

AVID PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Registration Number 02691049

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AVID PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the members	4 to 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 to 16

AVID PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2012

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

AVID PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012.

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 only 3% 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 £51,308. 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 56 days (2011: 49 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 2012

- 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 24/6/13

AVID PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVID PLC
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Avid PLC for the year ended 31 December 2012 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 2012 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

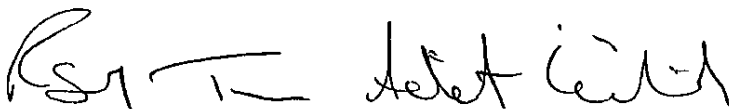
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVID PLC *(continued)*

YEAR ENDED 31 DECEMBER 2012

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

28/6/13

AVID PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	2	543,936	561,121
Cost of sales		(309,198)	(378,618)
Gross profit		<u>234,738</u>	<u>182,503</u>
Distribution costs		(118,639)	(130,446)
Administrative expenses		(162,482)	(173,456)
Operating loss	3	<u>(46,383)</u>	<u>(121,399)</u>
Interest payable and similar charges	5	(4,925)	(12,269)
Loss on ordinary activities before taxation		<u>(51,308)</u>	<u>(133,668)</u>
Tax on loss on ordinary activities	6	—	—
Loss for the financial year		<u>(51,308)</u>	<u>(133,668)</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.

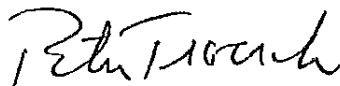
Registered Number 02691049

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7		1,461		5,900
Investments	8		4		4
			<u>1,465</u>		<u>5,904</u>
Current assets					
Stocks	9	20,245		21,487	
Debtors	10	70,746		55,627	
Cash at bank and in hand		75,649		93,120	
		<u>166,640</u>		<u>170,234</u>	
Creditors: Amounts falling due within one year	11	<u>(29,334)</u>		<u>(29,136)</u>	
Net current assets			137,306		141,098
Total assets less current liabilities			<u>138,771</u>		<u>147,002</u>
Creditors: Amounts falling due after more than one year	12		(942,091)		(899,014)
			<u>(803,320)</u>		<u>(752,012)</u>
Capital and reserves					
Called-up share capital	15		50,000		50,000
Profit and loss account	16		(853,320)		(802,012)
Shareholders' funds	17		<u>(803,320)</u>		<u>(752,012)</u>

These financial statements were approved by the directors and authorised for issue on 27/6/13, and are signed on their behalf by



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 2012

	Note	2012 £	£	2011 £	£
Net cash outflow from operating activities	18		(55,623)		(105,828)
Returns on Investments and Servicing of finance					
Interest paid		(4,925)		(12,269)	
Net cash outflow from returns on Investments and servicing of finance			(4,925)		(12,269)
Cash outflow before financing			(60,548)		(118,097)
Financing					
Repayment of long-term amounts owed to group undertakings		43,077		141,519	
Net cash inflow from financing			43,077		141,519
(Decrease)/Increase in cash	18		(17,471)		23,422

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

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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 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

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 2012

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.

	2012	2011
	£	£
United Kingdom	454,853	486,694
Europe	67,420	17,172
Rest of the world	21,663	57,255
	<u>543,936</u>	<u>561,121</u>

3. Operating loss

Operating loss is stated after charging/(crediting):

	2012	2011
	£	£
Depreciation of owned fixed assets	4,439	5,920
Operating lease costs:		
-Other	30,945	30,635
Net loss/(profit) on foreign currency translation	2,290	(330)
Auditor's remuneration - audit of the financial statements	7,325	7,150
Auditor's remuneration - other fees	<u>2,560</u>	<u>2,500</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Auditor's remuneration - audit of the financial statements	<u>7,325</u>	<u>7,150</u>
Auditor's remuneration - other fees:		
- Accountancy	1,535	1,500
- Taxation services	<u>1,025</u>	<u>1,000</u>
	<u>2,560</u>	<u>2,500</u>

4. Particulars of employees

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

	2012 No	2011 No
Number of distribution staff	5	5
Number of management staff	<u>2</u>	<u>2</u>
	<u>7</u>	<u>7</u>

The aggregate payroll costs of the above were.

	2012 £	2011 £
Wages and salaries	104,886	114,490
Social security costs	<u>9,395</u>	<u>9,843</u>
	<u>114,281</u>	<u>124,333</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 2012 or the comparative period.

5. Interest payable and similar charges

	2012 £	2011 £
Other similar charges payable	<u>4,925</u>	<u>12,269</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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 24.50% (2011 - 26.50%).

