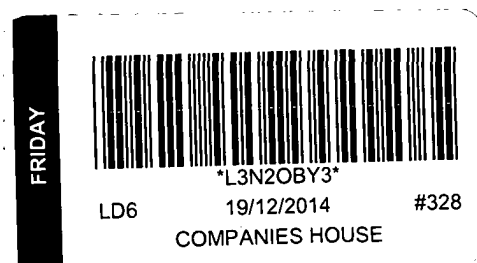


# Financial Statements DF King Worldwide (Europe) Limited

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**For the Year Ended 31 December 2013**



**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**

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
London  
NW1 2EP

## Contents

<b>Report of the directors</b>	3
<b>Strategic report</b>	4 - 5
<b>Independent auditor's report</b>	6 - 7
<b>Accounting policies</b>	8 - 9
<b>Profit and loss account</b>	10
<b>Balance sheet</b>	11
<b>Cash flow statement</b>	12
<b>Notes to the financial statements</b>	13 - 23

## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

### 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)  
Mr N C J Miles (resigned 12 February 2013)  
Mr M L Wilson  
Mr T H Thompson (resigned 7 May 2013)  
Mr P Schabberger (appointed 7 May 2013)

### Directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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.

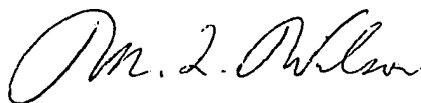
### Auditor

Grant Thornton UK LLP, 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.

ON BEHALF OF THE BOARD

M L Wilson  
Director

18 December 2014



## Strategic report

### **Principal activities and business review**

DF King Worldwide (Europe) Limited ("KW") through its operating divisions was a global financial communications and stakeholder management firm and offered 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. A review of the business is set out below under the heading Going concern.

### **Going concern**

The company experienced a significant reduction in its consulting advice business through the winding down of the MCommunications business which has had a significant impact on results and cash flows. Furthermore, the principal residual business, which provided investor relations consulting services, was sold to an independent third party subsequent to the balance sheet date. Whilst the company continues to trade and to generate income through its investor proxy business, this is unlikely to be sufficient to return the company to profitability. On this basis, the directors have concluded that preparation of financial statements on a going concern basis would be inappropriate and the attached financial statements have been prepared on a break up basis, with assets stated at their recoverable amounts and liabilities stated at their payable amounts. The company's tangible fixed assets have been written down to £nil as they are unlikely to generate significant benefit, either through future trading or disposal. Full provision has been made for the office lease as the associated premises are now surplus to requirements. As referred to above, the company continues to trade and is generating income. The directors are satisfied that sufficient working capital is being generated to meet immediate working capital requirements and all liabilities have been met to date.

### **Future developments**

Management anticipates that future trading will be at a significantly lower level than as has been reported in prior years due to the winding down or sale of its key businesses. There has been very little activity since June 2014.

### **Results and dividends**

The loss for the year after taxation and before exceptional charges amounted to £3,831,079 (2013 : Profit of £1,875,327). The exceptional charges in both the current and prior year relate to the write off of inter-company debtors which are considered to be irrecoverable.

### **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. As set out above under the heading "Going concern," the business has been substantially wound down. As such, the principal risk facing the business is being able to generate sufficient working capital to meet its on-going commitments.

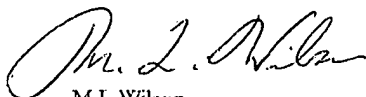
## Strategic report

### Summary of key performance indicators

The directors have historically 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 was closely monitored in terms of the level of existing client retention and growth through new client additions.
2. Working capital management – the company was monitored as to its effectiveness in managing liquid resources, for example, through careful credit management and cash flow forecasting.
3. Financial results – management monitored company performance through comparison of actual results to budget.

ON BEHALF OF THE BOARD



M L Wilson  
Director  
18 December 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 2013 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. 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, 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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2013 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 – Basis of preparation**

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 'Basis of preparation'. The directors have prepared the financial statements on a break up basis with assets stated at their recoverable amounts and liabilities stated at their payable amounts.

## 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 and the Strategic 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.



