

Company Registration No. 03923388 (England and Wales)

PALLADIUM UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009



2025AB

PALLADIUM UK LIMITED

COMPANY INFORMATION

Directors	David Norton Christopher Mordas
Secretary	K L Beare
Company number	03923388
Registered office	Forest House 3-5 Horndean Road Forest Park Bracknell Berkshire RG12 0XK
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Royal Bank of Scotland plc 62-63 Threadneedle Street London EC2R 8LA

PALLADIUM UK LIMITED

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PALLADIUM UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company continued to be that of business management and consultancy, and conference organisation

Directors

The following directors have held office since 1 January 2009

David Norton
Christopher Mordas

Auditors

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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,
- 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 proper accounting records that 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.

PALLADIUM UK LIMITED

DIRECTORS' REPORT (CONTINUED)

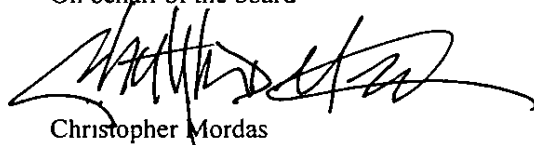
FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Christopher Mordas', written over a horizontal line.

Christopher Mordas

Director

29-10-2010

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PALLADIUM UK LIMITED**

We have audited the financial statements of Palladium UK Limited for the year ended 31 December 2009 set out on pages 5 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 495 and 496 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 the directors, and the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF PALLADIUM UK LIMITED

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with 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



Colin Jones (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

1st November 2010

Chartered Accountants
Statutory Auditor

PALLADIUM UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	£	£
Turnover		408,061	2,933,913
Cost of sales		<u>(326,031)</u>	<u>(1,700,277)</u>
Gross profit		82,030	1,233,636
Administrative expenses		<u>100,716</u>	<u>(1,897,593)</u>
Operating profit/(loss)	2	182,746	(663,957)
Other interest receivable and similar income	3	<u>11</u>	<u>2,114</u>
Profit/(loss) on ordinary activities before taxation		182,757	(661,843)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
Profit/(loss) for the year	9	<u>182,757</u>	<u>(661,843)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PALLADIUM UK LIMITED

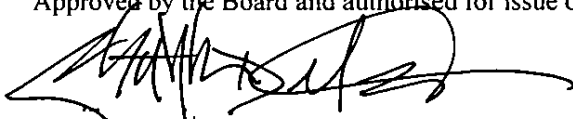
BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	5		-		16,747
Current assets					
Debtors	6	493,592		360,090	
Cash at bank and in hand		16,084		528,027	
		509,676		888,117	
Creditors: amounts falling due within one year	7	<u>(2,246,768)</u>		<u>(2,824,713)</u>	
Net current liabilities			<u>(1,737,092)</u>		<u>(1,936,596)</u>
Total assets less current liabilities			<u>(1,737,092)</u>		<u>(1,919,849)</u>
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account	9		<u>(1,737,094)</u>		<u>(1,919,851)</u>
Shareholders' funds	10		<u>(1,737,092)</u>		<u>(1,919,849)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board and authorised for issue on **29-10-2010**



Christopher Mordas
Director

Company Registration No. 03923388

PALLADIUM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through its trading operations together with the support of loans and borrowings from its ultimate parent company in the USA as and when required

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Over the life of the lease
Plant and machinery	33% per annum straight line
Fixtures, fittings & equipment	33% per annum straight line

