

Arkadin (UK) Limited

Report and Financial Statements

31 December 2009

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REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

O Puymorin
O Puymorin Mme
D Cusk
F Commandeur

SECRETARY

P Willmott

REGISTERED OFFICE

3rd Floor
26-28 Hammersmith Grove
Hammersmith
London
W6 7PE

BANKERS

HSBC
129 New Bond Street
London
W1A 2JA

SOLICITORS

Sprecher Grier Halbertsam
30 Farringdon Street
London
EC4A 4HJ

AUDITORS

Deloitte LLP
Reading
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The Company provides audio and data conferencing services to businesses

REVIEW OF DEVELOPMENTS

Arkadin (UK) Limited continued to grow in 2009. Revenue and profit were above what was achieved in 2008, the result for the year is shown on page 6

DIVIDENDS

The directors have declared a final dividend for the year of £1,929,333 (2008 £1,517,507), to be paid on the 29th June 2010. The amount transferred from the profit and loss account in the year in respect of dividends is £1,517,507,333 representing the 2008 dividend proposed and paid during 2009

	2009	2008
	£	£
Dividend per share	19.29	15.18

OUTLOOK

Arkadin (UK) Limited expects to achieve continued revenue growth for the upcoming year. Drivers for growth include a strong market for Arkadin's services, continued strong sales performance and careful management of costs.

DIRECTORS

The directors during the year and to the date of this report were as follows

O Puymorin
O Puymorin Mme
D Cusk
F Commandeur

GOING CONCERN

The current economic conditions have improved since last year and did not have a large adverse effect on the level of demand for the Company's products. The Company has net assets and net current assets as set out in the balance sheet on page 7. The Company is also profitable, and trading performance to the date of approval of these financial statements has continued to be profitable. The directors have a reasonable expectation that despite the current economic conditions the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS' REPORT (CONTINUED)

RISKS TO THE COMPANY

One major risk faced by the Company is the loss of key personnel. This risk is heavily mitigated by close performance management and regular personnel reviews. Credit and normal trading risks are mitigated by good management decision making and close financial review of the Company's monthly financial results.

KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) are in place and reviewed regularly. This includes monthly reporting of the Company's results to senior management, during a meeting at which further KPI's such as gross profit, net profit and earnings before interest and tax and performance matters are discussed and reviewed.

AUDITORS

Each of the persons who are directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on **25/6/** 2010
and signed on behalf of the Board by



Dominic Cusk
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 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, and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Arkadin (UK) Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 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 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view. Our responsibility is to audit 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

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.

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
- 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 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.

Duncan Leslie (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom

25 June 2010

Arkadin (UK) Limited

PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	2	16,578,967	13,578,259
Cost of sales		<u>(5,810,021)</u>	<u>(3,883,031)</u>
Gross profit		10,768,946	9,695,228
Distribution costs		(2,942,484)	(2,773,435)
Administrative expenses		<u>(5,123,964)</u>	<u>(4,829,584)</u>
OPERATING PROFIT		2,702,498	2,092,209
Interest receivable and similar income	4	5,655	38,954
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,708,153	2,131,163
Tax on profit on ordinary activities	6	<u>(778,820)</u>	<u>(613,656)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>1,929,333</u>	<u>1,517,507</u>

All amounts derive from continuing activities

There have been no recognised gains and losses attributable to the shareholders other than the profit or loss for the current and preceding financial periods and accordingly, no statement of total recognised gains and losses is shown


Arkadin (UK) Limited

BALANCE SHEET 31 December 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	7	<u>242,062</u>	<u>157,743</u>
CURRENT ASSETS			
Debtors	8	2,946,775	4,422,183
Cash at bank and in hand		<u>2,047,351</u>	<u>-</u>
		4,994,126	4,422,183
CREDITORS: amounts falling due within one year	9	<u>(3,206,855)</u>	<u>(2,962,419)</u>
NET CURRENT ASSETS		<u>1,787,271</u>	<u>1,459,764</u>
NET ASSETS		<u>2,029,333</u>	<u>1,617,507</u>
CAPITAL AND RESERVES			
Called up share capital	10	100,000	100,000
Profit and loss account	11	<u>1,929,333</u>	<u>1,517,507</u>
TOTAL SHAREHOLDERS' FUNDS	12	<u>2,029,333</u>	<u>1,617,507</u>

The financial statements of Arkadin (UK) Limited, registered number 04349238, were approved by the Board of Directors on 25/6/2010

Signed on behalf of the Board of Directors by


Dominic Cusk
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been consistently applied throughout the current and preceding financial years.

Accounting convention

Under FRS 1 (revised) 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.