Harold C Wilson  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

18 December 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.

### **Basis of preparation**

The company experienced a significant reduction in its consulting advice business through the winding down of the MCommunications business which has had a significant impact on results and cash flows. Furthermore, the principal residual business, which provided investor relations consulting services, was sold to an independent third party subsequent to the balance sheet date. Whilst the company continues to trade and to generate income through its investor proxy business, this is unlikely to be sufficient to return the company to profitability. On this basis, the directors have concluded that preparation of financial statements on a going concern basis would be inappropriate and the attached financial statements have been prepared on a break up basis, with assets stated at their recoverable amounts and liabilities stated at their payable amounts. The company's tangible fixed assets have been written down to £nil as they are unlikely to generate significant benefit, either through future trading or disposal. Full provision has been made for the office lease as the associated premises are now surplus to requirements. As referred to above, the company continues to trade and is generating income. The directors are satisfied that sufficient working capital is being generated to meet immediate working capital requirements and all liabilities have been met to date.

### **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.

### **Provisions**

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for onerous lease contracts are recognised when the company believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

## 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	2013 £	2012 £
Turnover	1	14,342,739	23,777,237
Other operating charges	2	(18,839,947)	(21,542,680)
Exceptional charge on write off of intercompany debtor	3	<u>(4,115,862)</u>	<u>(9,617,352)</u>
<b>Operating (loss)</b>	4	(8,613,070)	(7,382,795)
Interest receivable	7	278,060	180,318
Interest payable and similar charges	8	<u>(806)</u>	<u>(3)</u>
<b>(Loss) on ordinary activities before taxation</b>		(8,335,816)	(7,202,480)
Tax on (loss) profit on ordinary activities	9	388,875	(539,545)
<b>(Loss) on ordinary activities after taxation</b>	22	<u><u>(7,946,941)</u></u>	<u><u>(7,742,025)</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.

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

## Balance sheet

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	10	9	9
Tangible assets	11	-	526,410
		<u>9</u>	<u>526,419</u>
<b>Current assets</b>			
Current asset investments	12	-	1,993,523
Debtors	13	943,278	7,350,728
Cash at bank		845,993	2,087,286
		<u>1,789,271</u>	<u>11,431,537</u>
<b>Creditors: amounts falling due within one year</b>	14	2,806,423	4,098,688
<b>Net current (liabilities) / assets</b>		<u>(1,017,152)</u>	<u>7,332,849</u>
<b>Total assets less current liabilities</b>		<u>(1,017,143)</u>	<u>7,859,268</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	2,724,536
<b>Provisions for liabilities and charges</b>	16	1,795,066	-
		<u>(2,812,209)</u>	<u>5,134,732</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	20	20
Other reserves	21	-	1,974,791
Profit and loss account	22	(2,812,229)	3,159,921
<b>Shareholders' (deficit) / funds</b>	23	<u>(2,812,209)</u>	<u>5,134,732</u>

These financial statements were approved by the directors and authorised for issue on 18 December 2014, 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	2013 £	2012 £
<b>Net cash (outflow) from operating activities</b>	24	(3,419,757)	(447,832)
<b>Returns on investments and servicing of finance</b>			
Interest received		94	1,414
Interest paid		(806)	(3)
<b>Net cash (outflow)/ inflow from returns on investments and servicing of finance</b>		<u>(712)</u>	<u>1,411</u>
<b>Taxation received</b>		192,892	351,576
<b>Capital expenditure and financial investment</b>			
Sale of current asset investments		1,993,523	10,000
Sale of tangible fixed assets		6,976	-
Purchase of tangible fixed assets		<u>(14,215)</u>	<u>(185,759)</u>
<b>Net cash inflow/ (outflow) from capital expenditure and financial investment</b>		<u>1,986,284</u>	<u>(175,759)</u>
<b>(Decrease) in cash</b>	25	<u><u>(1,241,293)</u></u>	<u><u>(270,604)</u></u>

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

# Notes to the financial statements

## **1 Turnover**

In the year to 31 December 2013 51% (2012: 51.25%) of the company's turnover was attributable to markets outside the United Kingdom.

## **2 Other operating charges**

	2013	2012
	£	£
Administrative expenses	<u>18,839,947</u>	<u>21,542,680</u>

## **3 Exceptional charge on write back of inter-company loans**

The group headed by the ultimate parent company underwent a substantial re-organisation during 2013 which included the voluntary liquidation of the immediate parent company, DF King Worldwide Limited by the directors of that company. As a result of this re-organisation, various inter-company debtors have now been assessed as being irrecoverable and have therefore been written off in full at 31 December 2013.

The exceptional charge of £9,617,352 recognised in the prior year related solely to amounts due from DF King Worldwide Limited, which has since been placed in voluntary liquidation.