1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

PALLADIUM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2	Operating profit/(loss)	2009	2008
		£	£
	Operating profit/(loss) is stated after charging		
	Depreciation of tangible assets	1,283	69,128
	Loss on foreign exchange transactions	6,175	-
	Operating lease rentals		
	- Other assets	-	90,000
	Auditors' remuneration	-	12,000
	and after crediting		
	Profit on foreign exchange transactions	-	(118,792)
		<u><u> </u></u>	<u><u> </u></u>
3	Investment income	2009	2008
		£	£
	Bank interest	11	2,114
		<u> </u>	<u> </u>
		11	2,114
		<u><u> </u></u>	<u><u> </u></u>
4	Taxation	2009	2008
	Current tax charge	-	-
		<u><u> </u></u>	<u><u> </u></u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	182,757	(661,843)
		<u><u> </u></u>	<u><u> </u></u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 28.50%)	38,379	(188,625)
		<u> </u>	<u> </u>
	Effects of		
	Depreciation add back	269	19,761
	Capital allowances	(6,537)	(2,820)
	Tax losses	(32,111)	171,684
		<u> </u>	<u> </u>
		(38,379)	188,625
		<u><u> </u></u>	<u><u> </u></u>
	Current tax charge	-	-
		<u><u> </u></u>	<u><u> </u></u>

PALLADIUM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2009	63,609	45,632	109,241
Disposals	(63,609)	(45,632)	(109,241)
At 31 December 2009	-	-	-
Depreciation			
At 1 January 2009	63,609	28,885	92,494
On disposals	(63,609)	(30,168)	(93,777)
Charge for the year	-	1,283	1,283
At 31 December 2009	-	-	-
Net book value			
At 31 December 2009	-	-	-
At 31 December 2008	-	16,747	16,747

6 Debtors

	2009	2008
	£	£
Trade debtors	158,589	220,362
Amounts owed by group undertakings and undertakings in which the company has a participating interest	249,317	-
Other debtors	85,686	139,728
	<u>493,592</u>	<u>360,090</u>

PALLADIUM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

7 Creditors: amounts falling due within one year	2009	2008
	£	£
Bank loans and overdrafts	-	21,259
Trade creditors	103,630	142,060
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,853,025	2,029,073
Taxation and social security	85,924	109,201
Other creditors	204,189	523,120
	<u>2,246,768</u>	<u>2,824,713</u>
 8 Share capital	 2009	 2008
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
 Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
 9 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2009		(1,919,851)
Profit for the year		<u>182,757</u>
Balance at 31 December 2009		<u>(1,737,094)</u>
 10 Reconciliation of movements in shareholders' funds	 2009	 2008
	£	£
Profit/(Loss) for the financial year	182,757	(661,843)
Opening shareholders' funds	<u>(1,919,849)</u>	<u>(1,258,006)</u>
Closing shareholders' funds	<u>(1,737,092)</u>	<u>(1,919,849)</u>

PALLADIUM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

11 Control

The ultimate parent company and controlling entity is Palladium Group Inc, a company incorporated in the State of Delaware USA

The immediate parent company is Palladium Group Limited, registered in England and Wales

12 Related party transactions

There was a liability due to the ultimate parent company, Palladium Group Inc, as at the balance sheet date of £1,466,398 (2008 £1,664,956) During the year, Palladium Group Inc charged the company amounts of £26,502 relating to management fees and £11,924 relating to other operating costs

There was a liability due to a fellow subsidiary company, Palladium Spain S L as at the balance sheet date of £336,627 (2008 £361,267) During the year, Palladium Spain S L charged the company amounts of £31,925 relating to management fees and £8,781 relating to other operating costs

There was a receivable due from a fellow subsidiary company, Palladium Southmed SL, as at the balance sheet date of £164,970 (2008 liability - £2,850) During the year, Palladium Southmed SL charged the company amounts of £32,038 relating to management fees and £25,598 relating to other operating costs, whereas the company charged to Palladium Southmed SL £47,694 relating to operating costs

There was a receivable due to a fellow subsidiary company, Palladium Middle East FZ LLC, as at the balance sheet date, of £84,346 (2008 £Nil) During the year, Palladium Middle East FZ LLC charged the company amounts of £12,847 relating to management fees whereas the company charged to Palladium Middle East FZ LLC amounts of £111,168 relating to operating costs