Financial Statements DF King Worldwide (Europe) Limited

For the Year Ended 31 December 2012

Company No. 04519524

Officers and professional advisers

Company registration number	04519524
Registered office	11th Floor 1 Ropemaker Street London EC2Y 9AW
Directors	Mr M L Wilson Mr P Schaberger
Auditor	Baker Tilly Audit Limited Statutory Auditor 66 Chiltern Street London W1U 4JT

Contents

Report of the directors

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

Principal activities and business review

DF King Worldwide (Europe) Limited ("KW") through its operating divisions is a 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 3% compared to the prior year, reflecting challenging market conditions and constant pressure on prices and margins Excluding the effect of exceptional charges and credits, profit before tax for the year under review was comparable to that achieved in the prior year

Post balance sheet events

In December 2013, the immediate parent company, DF King Worldwide Limited, was placed into voluntary liquidation by the parent company This voluntary liquidation was undertaken as part of the restructuring of the debt of the wider DF King Worldwide group As disclosed in Note 4 to the attached financial statements, the directors have written off in full the amount owed to the company at 31 December 2012 by DF King Worldwide Limited, which was £9,617,352

Prior to the immediate parent company being placed into voluntary liquidation, the entire share capital of the company was transferred to DF King & Co, Inc DF King & Co, Inc is therefore considered to be the immediate parent company of DF King Worldwide (Europe) Limited with effect from 10 December 2013 DF King & Co, Inc is a subsidiary of the ultimate parent undertaking, P1 Holdings, LLC

Future developments

The company assists companies in managing their investor relations and offers a range of services in this respect, including consulting advice on investor communications, investor analysis and investor proxy services Consulting advice through the M Communications business has historically constituted a significant component of the company's business however, subsequent to the balance sheet date, the M Communications business was wound down resulting in a substantial reduction in this part of the business Various measures have been taken to adjust the company's cost basis accordingly, including a reduction in the workforce, although certain contractual overheads currently remain in place The company expects to continue to provide investor analysis and investor proxy services

Results and dividends

The profit for the year after taxation and before exceptional charge amounted to £1,875,327 The exceptional charge for the year was £9,617,352 and relates to the write off of an inter-company account receivable, as outlined above The retained loss for the year, after taxation and exceptional items was £7,742,025 (2011 Profit of £3,826,389) The comparable amount for 2011, excluding an exceptional credit recognised in that year, was £2,444,195 The directors have not recommended a dividend

Report of the directors

Going concern

The company has experienced a significant reduction in its consulting advice business through the winding down of the M Communications business, subsequent to the balance sheet date, which will impact on future results and cash flows Management has taken steps to reduce associated costs, although as a company it currently has commitments to meeting certain fixed costs, such as premises costs Management is currently considering strategic options to ensure that the company can continue to meet its financial obligations Based on expressions of interest, management believes that a disposal of the remaining business is the most likely outcome Steps are likewise being taken to negotiate early termination of the Company's on-going contractual obligations, principally relating to premises costs, although there is no certainty that these negotiations will be successful

These financial statements have been prepared on a going concern basis on the assumption that various contractual liabilities will be successfully negotiated and on the assumption that the sale of the remaining business is effected in a timely manner and with sufficient cash consideration to cover the remaining liabilities of the Company Should either assumption not be achieved, which would be contrary to management's current expectations, there is no certainty that the company will be able to continue as a going concern

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

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

Report of the directors

Principal risks and uncertainties (continued)

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

The Company is dependent on the talent, creative abilities and technical skills of its personnel as well as their relationships with the clients If the Company was unable to attract or retain its key talent, or had inadequate talent management and succession planning for key management roles, the Company's performance would be adversely affected through client losses and profitability

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 and/or up to the date of this report were as follows

Mr H M Morrison (resigned 12 February 2013)
Dr O Niedermaier (resigned 6 September 2012)
Mr N C J Miles (resigned 12 February 2013)
Mr M L Wilson
Mr T H Thompson (appointed 6 September 2012, resigned 7 May 2013)
Mr P Schaberger (appointed 7 May 2013)

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
Baker Tilly 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 L Wilson
Director
14 February 2014

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 2012 on page 9 to page 25 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 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk apb/scope/private cfm

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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Accounting policies to the financial statements under the heading Going concern concerning the Company's ability to continue as a going concern The Company wound down a significant part of its business post year-end as disclosed in the Accounting policies under the heading Going concern It has incurred a profit before exceptional costs and after tax charges of £1,875,327 and a net loss after exceptional costs and tax charges of £7,742,025 during the year ended 31 December 2012 The Company's current assets exceeded its current liabilities by £7,332,849 at 31 December 2012