## **4 Operating (loss)**

Operating (loss) is stated after charging:

	2013	2012
	£	£
Depreciation of owned fixed assets	194,736	191,807
Impairment of owned fixed assets	318,435	-
Auditor's remuneration - Audit fees	15,000	31,500
Corporation tax compliance	8,000	-
Operating lease costs - Land and buildings	708,706	747,092
Loss on disposal of tangible fixed assets	20,478	-
Net loss on foreign currency translation	<u>166,268</u>	<u>327,497</u>

## Notes to the financial statements

### **5 Particulars of employees**

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

	2013 No	2012 No
Administrative staff	11	15
Consultants	68	102
	<u>79</u>	<u>117</u>

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	8,100,159	9,601,840
Social security costs	1,368,605	1,239,946
Other pension costs	355,354	651,508
Cash-settled share-based payments (see Note 17)	261,789	342,409
	<u>10,085,907</u>	<u>11,835,703</u>

### **6 Directors**

Remuneration in respect of directors was as follows:

	2013 £	2012 £
Remuneration receivable	<u>86,215</u>	<u>836,000</u>

Remuneration of highest paid director:

	2013 £	2012 £
Total remuneration (excluding pension contributions)	<u>57,153</u>	<u>561,000</u>

Two directors (2012 : Nil) accrued retirements benefits from the company during the year.

### **7 Interest receivable**

	2013 £	2012 £
Bank interest receivable	94	1,414
Interest from group undertakings	<u>277,966</u>	<u>178,904</u>
	<u>278,060</u>	<u>180,318</u>

# Notes to the financial statements

## **8 Interest payable and similar charges**

	2013	2012
	£	£
Bank interest payable	43	3
Other interest payable	763	-
	<u>806</u>	<u>3</u>

## **9 Taxation on ordinary activities**

### (a) Analysis of charge in the year

	2013	2012
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012 - 24.5%)	-	579,889
Over-provision in prior year	(388,875)	(40,344)
Total current tax (credit) / charge	<u>(388,875)</u>	<u>539,545</u>

### (b) Factors affecting current tax charge

	2013	2012
	£	£
(Loss) on ordinary activities before taxation	<u>(8,335,816)</u>	<u>(7,202,480)</u>
(Loss) on ordinary activities by rate of tax of 23.25 % (2012 : 24.5%)	(1,938,077)	(1,764,608)
Expenses not deductible for tax purposes	823,362	368,340
Losses carried back	509,080	-
Tax losses utilised in the year	595,306	-
Exceptional debit not taxable	-	2,356,251
Capital allowances for period in excess of depreciation	87,873	2,378
Group relief	-	(432,880)
Over-provision in prior year and interest supplement	(388,875)	(40,344)
Other timing differences	(77,544)	50,408
Total current tax (note 9(a))	<u>(388,875)</u>	<u>539,545</u>

The directors have not recognised a deferred tax asset in respect of approximately £2.8m of tax losses carried forward as there is no certainty that future taxable profits will arise against which these losses may be utilised.



## Notes to the financial statements

### 10 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	9
At 1 January 2013 and 31 December 2013	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.

### 11 Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment and software £	Bicycles £	Total £
Cost					
At 1 January 2013	322,129	199,861	623,268	5,327	1,150,585
Additions	-	-	14,215	-	14,215
Disposals	-	(111,192)	(118,784)	(3,107)	(233,083)
At 31 December 2013	322,129	88,669	518,699	2,220	931,717
Depreciation					
At 1 January 2013	100,147	147,406	372,959	3,663	624,175
Charge for the year	64,426	18,516	110,499	1,295	194,736
Impairment charge	157,556	16,856	143,654	369	318,435
Eliminated on disposal	-	(94,109)	(108,413)	(3,107)	(205,629)
At 31 December 2013	322,129	88,669	518,699	2,220	931,717
Net book value					
At 31 December 2013	-	-	-	-	-
At 31 December 2012	221,982	52,455	250,309	1,664	526,410

## Notes to the financial statements

### 12 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:

	2013 £	2012 £
<b>Profit and loss account</b>		
Other operating (charges)	(18,356)	(8,020)
Discretionary awards made	(1,975,557)	(8,845)
Interest receivable	6	-
Realised gain on disposal of investments	772	-
Unrealised gain on investments	-	1,103
Charge attributable to The Ropemaker Trust	<u>(1,993,135)</u>	<u>(15,762)</u>
<b>Balance sheet</b>		
Quoted investments	-	1,993,523
Cash	-	359
Debtors	-	863
Creditors	-	(1,610)
	<u>-</u>	<u>1,993,135</u>

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

During the year ended 31 December 2013, the Trust disposed of all of its quoted investments, the total value being £1,994,295.

