

Financial statements DF King Worldwide (Europe) Limited

For the Year Ended 31 December 2011



Company No. 04519524

Officers and professional advisers

Company registration number	04519524
Registered office	11th Floor 1 Ropeinakei Street London EC2Y 9AW
Directors	Mr M L Wilson Mr H M Morrison Dr O Niedermaier Mr N C J Miles
Secretary	Mr M L Wilson
Auditor	RSM Tenon Audit Limited Statutory Auditor 66 Chiltern Street London W1U 4JT

Contents

Report of the directors	3 - 5
Independent auditor's report	6 - 7
Accounting policies	8 - 9
Profit and loss account	10
Balance sheet	11
Statement of total recognised gains and losses	12
Notes to the financial statements	13 - 22

Report of the directors

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

Principal activities and business review

DF King Worldwide (Europe) Limited ("KW") through its operating divisions is a leading global financial communications and stakeholder management firm and offers a one-stop-shop service solution for large public companies to assist them in managing their international investor bases and other core constituencies. KW analyses, predicts and influences the perception and behaviour of shareholders and other stakeholders of public companies and other market participants.

Turnover for the year increased by 23% compared to 2010, reflecting strong performance across the business

Future developments

The directors recognise that the general economic climate, while improving, still represents a challenging trading environment, which continues to put pressure on prices and margins. We believe, however, that our in-depth specialisms in our sectors continue to provide us with a strong position in the market place which we hope we can strengthen further

Results and dividends

The profit for the year, after taxation but before an exceptional credit, amounted to £2,444,195 (2010 Profit after taxation of £36,487, as restated). The directors have not recommended a dividend

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations

Due to the nature of the financial instruments used by the company there is no exposure to price risk

In respect of bank balances the liquidity risk is managed by maintaining sufficient funds to meet the day to day requirements of the business

Trade debtors are managed in respect of credit risk and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and value

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

Report of the directors

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process has been adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

High proportion of fixed overheads and variable revenues

A large portion of the company's overheads – principally wages and salaries – are fixed. There is the risk that any significant changes in revenue will impact on margins.

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented where there is an anticipated decline in revenues.

Competition

The markets in which the company operates are highly competitive. As a result, there is constant downward pressure on margins with the additional risk of striving to meet higher customer expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

Summary of key performance indicators

The directors have monitored the progress of the company by reference to certain financial and non-financial key performance indicators as set out below:

- 1 Customer retention and growth rates - performance is closely monitored in terms of the level of existing client retention and growth through new client additions.
- 2 Working capital management – the company is monitored as to its effectiveness in managing liquid resources, for example, through careful credit management and cash flow forecasting.
- 3 Financial results – management continues to monitor company performance through comparison of actual results to budget.

Directors

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

Mr T Seiling (resigned 20 July 2011)
Mr H M Morrison
Dr O Niedermayer
Mr N C J Miles
Mr M L Wilson (appointed 20 July 2011)

Report of the directors

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 Accounting Standards (United Kingdom 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 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 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 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, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Act.

BY ORDER OF THE BOARD


M Wilson
Director
31 July 2012

Independent auditor's report to the members of DF King Worldwide (Europe) Limited

We have audited the financial statements of DF King Worldwide (Europe) Limited for the year ended 31 December 2011 on page 8 to page 22. 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 page 5, 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 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 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.

Independent auditor's report to the members of DF King Worldwide (Europe) 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; 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.

RSM Tenon Audit Limited

Paul Langhorn,
Senior Statutory Auditor
For and on behalf of
RSM Tenon Audit Limited
Statutory Auditor
66 Chiltern Street
London
W1U 4JT

Date- *2/8/12*

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

It is deemed that the company has de facto control over the assets and liabilities of The Ropemaker 2007 Trust, established on 11 January 2008, and as such the Trust's results and year end position are recognised within the company's extended entity results

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as the company's financial statements are included within the group accounts prepared by DF King Worldwide Limited, a company incorporated in the United Kingdom, which are publicly available. These financial statements therefore present information about the entity as an individual undertaking and not about its group

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Fees from professional services are recognised as the services are rendered. Unbilled fees are recognised at estimated billable amounts. Deferred revenues are recognised when services are performed.