These conditions, along with other matters explained in the Accounting policies to the financial statements under the heading Going concern regarding the directors' ability to negotiate remaining commitments and to generate sufficient cash from a sale of the business, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern

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

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

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

Baker Tilly Audit Ltd

Mark Nisbett
Senior Statutory Auditor
For and on behalf of
Baker Tilly Audit Limited
Statutory Auditor
66 Chiltern Street
London
W1U 4JT

Date 17 FEBRUARY 2014

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 not prepared consolidated financial statements as the results and financial position of the company's subsidiary undertaking are immaterial to these financial statements These financial statements therefore present information about the entity as an individual undertaking and not about its group

Going concern

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These financial statements have been prepared on a going concern basis on the assumption that various contractual liabilities will be successfully negotiated and on the assumption that the sale of the remaining business is effected in a timely manner and with sufficient cash consideration to cover the remaining liabilities of the Company Should either assumption not be achieved, which would be contrary to management's current expectations, there is no certainty that the company will be able to continue as a going concern

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

Accounting policies

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 and software	-	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

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 Ropemaker 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 awards 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	2012 £	2011 £
Turnover	2	**23,777,237**	23,139,162
Other operating charges	3	**(21,542,680)**	(20,745,323)
Exceptional (debit) / credit on write off / back of intercompany creditor	4	**(9,617,352)**	1,382,194
Operating (loss) / profit	5	**(7,382,795)**	3,776,033
Interest receivable	8	**180,318**	154,234
Interest payable and similar charges	9	**(3)**	(10,202)
(Loss) / profit on ordinary activities before taxation		**(7,202,480)**	3,920,065
Tax on (loss) / profit on ordinary activities	10	**(539,545)**	(93,676)
(Loss) / profit on ordinary activities after taxation	22	**(7,742,025)**	3,826,389

All of the activities of the company are classed as continuing

Balance sheet

Fixed assets			
Investments	11	9	9
Tangible assets	12	526,410	532,458
		526,419	532,467
Current assets			
Current asset investments	13	1,993,523	2,002,420
Debtors	14	7,350,728	14,746,292
Cash at bank		2,087,286	2,357,890
		11,431,537	19,106,602
Creditors: amounts falling due within one year	15	4,098,688	4,407,332
Net current assets		7,332,849	14,699,270
Total assets less current liabilities		7,859,268	15,231,737
Creditors: amounts falling due after more than one year	16	2,724,536	2,354,980
		5,134,732	12,876,757
Capital and reserves			
Called-up equity share capital	20	20	20
Other reserves	21	1,974,791	1,990,553
Profit and loss account	22	3,159,921	10,886,184
Shareholders' funds	23	5,134,732	12,876,757

These financial statements were approved by the directors and authorised for issue on 14/2/14, and are signed on their behalf by:

M L Wilson
Director

Company Registration Number 04519524

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

Cash flow statement

	Note	2012 £	2011 £
Net cash (outflow) / inflow from operating activities	24	(447,832)	1,700,261
Returns on investments and servicing of finance			
Interest received		1,414	1,265
Interest paid		(3)	(109)
Net cash inflow from returns on investments and servicing of finance		1,411	1,156
Taxation received / (paid)		351,576	(726,077)
Capital expenditure and financial investment			
Incorporation of subsidiary		-	(9)
Sale of current asset investments		10,000	-
Purchase of current asset investments		-	(2,000,000)
Purchase of tangible fixed assets		(185,759)	(406,084)
Net cash (outflow) from capital expenditure and financial investment		(175,759)	(2,406,093)
(Decrease) in cash		(270,604)	(1,430,753)

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

Statement of total recognised gains and losses

	Note	2012 £	2011 £
(Loss) / profit for the year		(7,742,025)	3,826,389
Total recognised gains and losses relating to the year		(7,742,025)	3,826,389
Prior year adjustment	1	-	2,116,447
Total gains and losses recognised since last financial statements		(7,742,025)	5,942,836

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

Notes to the financial statements

1 Prior year adjustment

The prior year adjustment recognised in the financial statements for the year ended 31 December 2011 related to certain loan instruments of the immediate parent company being accounted for in error as being assigned to the Company during the year ended 31 December 2010 This error was corrected via recognition of a prior year adjustment in the financial statements for the year ended 31 December 2011, further details of which are provided in those financial statements