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.

### 13 Debtors

	2013 £	2012 £
Trade debtors	713,906	2,887,884
Amounts owed by group undertakings	34,207	3,469,930
Other debtors	55,258	96,122
Prepayments and accrued income	139,907	896,792
	<u>943,278</u>	<u>7,350,728</u>

## Notes to the financial statements

### **14 Creditors: amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	91,265	648,633
Amounts owed to group undertakings	-	25,557
Other taxation and social security	441,680	609,271
Other creditors	9,208	24,612
Pension liability	-	7,186
Corporation tax	-	195,983
Liability for cash-settled share-based payments (Note 17)	1,433,831	-
Accruals and deferred income	830,439	2,587,446
	<u>2,806,423</u>	<u>4,098,688</u>

### **15 Creditors: amounts falling due after one year**

	2013	2012
	£	£
Accruals and deferred income	-	414,420
Liability for cash-settled share-based payments (Note 17)	-	2,310,116
	<u>-</u>	<u>2,724,536</u>

### **16 Onerous lease provision**

	2013	2012
	£	£
Balance brought forward	-	-
Movement in the year	1,795,066	-
Balance carried forward	<u>1,795,066</u>	<u>-</u>

The company is a lessee for an office which is now surplus to the company's requirements and which has not been successfully sublet. The onerous lease provision represents the estimated total future lease payments to be made to the lessor during the remainder of the lease term as well as other ongoing unavoidable costs associated with leasing the office.

### **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 £261,789 (2012 : £94,263) has been recognised in the profit and loss account in respect of the share awards and £Nil (2012 : £248,146) in respect of the cash awards. Both are recorded as long-term liabilities on the balance sheet.

## Notes to the financial statements

### 17 Share-based payments (continued)

In December 2013, the business was substantially wound down. The cash awards were distributed to eligible staff at that time and the cash award plan ceased at that date. The long-term creditor previously recognised in respect of the cash award plan was released at that date as a credit to the profit and loss account of £1,138,074.

In the year ended 31 December 2013, no shares (2012 : 500 shares) were awarded. In addition, certain employees left the company in the prior year and entitlement to 353 shares 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 prior year was £430 per unit.

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.

30.5% (2012 : 2.75%) 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. As set out above, the business was substantially wound down in 2013 and the cash and current asset investments in the Trust were distributed during the year.

#### *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 100.00% (2012 : 69.5%) 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.

## Notes to the financial statements

### 18 Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire:		
Within one year	-	37,359
Between 2 and 5 years	719,910	719,910
	<u>719,910</u>	<u>757,269</u>

### 19 Contingencies

At 31 December 2012, the company had entered into agreements with various group companies and lenders as co-guarantor. The company had unconditionally and irrevocably jointly and severally guaranteed the full and prompt payment of the indebtedness of DF King Worldwide Limited to its lenders. Further details of the debt instruments are available in the company's financial statements for the year ended 31 December 2012, which are publicly available. The company was released from the guarantee during the year ended 31 December 2013 as part of the wider restructuring of the group headed by the ultimate parent company.

### 20 Share capital

Authorised share capital:

	2013	2012
	£	£
500,000 Ordinary shares of £0.01 each	<u>5,000</u>	<u>5,000</u>

Allotted and called up:

	2013		2012	
	No	£	No	£
2,000 Ordinary shares of £0.01 each	<u>2,000</u>	<u>20</u>	<u>2,000</u>	<u>20</u>

## Notes to the financial statements

### 21 Other reserves : extended entity accounting

	2013	2012
	£	£
Other reserves balance brought forward	1,974,791	1,990,553
Transfer to other reserves	(1,974,791)	(15,762)
	<u>-</u>	<u>1,974,791</u>

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 12). 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.