Fixed asset investments

Investments are included at cost less amounts written off.

Current asset investments

Current asset investments are included at market value.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	25% on cost
Fixtures & fittings	- 20% on cost
Computer equipment	- 25% on cost
Bicycles	- 50% on cost

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Accounting policies

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. 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.

Share-based payments

The Rope-maker 2007 Trust is permitted to grant share and cash awards to employees of the company of the Class B-1 units the Trust holds of P1 Holdings, LLC shares and cash held in the Trust. The award of shares are recognised as cash-settled share-based payments.

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date. Fair value is measured using the Black Scholes model.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2011 £	2010 £ <i>restated</i>
Turnover	2	23,139,162	18,789,840
Other operating charges	3	(20,745,323)	(17,796,407)
Exceptional credit on write back of intercompany creditor	4	1,382,194	-
Operating profit	5	3,776,033	993,453
Interest receivable	8	154,234	131,131
Interest payable and similar charges	9	(10,202)	(39,077)
Profit on ordinary activities before taxation		3,920,065	1,085,487
Tax on profit on ordinary activities	10	(93,676)	(1,049,000)
Profit on ordinary activities after taxation	22	3,826,389	36,487

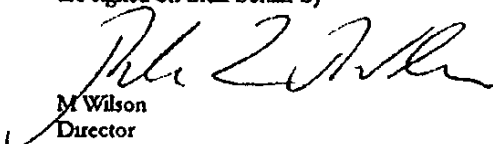
All of the activities of the company are classed as continuing

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2011 £	2010 £ <i>restated</i>
Fixed assets			
Investments	11	9	-
Tangible assets	12	532,458	270,022
		<u>532,467</u>	<u>270,022</u>
Current assets			
Current asset investments	13	2,002,420	-
Debtors	14	14,746,292	11,042,092
Cash at bank		2,357,890	3,788,643
		<u>19,106,602</u>	<u>14,830,735</u>
Creditors: amounts falling due within one year	15	<u>4,407,332</u>	<u>4,838,082</u>
Net current assets		<u>14,699,270</u>	<u>9,992,653</u>
Total assets less current liabilities		<u>15,231,737</u>	<u>10,262,675</u>
Creditors: amounts falling due after more than one year	16	<u>2,354,980</u>	<u>1,212,307</u>
		<u>12,876,757</u>	<u>9,050,368</u>
Capital and reserves			
Called-up equity share capital	20	20	20
Other reserves	21	1,990,553	2,031,454
Profit and loss account	22	10,886,184	7,018,894
Shareholders' funds	23	<u>12,876,757</u>	<u>9,050,368</u>

These financial statements were approved by the directors and authorised for issue on 31 July 2012, and are signed on their behalf by


M Wilson
Director

Company Registration Number: 04519524

The accompanying accounting policies and notes form part of these financial statements.

Statement of total recognised gains and losses

	Note	2011 £	2010 £ <i>restated</i>
Profit for the year		<u>3,826,389</u>	<u>36,487</u>
Total recognised gains and losses relating to the year		<u>3,826,389</u>	<u>36,487</u>
Prior year adjustment	1	<u>2,116,447</u>	<u>-</u>
Total gains and losses recognised since last financial statements		<u>5,942,836</u>	<u>36,487</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Prior year adjustment

On 1 January 2010, the company acquired the trade, assets and liabilities of certain subsidiaries of the ultimate parent company P1 Holdings, LLC. As part of this group re-organisation, certain loan instruments were accounted for as being assigned to the company from its immediate parent company, DF King Worldwide Limited. The directors have since identified that approval for the assignment of the loans was not obtained from the lenders and, as such, the loans should not have been assigned to the company in the prior year financial statements.