Going concern

The current economic conditions have improved since last year and did not have a large adverse effect on the level of demand for the Company's products. The Company has net assets and net current assets as set out in the balance sheet on page 7. The Company is also profitable, and trading performance to the date of approval of these financial statements has continued to be profitable. The directors have a reasonable expectation that despite the current economic conditions the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its useful economic life, as follows:

Fixtures, fittings, tools and equipment	33.33%
Leasehold improvements	20%

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

2. TURNOVER

The turnover and pre-tax profit is attributable to one activity, being the provision of audio and data conferencing services to businesses

3. STAFF COSTS

	2009 £	2008 £
Directors' remuneration		
Emoluments	444,842	426,237

None of the directors received any company contribution to a pension scheme

	2009 £	2008 £
Highest paid director		
Emoluments	314,894	288,515

The average monthly number of employees (including executive directors) was

	2009 No.	2008 No.
Production	22	18
Sales and distribution	44	37
Administration	22	19
	88	74

	2009 £	2008 £
Their aggregate remuneration comprised		
Wages and salaries	3,726,426	3,122,930
Social security costs	490,345	403,121
Pension contributions	20,633	26,450
	4,237,404	3,552,501

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Other interest receivable	5,655	38,954

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Depreciation of owned tangible fixed assets	94,986	80,843
Rentals under operating leases		
Other operating leases	456,392	442,461
Auditors' remuneration – audit fees	23,500	27,029
	<u>774,878</u>	<u>550,333</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of charge in the year

	2009 £	2008 £
Current tax		
UK corporation tax on profits for the year	776,264	631,185
Prior year adjustment	1,168	-
	<u>777,432</u>	<u>631,185</u>
Deferred tax		
Origination and reversal of timing differences	1,388	(17,529)
	<u>778,820</u>	<u>613,656</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009 £	2008 £
Profit on ordinary activities before tax	2,708,153	2,131,163
Tax on profit on ordinary activities before tax at the standard UK corporation tax rate of 28% (2008 28.5%)	758,283	607,381
Effects of		
- Expenses not deductible for tax purposes	7,740	4,153
- Depreciation (less than)/in excess of capital allowances	(7,435)	5,267
- Other timing differences	17,676	14,642
- Effect of other tax rates	-	(258)
- Prior year adjustment	1,168	-
	<u>777,432</u>	<u>631,185</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

ii) Deferred taxation

The deferred taxation asset within debtors represents

	2009 £	2008 £
Difference between capital allowances and depreciation	(3,363)	16,970
Short term timing differences	70,924	51,979
Deferred tax asset recognised	<u>67,561</u>	<u>68,949</u>

Analysis of deferred tax

The movement on this deferred tax asset was as follows

	2009 £	2008 £
At 1 January	68,949	51,420
(Charged)/credited to the profit and loss account		
Depreciation (less than)/in excess of capital allowances	(26,552)	8,645
Other timing differences	25,164	8,884
	<u>(1,388)</u>	<u>17,529</u>
At 31 December	<u>67,561</u>	<u>68,949</u>

There are no unprovided deferred tax assets at the year end which have not been recognised due to uncertainty over the realisation of future profits against which to set the asset. The tax charge in future periods, and the recognition of any deferred tax asset, will be affected by the company's ability to generate taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

7. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 1 January 2009	69,560	349,895	419,455
Additions	19,763	159,542	179,305
	<u>89,323</u>	<u>509,437</u>	<u>598,760</u>
At 31 December 2009			
Accumulated depreciation			
At 1 January 2009	15,552	246,160	261,712
Charge for the year	20,712	74,274	94,986
	<u>36,264</u>	<u>320,434</u>	<u>356,698</u>
At 31 December 2009			
Net book value			
At 31 December 2009	<u>53,059</u>	<u>189,003</u>	<u>242,062</u>
At 31 December 2008	<u>54,008</u>	<u>103,735</u>	<u>157,743</u>

8. DEBTORS

	2009 £	2008 £
Trade debtors	2,479,275	4,217,054
Deferred tax asset (see note 6)	67,561	68,949
Prepayments and accrued income	193,477	136,180
Amounts owed by group undertakings	206,462	-
	<u>2,946,775</u>	<u>4,422,183</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank overdraft	-	11,542
Trade creditors	316,443	234,714
Amounts owed to group undertakings	1,706,143	718,327
Other taxes and social security	259,954	359,967
Corporation tax	200,929	174,996
Accruals and deferred income	723,386	1,462,873
	<u>3,206,855</u>	<u>2,962,419</u>

The company has granted a floating charge on its assets to secure debt financing. The company has also secured a fixed charge on purchased debts which fail to vest.

10. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11. RESERVES

	Profit and loss account 2009 £	Profit and loss account 2008 £
At 1 January	1,517,507	1,131,064
Profit for the year	1,929,333	1,517,507
Dividends paid	<u>(1,517,507)</u>	<u>(1,131,064)</u>
At 31 December	<u>1,929,333</u>	<u>1,517,507</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	1,617,507	1,231,064
Profit for the year	1,929,333	1,517,507
Dividends paid	<u>(1,517,507)</u>	<u>(1,131,064)</u>
Closing shareholders' funds	<u>2,029,333</u>	<u>1,617,507</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

13. OPERATING LEASE COMMITMENTS

The minimum annual rentals under operating leases at 31 December 2009 are as follows

	Land and buildings	
	2009	2008
	£	£
Leases which expire		
In less than one year	-	-
Within two to five years	357,500	357,500

14. CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at the financial year end

15. ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is Arkadin SA, 153 Rue de Courcelles, 75017 Paris, France, a company incorporated in France. Arkadin SA produces consolidated financial statements, copies of which can be obtained from the above address.

No disclosure of transactions with group companies has been given in these financial statements, as permitted by the exemptions available under FRS 8 "Related Party Disclosures".

16. SUBSEQUENT EVENTS REVIEW

A dividend of £1,929,333 relating to 2009 was proposed after the balance sheet date but has not been recognised as a liability at the balance sheet date in accordance with the requirements of FRS21 "Events after the balance sheet date".