2 Turnover

In the year to 31 December 2012 51 25% (2011 57 92%) of the company's turnover was attributable to markets outside the United Kingdom

3 Other operating charges

	2012	2011
	£	£
Administrative expenses	**21,542,680**	20,745,323

4 Exceptional charge and credit on write back of inter-company loan

In December 2013, DF King Worldwide Limited, being the immediate parent company, was placed into voluntary liquidation by the directors of that company At 31 December 2012, £9,617,352 was owed to the company by DF King Worldwide Limited and this balance remained outstanding in full at the time that DF King Worldwide Limited was placed into voluntary liquidation Accordingly, the directors have written this amount off in full at 31 December 2012

With respect to the exceptional credit recognised in the prior year, 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 (loss) / profit

Operating (loss) / profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	**191,807**	136,944
Auditor's remuneration - Audit fees	**31,500**	30,000
Operating lease costs - Land and buildings	**747,092**	739,110
Loss on disposal of tangible fixed assets	**-**	6,704
Net loss on foreign currency translation	**327,497**	11,926

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

	2012 No	2011 No
Administrative staff	**15**	10
Consultants	**102**	106
	117	116

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	**9,601,840**	9,291,273
Social security costs	**1,239,946**	1,124,169
Other pension costs	**651,508**	323,800
Cash-settled share-based payments (see Note 17)	**342,409**	755,400
	11,835,703	11,494,642

7 Directors

Remuneration in respect of directors was as follows

	2012 £	2011 £
Remuneration receivable	**836,000**	650,564

Remuneration of highest paid director

	2012 £	2011 £
Total remuneration (excluding pension contributions)	**561,000**	480,000

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

8 Interest receivable

	2012 £	2011 £
Bank interest receivable	**1,414**	1,265
Interest from group undertakings	**178,904**	152,969
	180,318	154,234

Notes to the financial statements

9 Interest payable and similar charges

	2012 £	2011 £
Bank interest payable	**3**	9
Interest due to group undertakings	**-**	10,093
Other interest payable	**-**	100
	3	10,202

10 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 24 5% (2011 - 26 5%)	**579,889**	221,867
Over-provision in prior year	**(40,344)**	(128,191)
Total current tax	**539,545**	93,676

(b) Factors affecting current tax charge

	2012 £	2011 £
(Loss) / profit on ordinary activities before taxation	**(7,202,480)**	3,920,065
(Loss) / profit on ordinary activities by rate of tax of 24 5% (2011 26 5%)	**(1,764,608)**	1,038,817
Expenses not deductible for tax purposes	**368,340**	404,760
Exceptional debit not taxable	**2,356,251**	-
Exceptional credit not taxable	**-**	(366,281)
Capital allowances for period in excess of depreciation	**2,378**	16,419
Group relief	**(432,880)**	(871,848)
Over-provision in prior year and interest supplement	**(40,344)**	(128,191)
Other timing differences	**50,408**	-
Total current tax (note 10(a))	**539,545**	93,676

Notes to the financial statements

11 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	
At 1 January 2012 and 31 December 2012	9

Fixed asset investments relate to the company's 100% shareholding in DF King Worldwide (Financial Communications) (Proprietary) Limited, which is incorporated in South Africa and which provides investor relations consultancy services

The company has not prepared consolidated financial statements which include the results of DF King Worldwide (Financial Communications) (Proprietary) Limited as the results and financial position of this investment are immaterial to these financial statements

12 Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment and software £	Bicycles £	Total £
Cost					
At 1 January 2012	322,129	180,764	672,864	5,078	1,180,835
Additions	-	19,097	164,442	2,220	185,759
Disposals	-	-	(214,038)	(1,971)	(216,009)
At 31 December 2012	322,129	199,861	623,268	5,327	1,150,585
Depreciation					
At 1 January 2012	34,985	129,766	480,110	3,516	648,377
Charge for the year	65,162	17,640	106,887	2,118	191,807
Eliminated on disposal	-	-	(214,038)	(1,971)	(216,009)
At 31 December 2012	100,147	147,406	372,959	3,663	624,175
Net book value					
At 31 December 2012	221,982	52,455	250,309	1,664	526,410
At 31 December 2011	287,144	50,998	192,754	1,562	532,458

