	499	(440)
Total current tax charge	-	-

A reduction in the UK tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. It was announced at the 2012 Autumn Statement and 2013 Budget that the main rate of UK corporation tax shall be reduced to 21% from April 2014 and 20% from April 2015.

4 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from Group undertakings	60	287
External interest receivable	10	22
	70	309

5 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to Group undertakings	(141)	(130)

Notes to the Financial Statements (continued)

6 Investments

Investments in subsidiaries	£'000
Cost	
At 31 March 2012 and 30 March 2013	267,914
Provision for impairment	
At 31 March 2012 and 30 March 2013	(234,531)
Net book value	
At 31 March 2012 and 30 March 2013	<u>33,383</u>

The Company's 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

Notes to the Financial Statements (continued)

7 Debtors

	2013 £'000	2012 £'000
Amounts due within one year		
Amounts owed by Group undertakings	374	425
Amounts due after one year		
Amounts owed by Group undertakings due after one year	76,290	86,490
	<u>76,664</u>	<u>86,915</u>

8 Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to Group undertakings	<u>(164)</u>	<u>(75)</u>

9 Creditors – amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed to Group undertakings	<u>(9,775)</u>	<u>(12,547)</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

Notes to the Financial Statements (continued)

10 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid	95,000	95,000
95,000,000 Ordinary shares of £1 each	<u> </u>	<u> </u>

11 Reserves

	Profit and loss account £'000
At 31 March 2012	12,949
Profit for the financial period	4,898
Dividends paid	(12,500)
	<u> </u>
At 30 March 2013	5,347
	<u> </u>

12 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial period	4,898	1,225
Dividends paid	(12,500)	-
Opening shareholders' funds	107,949	106,724
	<u> </u>	<u> </u>
Closing shareholders' funds	100,347	107,949
	<u> </u>	<u> </u>

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

Notes to the Financial Statements (continued)

14 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 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.