The correction of this error has been accounted for as a prior year adjustment. The effect of this restatement is to reduce the interest payable and similar expense in the comparative period by £1,917,810, reduce the intercompany receivable by £15,885,506, reduce prepaid loan arrangement fees by £189,278 and reduce the loan creditor by £18,191,231. In addition, the foreign exchange expense of £198,637 arising on retranslation of part of the loans has been reversed, resulting in a reduction in operating expenses of this amount.

2 Turnover

In the year to 31 December 2011 57.92% (2010 51.1%) of the company's turnover was attributable to markets outside the United Kingdom.

3 Other operating charges

	2011 £	2010 £ <i>Restated</i>
Administrative expenses	<u>20,745,323</u>	<u>17,796,407</u>

4 Exceptional credit on write back of inter-company loan

At 1 January 2011, the Company owed Capital Precision Limited, a fellow subsidiary of the immediate parent company, DF King Worldwide Limited, £1,382,194. During the year ended 31 December 2011, Capital Precision Limited waived in full the amount due from the Company and the amount has therefore been credited in full to the profit and loss account during the year then ended.

5 Operating profit

Operating profit is stated after charging

	2011 £	2010 £ <i>restated</i>
Depreciation of owned fixed assets	136,944	82,887
Auditor's remuneration - Audit fees	30,000	27,000
Operating lease costs - Land and buildings	739,110	410,238
Loss on disposal of tangible fixed assets	6,704	-
Net loss on foreign currency translation	<u>11,926</u>	<u>19,385</u>

Notes to the financial statements

6 Particulars of employees

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

	2011 No	2010 No
Administrative staff	10	3
Consultants	106	90
	<u>116</u>	<u>93</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	9,291,273	7,774,202
Social security costs	1,124,169	896,462
Other pension costs	323,800	251,769
Cash-settled share-based payments (see Note 17)	755,400	770,545
	<u>11,494,642</u>	<u>9,692,978</u>

7 Directors

Remuneration in respect of directors was as follows.

	2011 £	2010 £
Remuneration receivable	<u>650,564</u>	<u>849,380</u>

Remuneration of highest paid director

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>480,000</u>	<u>444,211</u>

No director accrued retirements benefits from the company in either the current or prior year

8 Interest receivable

	2011 £	2010 £
Bank interest receivable	1,265	3,373
Interest from group undertakings	152,969	121,495
Other interest receivable	-	6,263
	<u>154,234</u>	<u>131,131</u>

Notes to the financial statements

9 Interest payable and similar charges

	2011 £	2010 £ <i>restated</i>
Bank interest payable	9	164
Interest due to group undertakings	10,093	38,831
Other interest payable	100	82
	<u>10,202</u>	<u>39,077</u>

10 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax:		
UK Corporation tax based on the results for the year at 26.5% (2010 - 28%)	221,867	131,982
Payment for group relief in respect of the year ended 31 December 2008	-	945,588
Overprovision in prior year	(128,191)	(28,570)
Total current tax	<u>93,676</u>	<u>1,049,000</u>

(b) Factors affecting current tax charge

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>3,920,065</u>	<u>1,085,487</u>
Profit on ordinary activities by rate of tax of 26.5% (2010 - 28%)	1,038,817	303,936
Expenses not deductible for tax purposes	404,760	407,518
Exceptional credit not taxable	(366,281)	-
Capital allowances for period in excess of depreciation	16,419	8,717
Timing differences on provisions	-	4,416
Group relief	(871,848)	(592,605)
Payment for group relief in respect of 2008	-	945,588
Overprovision in prior year and interest supplement	(128,191)	(28,570)
Total current tax (note 10(a))	<u>93,676</u>	<u>1,049,000</u>

Notes to the financial statements

11 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	
At 1 January 2011	-
Additions	9
At 31 December 2011	<u>9</u>

The company incorporated a wholly owned subsidiary, DF King Worldwide (Financial Communications) (Proprietary) Limited, during the year ended 31 December 2011. DF King Worldwide (Financial Communications) (Proprietary) Limited is incorporated in South Africa and provides investor relations consultancy services.