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

	2012	2011
	£	£
Profit and loss account		
Other operating (charges)	**(8,020)**	(4,979)
Discretionary awards made	**(8,845)**	(38,949)
Interest receivable	**-**	607
Unrealised gain on investments	**1,103**	2,420
Charge attributable to The Ropemaker Trust	**(15,762)**	(40,901)
Balance sheet		
Quoted investments	**1,993,523**	2,002,420
Cash	**359**	7,154
Debtors	**863**	863
Creditors	**(1,610)**	(1,540)
	1,993,135	2,008,897

The cash and current asset investments held by the Trust are 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

During the year ended 31 December 2012, the Trust disposed of quoted investments with a value of £10,000 At 31 December 2012, the market value of the remaining investments was £1,993,523, giving rise to an unrealised gain of £1,103

14 Debtors

	2012	2011
	£	£
Trade debtors	**2,887,884**	2,921,605
Amounts owed by group undertakings	**3,469,930**	10,216,090
Other debtors	**96,122**	138,304
Corporation tax	**-**	695,138
Prepayments and accrued income	**896,792**	775,155
	7,350,728	14,746,292

Notes to the financial statements

15 Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	**648,633**	260,976
Amounts owed to group undertakings	**25,557**	385,756
Other taxation and social security	**609,271**	559,301
Other creditors	**24,612**	13,121
Pension liability	**7,186**	9,149
Corporation tax	**195,983**	-
Accruals and deferred income	**2,587,446**	3,179,029
	4,098,688	4,407,332

16 Creditors: amounts falling due after one year

	2012	2011
	£	£
Accruals and deferred income	**414,420**	387,273
Liability for cash-settled share-based payments (Note 17)	**2,310,116**	1,967,707
	2,724,536	2,354,980

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 £94,263 (2011 £482,792) has been recognised in the profit and loss account in respect of the share awards and £248,146 (2011 £272,608) in respect of the cash awards Both are recorded as long-term liabilities on the balance sheet

In the year ended 31 December 2012, 500 (2011 515 shares) were awarded In addition, certain employees left the company and entitlement to 353 shares (2011 Nil) was forfeited as a result 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 (2011 £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 in years	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

2 75% (2011 10 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 pro rata percentage of cash and current asset investments in the trust can be allocated to the recipient As at the balance sheet date 69 5% (2011 66 75%) 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 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	**37,359**	36,771
Between 2 and 5 years	**719,910**	719,910
	757,269	756,681

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 2012, the outstanding mezzanine loan amounted to £9,035,620 and the senior loan note amounted to £10,112,886

DF King Worldwide Limited defaulted on two quarterly instalments of the senior loan note during 2012 however the lenders did not seek recourse to DF King Worldwide (Europe) Limited under the aforementioned agreements In December 2013, DF King Worldwide Limited was placed into voluntary liquidation by the parent company and the aforementioned debt was cancelled by the lender As such, the co-guarantor agreement ceased at that time

20 Share capital

Authorised share capital

	2012 £	2011 £
500,000 Ordinary shares of £0 01 each	**5,000**	5,000

Allotted and called up

	2012 No	2012 £	2011 No	2011 £
2,000 Ordinary shares of £0 01 each	**2,000**	**20**	2,000	20

21 Other reserves : extended entity accounting

	2012 £	2011 £
Other reserves balance brought forward	**1,990,553**	2,031,454
Transfer to other reserves	**(15,762)**	(40,901)
	1,974,791	1,990,553

Under UK GAAP (extended entity accounting rules), The Ropemaker 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

	2012	2011
	£	£
Balance brought forward	**10,886,184**	7,018,894
(Loss) / profit for the financial year	**(7,742,025)**	3,826,389
Transfer from other reserve (Note 21)	**15,762**	40,901
Balance carried forward	**3,159,921**	10,886,184

23 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
(Loss) / profit for the financial year	**(7,742,025)**	3,826,389
Net addition to shareholders' funds	**(7,742,025)**	3,826,389
Opening shareholders' funds	**12,876,757**	9,050,368
Closing shareholders' funds	**5,134,732**	12,876,757

24 Net cash (outflow) / inflow from operating activities

	2012	2011
	£	£
Operating (loss) / profit	**(7,382,795)**	3,776,033
Depreciation	**191,807**	136,944
Loss on sale of tangible fixed assets	**-**	6,704
Exceptional charge on write off of inter-company loan	**9,617,352**	-
Exceptional credit on write off of inter-company loan	**-**	(1,382,194)
Unrealised gain on current asset investments	**(1,103)**	(2,420)
(Increase) in debtors	**(2,738,022)**	(3,071,799)
(Decrease) / increase in creditors	**(477,480)**	1,481,593
Share-based payment charge	**342,409**	755,400
Net cash (outflow) / inflow from operating activities	**(447,832)**	1,700,261

