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COMPANIES HOUSE

**AVID PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**Company Registration Number 02691049**

**AVID PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**AVID PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2011**

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<b>The board of directors</b>	P Troesch H Stoddard III
<b>Company secretary</b>	P Troesch
<b>Business address</b>	Unit 1 Knights Court South Chailey Lewes East Sussex
<b>Registered office</b>	Unit 1 Knights Court South Chailey Lewes East Sussex
<b>Auditor</b>	RSM Tenon Audit Limited Vantage Victoria Street Basingstoke Hampshire RG21 3BT
<b>Accountants</b>	RSM Tenon Limited Accountants & Business Advisers Vantage Victoria Street Basingstoke Hampshire RG21 3BT
<b>Bankers</b>	Barclays High Street Lewes East Sussex

**AVID PLC**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements of the company for the year ended 31 December 2011

**Principal activities and business review**

The principal activity of the company during the year was that of the supply of electronic tagging systems

During the course of the year the company shrank by less than 1% in terms of turnover despite difficult trading conditions

The directors have assessed the main trading risk facing the company as being increased competition. The directors believe that the quality of our products and customer service will help mitigate this risk and hope to see satisfactory trading results in the coming year

The principal risk facing the company is the continued reliance on the support of the parent company support to continue as a going concern. The parent company has confirmed its continued support for the next twelve months in writing

**Results and dividends**

The loss for the year amounted to £133,668. The directors have not recommended a dividend

**Directors**

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

P Troesch  
H Stoddard III

**Policy on the payment of creditors**

The company policy for payment of creditors is to make payment within 30 days. At the year end creditor days were 41 days (2010: 45 days)

**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 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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

**AVID PLC**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2011**

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- 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.

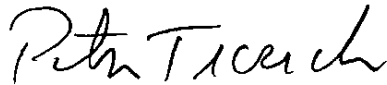
In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



P Troesch

Director

Approved by the directors on **6/9/2012**

## **AVID PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVID PLC**

**YEAR ENDED 31 DECEMBER 2011**

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We have audited the financial statements of Avid PLC for the year ended 31 December 2011 on pages 6 to 16. 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 explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, 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**

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters 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.

## AVID PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVID PLC *(continued)*

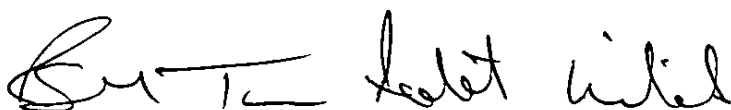
YEAR ENDED 31 DECEMBER 2011

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#### 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



Christopher Mantel, Senior Statutory Auditor  
For and on behalf of

RSM Tenon Audit Limited  
Statutory Auditor  
Vantage  
Victoria Street  
Basingstoke  
Hampshire  
RG21 3BT

11/9/12

**AVID PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>Turnover</b>	2	561,121	562,531
Cost of sales		(378,618)	(346,497)
<b>Gross profit</b>		<u>182,503</u>	<u>216,034</u>
Distribution costs		(130,446)	(107,636)
Administrative expenses		(173,456)	(157,506)
<b>Operating loss</b>	3	<u>(121,399)</u>	<u>(49,108)</u>
Interest payable and similar charges	5	(12,269)	(11,798)
<b>Loss on ordinary activities before taxation</b>		<u>(133,668)</u>	<u>(60,906)</u>
Tax on loss on ordinary activities	6	—	—
<b>Loss for the financial year</b>		<u>(133,668)</u>	<u>(60,906)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 16 form part of these financial statements



**AVID PLC**  
Registered Number 02691049

**BALANCE SHEET**

**31 DECEMBER 2011**

	Note	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Tangible assets	7		5,900		11,820
Investments	8		4		4
			<u>5,904</u>		<u>11,824</u>
<b>Current assets</b>					
Stocks	9	21,487		43,328	
Debtors	10	55,627		42,387	
Cash at bank and in hand		93,120		69,698	
		<u>170,234</u>		<u>155,413</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(29,136)</u>		<u>(28,086)</u>	
<b>Net current assets</b>			141,098		127,327
<b>Total assets less current liabilities</b>			<u>147,002</u>		<u>139,151</u>
<b>Creditors: Amounts falling due after more than one year</b>	12		(899,014)		(757,495)
			<u>(752,012)</u>		<u>(618,344)</u>
<b>Capital and reserves</b>					
Called-up share capital	15		50,000		50,000
Profit and loss account	16		(802,012)		(668,344)
<b>Shareholders' funds</b>	17		<u>(752,012)</u>		<u>(618,344)</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