12 Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Bicycles £	Total £
Cost					
At 1 January 2011	-	187,826	593,571	3,809	785,206
Additions	322,129	2,378	80,308	1,269	406,084
Disposals	-	(9,440)	(1,015)	-	(10,455)
At 31 December 2011	<u>322,129</u>	<u>180,764</u>	<u>672,864</u>	<u>5,078</u>	<u>1,180,835</u>
Depreciation					
At 1 January 2011	-	111,518	401,768	1,898	515,184
Charge for the year	34,985	21,788	78,553	1,618	136,944
Eliminated on disposal	-	(3,540)	(211)	-	(3,751)
At 31 December 2011	<u>34,985</u>	<u>129,766</u>	<u>480,110</u>	<u>3,516</u>	<u>648,377</u>
Net book value					
At 31 December 2011	<u>287,144</u>	<u>50,998</u>	<u>192,754</u>	<u>1,562</u>	<u>532,458</u>
At 31 December 2010	<u>-</u>	<u>76,308</u>	<u>191,803</u>	<u>1,911</u>	<u>270,022</u>

Notes to the financial statements

13 Extended entity accounting

It is deemed that the company has de facto control over the assets and liabilities of The Ropemaker 2007 Trust, established on 11 January 2008, and as such the Trust's results and year end position are recognised within the company's extended entity balance sheet

The Ropemaker 2007 Trust's result for the year and balance sheet position are as follows

	2011 £	2010 £
Profit and loss account		
Other operating (charges)	(4,979)	(12,359)
Discretionary awards made	(38,949)	(173,563)
Interest receivable	607	1,286
Unrealised gain on investments	2,420	-
Charge attributable to The Ropemaker Trust	<u>(40,901)</u>	<u>(184,636)</u>
Balance sheet		
Quoted investments	2,002,420	-
Cash	7,154	2,049,798
Debtors	863	-
Creditors	(1,540)	-
	<u>2,008,897</u>	<u>2,049,798</u>

The cash and current asset investments held by the Trust is restricted for use to make discretionary awards to employees.

During the year ended 31 December 2011, the Trust invested £2,000,000 in quoted investments. At 31 December 2011, the market value of the investments was £2,002,420 giving rise to an unrealised gain of £2,420.

14 Debtors

	2011 £	2010 £ <i>restated</i>
Trade debtors	2,921,605	2,459,876
Amounts owed by group undertakings	10,216,090	7,658,616
Other debtors	138,304	153,489
Corporation tax	695,138	62,737
Prepayments and accrued income	775,155	707,374
	<u>14,746,292</u>	<u>11,042,092</u>

Notes to the financial statements

15 Creditors: amounts falling due within one year

	2011 £	2010 £ <i>restated</i>
Trade creditors	260,976	389,655
Amounts owed to group undertakings	385,756	1,595,820
Other taxation and social security	559,301	411,564
Other creditors	13,121	-
Pension liability	9,149	4,361
Accruals and deferred income	3,179,029	2,436,682
	<u>4,407,332</u>	<u>4,838,082</u>

16 Creditors: amounts falling due after one year

	2011 £	2010 £ <i>restated</i>
Accruals and deferred income	387,273	-
Liability for cash-settled share-based payments (Note 17)	1,967,707	1,212,307
	<u>2,354,980</u>	<u>1,212,307</u>

17 Share-based payments

The Ropemaker 2007 Trust is permitted to grant share awards to employees of the company in respect of 5,000 Class B-1 units in the ultimate parent company, P1 Holdings, LLC which the trust has held since the acquisition of the company by P1 Holdings, LLC. Cash awards are also made to employees whereby the employees will be entitled to a percentage of the cash held in the trust at a certain point in time. The share awards are treated as cash-settled under FRS 20 and the cash awards under FRS 12 "Provisions, Liabilities and Contingent Liabilities". In both cases a liability equal to the portion of services received is recognised at the current fair value determined at each balance sheet.