### 22 Profit and loss account

	2013	2012
	£	£
Balance brought forward	3,159,921	10,886,184
(Loss) for the financial year	(7,946,941)	(7,742,025)
Transfer from other reserve (Note 21)	1,974,791	15,762
Balance carried forward	<u>(2,812,229)</u>	<u>3,159,921</u>

### 23 Reconciliation of movements in shareholders' funds / (deficit)

	2013	2012
	£	£
(Loss) for the financial year	(7,946,941)	(7,742,025)
Net reduction in shareholders' funds	(7,946,941)	(7,742,025)
Opening shareholders' funds	5,134,732	12,876,757
Closing shareholders' (deficit) / funds	<u>(2,812,209)</u>	<u>5,134,732</u>

### 24 Net cash (outflow) from operating activities

	2013	2012
	£	£
Operating (loss)	(8,613,070)	(7,382,795)
Depreciation of tangible fixed assets	194,736	191,807
Impairment of tangible fixed assets	318,435	-
Loss on sale of tangible fixed assets	20,478	-
Exceptional charge on write off of inter-company loan	4,115,862	9,617,352
Unrealised gain on current asset investments	-	(1,103)
Decrease / (increase) in debtors	2,569,555	(2,738,022)
Increase in provisions	1,795,066	-
(Decrease) in creditors	(2,944,534)	(477,480)
Share-based payment (credit) / charge	(876,285)	342,409
Net cash (outflow) from operating activities	<u>(3,419,757)</u>	<u>(447,832)</u>

## Notes to the financial statements

### 25 Analysis of changes in net funds

	At 1 January 2013 £	Cash flow £	At 31 December 2013 £
Cash in hand	2,087,286	(1,241,293)	845,993

### 26 Ultimate parent company

At 31 December 2013, the immediate parent company was DF King & Co, Inc., a company incorporated in the United States of America. The ultimate parent company is considered to be P1 Holdings, LLC, which is incorporated in the United States of America, and the ultimate controlling party is considered to be P1 Investco, LLC, which is incorporated in the United States of America.

At 31 December 2013, 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 2012, the immediate parent company was DF King Worldwide Limited, a company incorporated in England and Wales. The ultimate parent company was P1 Holding, LLC, which is incorporated in the United States of America, and the ultimate controlling party was considered to be 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.

### 27 Related party transactions

During the year, the company charged P1 Holdings LLC interest of £21,596 (2012 : £11,712). P1 Holdings LLC is the intermediate holding company. At the year end, there was a balance due of £Nil (2012 : £509,946) which is included in amounts owed by group undertakings (see Note 13).

During the year, the company provided services to DF King & Co, Inc totalling £195,955 (2012 : £164,504). DF King & Co Inc provided services to the company totalling £331,297 (2012 : £115,301) and also charged the company management fees totalling £532,052 (2012 : £498,668). The company charged DF King & Co, Inc interest of £256,370 (2012 : £167,192) on amounts outstanding during the year. 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 £34,207 (2012 : £700,514) which is included in amounts owed by group undertakings (see Note 13).

During the year, the company provided services to Taylor Rafferty totalling £2,148,954 (2012 : £2,154,435). Taylor Rafferty provided services to the company totalling £525,345 (2012 : £Nil). Taylor Rafferty is a division of DF King & Co, Inc. At the year end, there was a balance due of £Nil (2012 : £2,111,440) which is included in amounts owed by group undertakings (see Note 13). £94,935 (2012 : £nil) of debt was written off during the year.

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 £Nil (2012 : £8,837) which is included in amounts owed to group undertakings (see Note 14).

## Notes to the financial statements

### Related party transactions (continued)

During the year, the company provided services to Hallvarsson & Halvarsson AB totalling £Nil (2012 : £29,582). Hallvarsson & Halvarsson AB provided services to the company totalling £Nil (2012 : £6,824). Hallvarsson & Halvarsson AB was a subsidiary of DF King Worldwide Limited at 31 December 2012 and an indirect subsidiary of DF King & Co, Inc at 31 December 2013. At the year-end, there was a balance due of £Nil (2012 : £16,720) which is included in amounts owed to group undertakings (see Note 14). £1,138 (2012 : £Nil) of debt was written off during the year.

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 £Nil (2012 : £148,030) which is included in amounts owed by group undertakings (Note 13). £243,482 (2012 : £Nil) of debt was written off during the year.

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 2013 was £Nil (2012 : £Nil) as the amount due at 31 December 2013 of £3,776,307 (2012 : £9,618,389) was written off in full during the year.

### 28 Post balance sheet events

#### *Disposal of investor relations consulting business*

The company sold its investor relations consulting business in June 2014 for total consideration of approximately £2.4million.