25 Analysis of changes in net funds

	At 1 January 2012	Cash flow	At 31 December 2012
	£	£	£
Cash in hand	2,357,890	(270,604)	2,087,286

Notes to the financial statements

26 Ultimate parent company

At 31 December 2012, the immediate parent company was DF King Worldwide Limited, a company incorporated in England and Wales The intermediate parent company was P1 Holding, LLC, which is incorporated in the United States of America, and the ultimate controlling party was P1 Investco, LLC, which is incorporated in the United States of America

At 31 December 2012, the smallest and largest group of undertakings that prepares consolidated financial statements and of which the company is a member is P1 Holdings, LLC

At 31 December 2011, the smallest group of undertakings that prepared consolidated financial statements and of which the company was a member was DF King Worldwide Limited The largest group of undertakings that prepared consolidated financial statements and of which the company was a member was P1 Holdings, LLC

27 Related party transactions

During the year, the company charged P1 Holdings LLC interest of £11,712 (2011 £Nil) The company was charged interest of £Nil (2011 £10,093) by P1 Holdings LLC P1 Holdings LLC is the intermediate holding company At the year end, there was a balance due of £509,946 (2011 £12,788) which is included in amounts owed by group undertakings (see Note 14)

During the year, the company provided services to DF King & Co, Inc totalling £164,504 (2011 £374,086) DF King & Co Inc provided services to the company totalling £115,301 (2011 £335,199) and also charged the company management fees totalling £498,668 (2011 £726,408) The company charged DF King & Co, Inc interest of £167,192 on amounts outstanding during the year (2011 £152,969) 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 £700,514 which is included in amounts owed by group undertakings (see Note 14) (2011 £367,296 which is included in amounts owed to group undertakings (see Note 15))

During the year, the company provided services to Taylor Rafferty totalling £2,154,435 (2011 £2,248,660) Taylor Rafferty provided services to the company totalling £Nil (2011 £682,896) Taylor Rafferty is a subsidiary of the intermediate parent company, P1 Holdings LLC At the year end, there was a balance due of £2,111,440 (2011 £1,692,050) which is included in amounts owed by group undertakings (see Note 14)

Notes to the financial statements

Related party transactions (continued)

During the year, the company provided services to Taylor Rafferty (Taiwan) Inc totalling £Nil (2011 £12,746) 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 £8,837 (2011 £10,499) which is included in amounts owed to group undertakings (see Note 15)

During the year, the company provided services to Hallvarsson & Halvarsson AB totalling £29,582 (2011 £20,870) Hallvarsson & Halvarsson AB provided services to the company totalling £6,824 (2011 £37,658) Hallvarsson & Halvarsson AB was a subsidiary of DF King Worldwide Limited at 31 December 2012 At the year-end, there was a balance due of £16,720 (2011 £7,961) which is included in amounts owed to group undertakings (see Note 15)

Working capital support was provided to DF King Worldwide (Financial Communications) (Proprietary) Limited, which is a subsidiary of the company At the year-end, there was a balance due of £148,030 (2011 £78,871) which is included in amounts owed by group undertakings (Note 14)

DF King Worldwide Limited was the immediate parent company of the company at 31 December 2012 and had received financial support from the company The amount due from DF King Worldwide Limited at 31 December 2012 was £Nil (2011 £8,432,381) as the amount due at 31 December 2012 of £9,618,389 was written off in full during the year under review

28 Post balance sheet events

Reduction in consulting advice business
The company has experienced a significant reduction in its consulting advice business through the winding down of the M Communications business, subsequent to the balance sheet date, which will impact on future results and cash flows Further details are provided under the heading Going Concern within the Accounting policies included in these financial statements

Change in immediate parent company
In December 2013, the immediate parent company, DF King Worldwide Limited, was placed into voluntary liquidation by the parent company This voluntary liquidation was undertaken as part of the restructuring of the debt of the wider DF King Worldwide group

Prior to the immediate parent company being placed into voluntary liquidation, the entire share capital of the company was transferred to DF King & Co, Inc DF King & Co, Inc is therefore considered to be the immediate parent company of DF King Worldwide (Europe) Limited with effect from 10 December 2013 DF King & Co, Inc is a subsidiary of the ultimate parent undertaking, P1 Holdings, LLC