In the current year a charge of £482,792 (2010: £370,493) has been recognised in the profit and loss account in respect of the share awards and £272,608 (2010: £400,052) in respect of the cash awards. Both are recorded as long-term liabilities on the balance sheet.

In the year ended 31 December 2011, 515 (2010: 710 shares) were awarded and remain outstanding at the year end. The options have an exercise price of £nil. The awards are fully vested based on the following schedule: if there is a sale of the ultimate parent company (the "exit" condition) prior to 6 February, 2013, which is the fifth anniversary of the purchase of the company, the awards are fully vested on the earlier of 6 February, 2013, or two years after the vesting condition. If the exit condition occurs after 6 February, 2013, the awards vest immediately. Vesting of the awards will cease upon termination of employment with the company, unless the employee is considered to be a "good leaver".

The estimated fair value of the share awards granted in the year is £430 (2010: £430) per unit.

Notes to the financial statements

17 Share-based payments (continued)

The fair value was calculated using the Black Scholes model. The inputs into the model were as follows:

Expected term	3.5
Volatility	45%
Risk-free interest rate	0.6%

Expected term

The expected term represents the period that the directors consider a probable exit to take place.

Expected volatility

Volatility factor was estimated using the average volatility of comparable publicly traded companies as a proxy for what would have been the ultimate parent company's volatility had it been public.

Risk-free interest rate

The risk-free rate used in the Black-Scholes model is based on the implied yield currently available on the US Treasury bill rates.

10.25% (2010: 14.25%) of the available cash and current asset investments in the Trust has been awarded in the current year. A provision is being built up over the expected term until an exit event.

Cash-settled share-based payments

Under the terms of the Trust, when awards of shares are made a similar proportionate percentage of cash and current asset investments in the trust can be allocated to the recipient. As at the balance sheet date 66.75% (2010: 56.5%) of the remaining available cash and current asset investments in the trust had been allocated. In addition, such tax liabilities as arise on the individuals by reference to the share awards are met by the Trust from its cash resources. Such tax payments are charged in full to the profit and loss account.

18 Commitments under operating leases

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

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within one year	36,771	385,113
Between 2 and 5 years	719,910	-
	<u>756,681</u>	<u>385,113</u>

Notes to the financial statements

19 Contingencies

The company has entered into agreements with various group companies and lenders as co-guarantor. The company has unconditionally and irrevocably jointly and severally guaranteed the full and prompt payment of the indebtedness of DF King Worldwide Limited to its lenders. The debt comprises of a mezzanine loan and a senior loan note.

The mezzanine loan at inception, 7 February 2008, amounted to \$10,000,000 (£5,097,178) and matures on 7 February 2015.

The senior loan note at inception, 7 February 2008, amounted to £11,000,000 and is being repaid in quarterly instalments over approximately six years.

The guarantee is supported by a debenture over various group assets. At 31 December 2011, the outstanding mezzanine loan amounted to £8,925,475 and the senior loan note amounted to £9,557,500. Further details are provided in the financial statements of DF King Worldwide Limited, which are publicly available.

20 Share capital

Authorised share capital

	2011 £	2010 £
500,000 Ordinary shares of £0.01 each	<u>5,000</u>	<u>5,000</u>

Allotted and called up

	2011 No	£	2010 No	£
2,000 Ordinary shares of £0.01 each	<u>2,000</u>	<u>20</u>	<u>2,000</u>	<u>20</u>

21 Other reserves : extended entity accounting

	2011 £	2010 £
Other reserves balance brought forward		
Capital contribution reserve	2,031,454	1,590,461
Transfer to/from other reserves	(40,901)	(184,636)
Further contributions	-	625,629
	<u>1,990,553</u>	<u>2,031,454</u>

Under UK GAAP (extended entity accounting rules), The Rope-maker 2007 Trust has been included within the company's financial statements (further details are given in note 13). The balance above represents the cash received by the Trust prior to any discretionary awards made. A transfer has then been made to profit and loss representing the value of discretionary awards made and charged to profit but which are met from Trust funds.

