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COGENT ELLIOTT GROUP LIMITED

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

Dafferns LLP

Chartered Accountants & Business Advisers

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

COGENT ELLIOTT GROUP LIMITED

COMPANY INFORMATION
for the year ended 31 December 2013

DIRECTORS:	W.E. Husselby Mrs P.C.J. Buckley S.F. Kendall T.S. Pile M.S. Husselby
SECRETARY:	P.R. Pattison
REGISTERED OFFICE:	Heath Farm Hampton Lane Meriden West Midlands CV7 7LL
REGISTERED NUMBER:	00247566 (England and Wales)
AUDITORS:	Dafferns LLP One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB

GROUP STRATEGIC REPORT
for the year ended 31 December 2013

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

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

2013 was an extremely challenging year for the economy, for business, for our clients and for marketing agencies - and we were not immune to its impact. It was also a year where Cogent Elliott Group had to overcome unexpected and substantial adversity and stay true to our purpose and to our mission, despite a number of very real financial challenges.

Cogent Elliott Group is a fully integrated marketing agency with strong capabilities in advertising, digital media, web design services, brochures, PR, brand consultancy, internal communications, corporate identity, print, production, photography, CRM and direct marketing.

We fuse commercial rigour with creative excellence so as to combine crafted creative output with real business understanding, attempting to add value to every stage of our clients' marketing programmes. The mission, and our sole purpose, is to help build our clients' businesses through our core values of insight, inspiration, craft and partnership. By helping deliver our clients' business objectives we will drive substantial growth in our own business. We succeed when our clients succeed and this is best achieved through building strong creative partnerships with a broad range of valued clients.

After 6 years of significant, sustained and steady growth, achieving an income CAGR of 10.37%, 2013 was disappointing. Income fell by 15% partly due to the loss of a key client who put their business into an 'in-house' agency and partly due to a number of projects that had been won in 2012 not annualising into 2013. The result was that, for the first time in 7 years, income declined.

A conscious decision was made to re-stabilise the business but, importantly, not to disinvest or to shed talent because of short term pressures. Rather we took a longer term view and decided to stay true to our mission, continuing to invest in the core offer and in the service we provide our many clients.

We developed a compelling strategy which has been efficiently delivered, namely: relentless focus on our valued client base, servicing these clients, delivering outstanding solutions by motivated and talented colleagues; thus developing the relationship whilst continuing to market the Cogent Elliott Brand so as to win new business. This new business performance delivered some very important wins in many key sectors and for a variety of marketing tasks which helped diversify our income streams. All of this has been underpinned by continued investment in the business in terms of people, product and process.

2013 will be characterised as a very difficult year, especially the first half, but also a year of consolidation and investment; a year in which underlying income continued to grow, albeit at a slower rate than the previous 5 years. However, costs grew as we retained our talented resource, hired significant new talent and prepared the business to be better able to compete in the constantly developing marketing services industry.

REVIEW OF BUSINESS – cont'd

This investment came in a number of ways:

- Development of a number of new 'products' such as Print services, CGI and Film production to meet our client needs.
- Significant investment in the digital strand of our business with a number of strategic hires including creative talent, delivery expertise and social media experts to accelerate our contribution to the mobile and social media platforms.
- The development of IMO as a sister company to Cogent with a different offer and a different strategy. The business plan anticipated that IMO would result in significant additional net cost in 2013 but break even in 2014 moving to a major contribution in 2015. It is fair to say that IMO cost the Group more than expected in 2013 but has now built a significant and valued client base.
- We have stepped up further our investment in our PR Consultancy offer and, inter alia, have hired new talent to build this vital business - this has brought immediate results and prospect of significant further growth. 2013 was a good year for the PR team and we anticipate 2014 being even better.
- We also continued to invest in the core business, in our creative and digital capability, in strategic insight, in business building idea generation.

As a result of both this investment which significantly increased some of the cost base during the year and the very difficult trading environment, and despite recovering our income from the early year shocks, margin was weak and operating profit declined sharply.

Despite this, we showed good progress towards delivering our strategic objectives and medium term goals.

At the Cogent Elliott Group level, the Agency core business made a small profit, Junction Eleven a small loss and IMO a more significant (but planned) loss.