6/9/2012

*Peter Troesch*

P Troesch  
Director

The notes on pages 9 to 16 form part of these financial statements

**AVID PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	£	2010 £	£
<b>Net cash outflow from operating activities</b>	18		(105,828)		(50,724)
<b>Returns on investments and Servicing of finance</b>					
Dividends on shares classed as financial liabilities		(12,269)		(11,798)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(12,269)		(11,798)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		—		(12,332)	
<b>Net cash outflow from capital expenditure</b>			—		(12,332)
<b>Cash outflow before financing</b>			(118,097)		(74,854)
<b>Financing</b>					
Repayment of long-term amounts owed to group undertakings		141,519		67,213	
<b>Net cash inflow from financing</b>			141,519		67,213
<b>Increase/(decrease) in cash</b>	18		<u>23,422</u>		<u>(7,641)</u>

The notes on pages 9 to 16 form part of these financial statements

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1. Accounting policies**

**Basis of accounting**

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

The company is dependent on the continued support of the parent company (Avid Inc ) for the company's ability to meet its liabilities as they fall due, and written confirmation of such continued support for the next twelve months from the date of signing of these financial statements has been received

**Turnover**

The turnover shown in the profit and loss account represents the value of all products and services delivered during the year, at selling price exclusive of Value Added Tax Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer

**Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation Cost represents purchase price together with any incidental costs of acquisition

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Fixtures & Fittings	- 33% Straight line
Motor Vehicles	- 33% straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

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

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1 Accounting policies *(continued)***

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and 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 instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Consolidation**

These accounts present information about the company as an individual undertaking and not about the group. In the opinion of the directors the subsidiary companies are not material, when considered together, for the purpose of giving a true and fair view. As such the directors have taken the exemption under section 402 of the Companies Act 2006 and have not prepared consolidated accounts.

**Investments**

Investments are stated at cost less any provision for permanent diminution in value.

**2 Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<i>£</i>
United Kingdom	486,694	522,056
Europe	17,172	22,356
Rest of the world	57,255	18,119
	<u>561,121</u>	<u>562,531</u>

**3 Operating loss**

Operating loss is stated after charging/(crediting)

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<i>£</i>
Depreciation of owned fixed assets	5,920	5,982
Operating lease costs		
- Other	30,635	29,542
Net profit on foreign currency translation	(330)	(4,113)
Auditor's remuneration - audit of the financial statements	6,400	6,400
Auditor's remuneration - other fees	<u>2,825</u>	<u>2,825</u>

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	<u>6,400</u>	<u>6,400</u>
Auditor's remuneration - other fees		
- Accountancy	2,000	2,000
- Taxation services	825	825
	<u>2,825</u>	<u>2,825</u>

**4 Particulars of employees**

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of distribution staff	5	3
Number of management staff	2	2
	<u>7</u>	<u>5</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	114,490	96,928
Social security costs	9,843	8,439
	<u>124,333</u>	<u>105,367</u>

No directors received any remuneration through the company

Certain directors are also directors or officers of other group companies. The directors' services to the company do not occupy a significant amount of their time. As such these directors' do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2011.

**5. Interest payable and similar charges**

	2011 £	2010 £
Other similar charges payable	<u>12,269</u>	<u>11,798</u>

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**6. Taxation on ordinary activities**

**Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.50% (2010 - 28%)

	2011 £	2010 £
Loss on ordinary activities before taxation	(133,668)	(60,906)
Loss on ordinary activities by rate of tax	(32,345)	(17,054)
Effects of		
Expenses not deductible for tax purposes	1,460	1,542
Capital allowances for period in excess of depreciation	1,422	(1,971)
Unrelieved tax losses	29,463	17,483
Total current tax	-	-

**Factors that may affect future tax charges**

At the year end the company had taxable losses of £269,777 (2010 £158,596). No deferred tax asset has been recognised due to uncertainty over the timing of future taxable profits.

**7 Tangible fixed assets**

	Fixtures & Fittings £
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	53,791
<b>Depreciation</b>	
At 1 January 2011	41,971
Charge for the year	5,920
At 31 December 2011	47,891
<b>Net book value</b>	
At 31 December 2011	5,900
At 31 December 2010	11,820

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**8. Investments**

**Investments - Company**

£

**Cost**

At 1 January 2011 and 31 December 2011

4

**Net book value**

At 31 December 2011 and 31 December 2010

4

The company holds two ordinary shares of £1 each in Pettrac Limited and Labtrac Limited, which represents 100% of the issued ordinary share capital of those companies. Both companies are registered in England and Wales and were dormant during the current and the previous years.