Notes to the financial statements

22 Profit and loss account

	2011 £	2010 £
Balance brought forward	7,018,894	6,797,771
Profit / (loss) for the financial year as previously reported	3,826,389	(2,079,960)
Prior year adjustment	-	2,116,447
Profit / (loss) for the year as restated	3,826,389	36,487
Transfer from Other reserve (Note 21)	40,901	184,636
Balance carried forward	10,886,184	7,018,894

23 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit / (loss) for the financial year as reported	3,826,389	(2,079,960)
Effect of prior year adjustment on prior year	-	2,116,447
Other reserves Additional contribution (Note 21)	-	625,629
Net addition to shareholders' funds	3,826,389	662,116
Opening shareholders' funds	9,050,368	8,388,252
Closing shareholders' funds	12,876,757	9,050,368

24 Ultimate parent company

The immediate parent company is DF King Worldwide Limited, a company incorporated in England and Wales. The intermediate parent company is P1 Holding, LLC, which is incorporated in the United States of America, and the ultimate controlling party is P1 Investco, LLC, which is incorporated in the United States of America.

The smallest group of undertakings that prepares consolidated financial statements and of which the company is a member is DF King Worldwide Limited. The largest group of undertakings that prepares consolidated financial statements and of which the company is a member is P1 Holdings, LLC.

25 Related party transactions

During the year, the company was charged interest of £10,093 by P1 Holdings, LLC. P1 Holdings LLC is the intermediate holding company. At the year end, there was a balance due of £12,788 (2010: £Nil) which is included in amounts owed by group undertakings.

During the year, the company provided services to DF King & Co, Inc totalling £374,086 (2010: £2,094,514). DF King & Co Inc provided services to the company totalling £335,199 (2010: £984,851) and also charged the company management fees totalling £726,408 (2010: £868,324). The company charged DF King & Co, Inc interest of £152,969 on amounts outstanding during the year (2010: £57,402) and DF King & Co, Inc charged the company interest of £Nil on amounts outstanding during the year (2010: £38,831). DF King & Co, Inc is a subsidiary of the intermediate parent company, P1 Holdings LLC. At the year end, there was a balance due of £367,296 which is included in amounts owed to group undertakings (see Note 15) (2010: £1,077,591 which is included in amounts owed by group undertakings (see Note 14)).

Notes to the financial statements

25 Related party transactions (continued)

During the year, the company provided services to Taylor Rafferty LLC totalling £2,248,660 (2010 £1,872,293). Taylor Rafferty LLC provided services to the company totalling £682,896 (2010 £979,090). The company charged Taylor Rafferty LLC interest of £Nil on amounts outstanding during the year (2010 £64,093). Taylor Rafferty LLC is a subsidiary of the intermediate parent company, P1 Holdings LLC. At the year end, there was a balance due of £1,692,050 (2010 £1,271,022), which is included in amounts owed by group undertakings (see Note 14).

During the year, the company provided services to Taylor Rafferty (Taiwan) Inc totalling £12,746 (2010 £Nil). Taylor Rafferty (Taiwan) Inc is a subsidiary of the intermediate parent company, P1 Holdings LLC. At the year end, there was a balance due of £10,499 (2010 £Nil) which is included in amounts owed to group undertakings (see Note 15).

During the year, the company purchased services from Tel Athena Systems, LLC totalling £Nil (2010 £655). Tel Athena Systems, LLC is a subsidiary of DF King & Co Inc, which is a subsidiary of the intermediate parent company, P1 Holdings LLC. At the year end, £Nil (2010 £5,533) was owed to Tel Athena Systems, LLC, which is included in amounts owed to group undertakings (see Note 15).

The company has taken advantage of the exemption offered by FRS8 not to disclose related party transactions with other group companies for which the consolidated accounts are publicly available.