Junction Eleven, specialists in digital imagery, continue to play a critical role for the Group and this division has enjoyed a relatively successful year attracting new clients, whilst continuing to build on its core areas such as its photographic offer to the automotive industry. We have broadened the offer, successfully, to appeal to more of the achievable market.

The bulk of the Group's operation remains in the headquarters in the Midlands where it has been based for 70 years. Its geography and its heritage allow it to attract outstanding talent whilst still offering excellent value to its customers. In 2013 we maintained our relatively small London Office which helps service a number of key clients.

PRINCIPAL RISKS AND UNCERTAINTIES

The business environment in which we operate continues to be challenging. The Marketing Communications industry in the UK is highly competitive and margins remain under pressure. Going forward, restoring the margin on the back of significant growth was and is a key part of the plan. We have seen some success in this area and it will continue to be one of focus over the coming years. We intend to focus on specific parts of the business that are underperforming and ensure that they make a greater contribution to the whole.

2013 was undoubtedly a tough year for the economy and for our business but it was a year wherein we continued to invest and to build a business fit to compete in a challenging environment. Income declined and the cost of our significant investment in the business meant that the reduction in profit was disappointing but not unexpected. The rhythm of our business does not conform to an annual view and we maintain the perspective that the remarkable development, investment and growth of Cogent Elliott in the last 7 years has put us in a strong position for continued growth in the next 7.

We believe that the considered and balanced response that we took to the difficult trading issues in the first half of 2013, coupled with the various strategies and investments mentioned above, have put us in a strong position to restore margins and return to our growth trajectory in 2014 and beyond. The evidence is that this will happen.

The directors aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

GROUP STRATEGIC REPORT
for the year ended 31 December 2013

KEY PERFORMANCE INDICATORS

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and gross margin.

The turnover of the trading companies including intercompany trade was as follows:

	2013 £'000	2012 £'000
Cogent Elliott	15,330	17,819
Junction Eleven	3,779	4,169
IMO Agency	330	13

Turnover has decreased by 11.5% in the year due to factors mentioned earlier in this report.

Overall, the operating loss was £293,000 compared with £646,000 in 2012.

Return on capital employed was -6.2% (2012: 5.3%). Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

ON BEHALF OF THE BOARD:

Mrs P.C.J. Buckley - Director

Date: 4 December 2014

REPORT OF THE DIRECTORS
for the year ended 31 December 2013

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

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2013.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

W.E. Husselby
Mrs P.C.J. Buckley
S.F. Kendall
T.S. Pile
M.S. Husselby

Other changes in directors holding office are as follows:

M.C. Fetherston-Dilke - resigned 8 December 2013

M.A. Rayner and D.C. Fildes ceased to be directors after 31 December 2013 but prior to the date of this report.

DIRECTORS INDEMNITY INSURANCE
The Group has indemnity insurance provisions for the benefit of its directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Dafferns LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs P.C.J. Buckley - Director

Date: 4 December 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COGENT ELLIOTT GROUP LIMITED

We have audited the financial statements of Cogent Elliott Group Limited for the year ended 31 December 2013 on pages ten to thirty. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and of the parent company's affairs as at 31 December 2013 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Report of the Directors 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

GCox

Geoffrey Cox BA FCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

Date: 5 December 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
TURNOVER	2		16,119		18,205
Other operating income			380		406
			16,499		18,611
Materials and external charges			5,508		5,757
			10,991		12,854
Staff costs	3	8,641		9,306	
Depreciation		295		320	
Other operating charges		2,348		2,582	
			11,284		12,208
OPERATING (LOSS)/PROFIT	4		(293)		646
Restructuring costs	5		-		270
			(293)		376
Interest payable and similar charges	6	73		79	
Other finance costs	20	71		129	
			144		208
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(437)		168
Tax on (loss)/profit on ordinary activities	7		(21)		124
(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			(416)		44

CONTINUING OPERATIONS
None of the group's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

	2013 £'000	2012 £'000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(416)	44
Unrealised deficit on revaluation of properties	(2,150)	-
Actual return less expected return on pension scheme assets	600	262
Changes in assumptions underlying the present value of the scheme liabilities	(551)	(631)
Deferred tax on pension liability	(11)	84
Change in tax rate on deferred tax	(61)	(135)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(2,589)	(376)