**9 Stocks**

	2011	2010
	£	£
Stock	<u>21,487</u>	<u>43,328</u>

**10 Debtors**

	2011	2010
	£	£
Trade debtors	43,581	31,774
Directors current accounts	1,000	1,000
Prepayments and accrued income	11,046	9,613
	<u>55,627</u>	<u>42,387</u>

**11 Creditors: Amounts falling due within one year**

	2011	2010
	£	£
Trade creditors	5,092	3,670
VAT	7,595	7,904
Other creditors	7,206	7,301
Accruals and deferred income	9,243	9,211
	<u>29,136</u>	<u>28,086</u>

**12 Creditors: Amounts falling due after more than one year**

	2011	2010
	£	£
Amounts owed to group undertakings	527,159	385,640
Preferences shares classed as liabilities	371,855	371,855
	<u>899,014</u>	<u>757,495</u>

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**13. Commitments under operating leases**

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings 2011 £</b>	<i>Land and buildings 2010 £</i>
Operating leases which expire Within 1 year	<u>24,000</u>	<u>24,000</u>

**14. Related party transactions**

Included within debtors is a loan to a director, P Troesch, of £1,000 (2010 £1,000) There are no specific repayment terms and no interest is charged on the loan

The company incurred a management charge of £92,103 (2010 £59,076) from the parent company Avid Identification Systems Inc In the year purchases were made from Avid Identification Systems Inc totalling £229,577 (2010 £324,744) There is a year end creditor of £503,159 (2010 £337,543)

The company also incurred a rental charge of £24,000 (2010 £24,000) from Hamner Holdings LLC, and there is a year end creditor of £24,000 (2010 £48,000) Hamner Holdings LLC is a related party by virtue of common ownership

Included in non current creditors are preference shares classed as financial liabilities totalling £371,855 (2010 £371,855) Interest has accrued on these shares amounting to £12,053 (2010 £11,798)

**15. Share capital**

**Allotted, called up and fully paid**

	<b>2011 No</b>	<b>£</b>	<i>2010 No</i>	<i>£</i>
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

**16. Profit and loss account**

	<b>2011 £</b>	<i>2010 £</i>
Balance brought forward	(668,344)	(607,438)
Loss for the financial year	(133,668)	(60,906)
Balance carried forward	<u>(802,012)</u>	<u>(668,344)</u>



**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**17. Reconciliation of movements in shareholders' funds**

	2011 £	2010 £
Loss for the financial year	(133,668)	(60,906)
Opening shareholders' deficit	(618,344)	(557,438)
Closing shareholders' deficit	<u>(752,012)</u>	<u>(618,344)</u>

**18. Notes to the cash flow statement**

**Reconciliation of operating loss to net cash outflow from operating activities**

	2011 £	2010 £
Operating loss	(121,399)	(49,108)
Depreciation	5,920	5,982
Decrease/(increase) in stocks	21,841	(5,178)
Increase in debtors	(13,240)	(4,969)
Increase in creditors	1,050	2,549
Net cash outflow from operating activities	<u>(105,828)</u>	<u>(50,724)</u>

**Reconciliation of net cash flow to movement in net debt**

	2011 £	£	2010 £	£
Increase/(decrease) in cash in the period	23,422		(7,641)	
Net cash (inflow) from long-term amounts owed to group undertakings	(141,519)		(67,213)	
Change in net debt		(118,097)		(74,854)
Net debt at 1 January 2011		(687,797)		(612,943)
Net debt at 31 December 2011		<u>(805,894)</u>		<u>(687,797)</u>

**Analysis of changes in net debt**

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Net cash			
Cash in hand and at bank	69,698	23,422	93,120
Debt			
Debt due after 1 year	(757,495)	(141,519)	(899,014)
Net debt	<u>(687,797)</u>	<u>(118,097)</u>	<u>(805,894)</u>

**AVID PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**19. Ultimate parent company and controlling party**

The immediate and ultimate parent company is Avid Identification Systems Inc, a company incorporated under the laws of the state of California. It prepares consolidated accounts and is both the smallest and largest group for which consolidated accounts are prepared.

The ultimate controlling party is Hannis L Stoddard III, D V M by virtue of his majority shareholding in Avid Identification Systems Inc.