	2012 £	2011 £
Loss on ordinary activities before taxation	(51,308)	(133,668)
Loss on ordinary activities by rate of tax	(12,570)	(35,422)
Effects of:		
Expenses not deductible for tax purposes	841	1,460
Capital allowances for period in excess of depreciation	955	1,422
Unrelieved tax losses	10,774	32,540
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At the year end the company had taxable losses of £325,367 (2011: £269,777). No deferred tax asset has been recognised due to uncertainty over the timing of future taxable profits.

7. Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 January 2012	53,791
Disposals	(39,295)
At 31 December 2012	<u>14,496</u>
Depreciation	
At 1 January 2012	47,891
Charge for the year	4,439
On disposals	(39,295)
At 31 December 2012	<u>13,035</u>
Net book value	
At 31 December 2012	<u>1,461</u>
At 31 December 2011	<u>5,900</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

8. Investments

Investments in subsidiaries

£

Cost

At 1 January 2012 and 31 December 2012

4

Net book value

At 31 December 2012 and 31 December 2011

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

	2012	2011
	£	£
Stock	<u>20,245</u>	<u>21,487</u>

10. Debtors

	2012	2011
	£	£
Trade debtors	39,588	43,581
Directors current accounts	1,000	1,000
Prepayments and accrued income	30,158	11,046
	<u>70,746</u>	<u>55,627</u>

11. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	4,762	5,092
VAT	7,514	7,595
Other creditors	7,553	7,206
Accruals and deferred income	9,505	9,243
	<u>29,334</u>	<u>29,136</u>

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

	2012	2011
	£	£
Amounts owed to group undertakings	570,236	527,159
Preferences shares classed as liabilities	371,855	371,855
	<u>942,091</u>	<u>899,014</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

13. Commitments under operating leases

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

	Land and buildings 2012 £	Land and buildings 2011 £
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 (2011: £1,000), there were no repayments or advances during the year (2011: none). There are no specific repayment terms and no interest is charged on the loan.

The company incurred a management charge of £26,458 (2011: £94,424) from the parent company Avid Identification Systems Inc. In the year purchases were made from Avid Identification Systems Inc totalling £272,267 (2011: £229,577). There is a year end creditor of £498,729 (2011: £479,159). During the year interest of £4,925 (2011: £12,269) was payable on the balance.

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 £72,000 (2011: £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 (2011: £371,855). No interest is payable in respect of these shares as there is a dividend waiver in place.

15. Share capital

Allotted and called up:

	2012 No	£	2011 No	£
50,000 Ordinary shares of £1 each	50,000	50,000	50,000	50,000
317,855 Redeemable preference shares of £1 each	<u>317,855</u>	<u>317,855</u>	<u>317,855</u>	<u>317,855</u>
	<u>367,855</u>	<u>367,855</u>	<u>367,855</u>	<u>367,855</u>
Amounts presented in equity:			2012	2011
50,000 Ordinary shares of £1 each			<u>£</u> <u>50,000</u>	<u>£</u> <u>50,000</u>
Amounts presented in liabilities:				
317,855 Redeemable preference shares of £1 each			<u>317,855</u>	<u>317,855</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

16. Profit and loss account

	2012 £	2011 £
Balance brought forward	(802,012)	(668,344)
Loss for the financial year	(51,308)	(133,668)
Balance carried forward	<u>(853,320)</u>	<u>(802,012)</u>

17. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(51,308)	(133,668)
Opening shareholders' deficit	(752,012)	(618,344)
Closing shareholders' deficit	<u>(803,320)</u>	<u>(752,012)</u>

18. Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2012 £	2011 £
Operating loss	(46,383)	(121,399)
Depreciation	4,439	5,920
Decrease in stocks	1,242	21,841
Increase in debtors	(15,119)	(13,240)
Increase in creditors	198	1,050
Net cash outflow from operating activities	<u>(55,623)</u>	<u>(105,828)</u>

Reconciliation of net cash flow to movement in net debt

	2012 £	£	2011 £	£
(Decrease)/increase in cash in the period	(17,471)		23,422	
Net cash (inflow) from long-term amounts owed to group undertakings	<u>(43,077)</u>		<u>(141,519)</u>	
Change in net debt		<u>(60,548)</u>		<u>(118,097)</u>
Net debt at 1 January 2012		(805,894)		(687,797)
Net debt at 31 December 2012		<u>(866,442)</u>		<u>(805,894)</u>

AVID PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

18. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 January 2012 £	Cash flows £	At 31 December 2012 £
Net cash.			
Cash in hand and at bank	93,120	(17,471)	75,649
Debt:			
Debt due after 1 year	(899,014)	(43,077)	(942,091)
Net debt	(805,894)	(60,548)	(866,442)

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.