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
FIXED ASSETS					
Intangible assets	9		27		82
Tangible assets	10		3,982		6,262
Investments	11		261		261
			4,270		6,605
CURRENT ASSETS					
Debtors	12	3,184		4,180	
Cash in hand		2		2	
		3,186		4,182	
CREDITORS					
Amounts falling due within one year	13	3,385		3,950	
NET CURRENT (LIABILITIES)/ASSETS			(199)		232
TOTAL ASSETS LESS CURRENT LIABILITIES			4,071		6,837
CREDITORS					
Amounts falling due after more than one year	14		(155)		(326)
PENSION LIABILITY	20		(2,371)		(2,377)
NET ASSETS			1,545		4,134
CAPITAL AND RESERVES					
Called up share capital	18		102		102
Share premium	19		17		17
Revaluation reserve	19		406		2,556
Profit and loss account	19		1,020		1,459
SHAREHOLDERS' FUNDS	25		1,545		4,134

The financial statements were approved by the Board of Directors on 4 December 2014 and were signed on its behalf by:

W.E. Husselby - Director

Mrs P.C.J. Buckley - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 December 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		261		261
			261		261
CURRENT ASSETS					
Debtors	12	1,303		1,303	
CREDITORS					
Amounts falling due within one year	13	41		41	
NET CURRENT ASSETS			1,262		1,262
TOTAL ASSETS LESS CURRENT LIABILITIES			1,523		1,523
CAPITAL AND RESERVES					
Called up share capital	18		102		102
Share premium	19		17		17
Profit and loss account	19		1,404		1,404
SHAREHOLDERS' FUNDS	25		1,523		1,523

The financial statements were approved by the Board of Directors on 4 December 2014 and were signed on its behalf by:

W.E. Husselby - Director

Mrs P.C.J. Buckley - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash (outflow)/inflow from operating activities	26		(59)		577
Returns on investments and servicing of finance	27		(73)		(79)
Taxation			(9)		(243)
Capital expenditure	27		(25)		(37)
			(166)		218
Financing	27		(300)		(313)
Decrease in cash in the period			(466)		(95)

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Reconciliation of net cash flow to movement in net debt	28				
Decrease in cash in the period		(466)		(95)	
Cash outflow from decrease in debt and lease financing		300		313	
Change in net debt resulting from cash flows			(166)		218
New finance leases			(84)		(32)
Movement in net debt in the period			(250)		186
Net debt at 1 January			(788)		(974)
Net debt at 31 December			(1,038)		(788)

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation
The consolidated accounts incorporate the accounts of the company and all its subsidiaries.

Turnover
Turnover represents the fair value of services provided during the year on clients' assignments. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on the time spent, skills and expertise provided and expenses incurred. Turnover excludes value added tax.

Unbilled turnover on individual client assignments is included as accrued income within debtors.

Development costs
Developments costs relating to a specific new product have been capitalised and are being amortised over 3 years.

Tangible fixed assets
Depreciation is provided on the cost of tangible fixed assets in equal instalments over the estimated useful lives, which are as follows:-

Short leasehold property -	10 years
Equipment and vehicles -	Between 3 and 5 years

It is the group's policy to maintain its long leasehold property to such a high standard that in the opinion of the directors any element of depreciation would be immaterial and no provision has been made.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

continued...

1. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits
The group makes contributions to a money purchase pension scheme and a defined benefit scheme. Money purchase pension contributions are charged to the profit and loss account when payable.

Defined benefit scheme assets are valued at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting asset or liability, net of deferred tax, is presented separately after other net assets on the face of the balance sheet.

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of the other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

2. **TURNOVER**

The turnover and loss (2012 - profit) before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	2013	2012
	£'000	£'000
United Kingdom	15,590	17,816
Rest of World	529	389
	16,119	18,205

3. **STAFF COSTS**

	2013	2012
	£'000	£'000
Wages and salaries	7,500	8,097
Social security costs	843	920
Other pension costs	298	289
	8,641	9,306

The average monthly number of employees during the year was as follows:

	2013	2012
Agency, studio and design	174	206
Finance and administration	13	13
	187	219

continued...

4. OPERATING (LOSS)/PROFIT

The operating loss (2012 - operating profit) is stated after charging/(crediting):

	2013	2012
	£'000	£'000
Depreciation - owned assets	145	128
Depreciation - assets on hire purchase contracts	94	136
Development costs amortisation	55	55
Auditors' remuneration	2	2
Auditors' remuneration - other services	21	21
Operating lease charges - equipment	47	55
Operating lease charges - land and buildings	177	222
Rents receivable	(380)	(406)

	2013	2012
	£	£
Directors' remuneration	795,694	934,875
Directors' pension contributions to money purchase schemes	138,198	171,341

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	4	4

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Emoluments etc	179,084	260,787
Pension contributions to money purchase schemes	29,352	60,806

5. RESTRUCTURING COSTS

Restructuring costs have been incurred from management consultants, legal and professional advisers during 2012.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£'000	£'000
Bank interest	12	8
Bank loan interest	28	40
Interest payable	4	6
Hire purchase interest	29	25
	73	79

continued...

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax	-	106
Adjustment of prior years	(29)	27
Total current tax	(29)	133
Deferred tax:		
Deferred tax	-	23
Deferred tax on pension liability	8	(32)
Total deferred tax	8	(9)
Tax on (loss)/profit on ordinary activities	(21)	124

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before tax	(437)	168
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 23.684%)	(102)	40
Effects of:		
Expenses not deductible for tax purposes	10	83
Capital allowances in excess of depreciation	-	(20)
Depreciation in excess of capital allowances	14	-
Utilisation of tax losses	29	-
Adjustments to tax charge in respect of previous periods	(29)	27
Short term timing differences	-	6
Pension adjustments	(9)	(3)
Unutilised losses carried forward	58	-
Current tax (credit)/charge	(29)	133

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2012 - £377,592).

continued...

9. INTANGIBLE FIXED ASSETS

Group

	Development costs £'000
COST	
At 1 January 2013 and 31 December 2013	164
AMORTISATION	
At 1 January 2013	82
Amortisation for year	55
At 31 December 2013	137
NET BOOK VALUE	
At 31 December 2013	27
At 31 December 2012	82

10. TANGIBLE FIXED ASSETS

Group

	Short leasehold £'000	Long leasehold £'000	Fixtures and fittings £'000	Totals £'000
COST OR VALUATION				
At 1 January 2013	515	5,750	1,447	7,712
Additions	-	-	109	109
Disposals	-	-	(86)	(86)
Revaluations	-	(2,150)	-	(2,150)
At 31 December 2013	515	3,600	1,470	5,585
DEPRECIATION				
At 1 January 2013	320	-	1,130	1,450
Charge for year	52	-	187	239
Eliminated on disposal	-	-	(86)	(86)
At 31 December 2013	372	-	1,231	1,603
NET BOOK VALUE				
At 31 December 2013	143	3,600	239	3,982
At 31 December 2012	195	5,750	317	6,262

continued...

10. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2013 is represented by:

	Short leasehold £'000	Long leasehold £'000	Fixtures and fittings £'000	Totals £'000
Valuation in 2013	-	3,600	-	3,600
Cost	515	-	1,470	1,985
	515	3,600	1,470	5,585

If long-term leasehold property had not been revalued it would have been included at the following historical cost:

	2013 £'000	2012 £'000
Cost	3,194	3,194

The long-term leasehold property was revalued by the directors at 31 December 2013 based on third party expert advice.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings £'000
COST OR VALUATION	
At 1 January 2013	368
Additions	84
Transfer to ownership	(195)
At 31 December 2013	257
DEPRECIATION	
At 1 January 2013	246
Charge for year	94
Transfer to ownership	(195)
At 31 December 2013	145
NET BOOK VALUE	
At 31 December 2013	112
At 31 December 2012	122

continued...

11. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £'000
COST	
At 1 January 2013 and 31 December 2013	261
NET BOOK VALUE	
At 31 December 2013	261
At 31 December 2012	261

Company

	Unlisted investments £'000
COST	
At 1 January 2013 and 31 December 2013	261
NET BOOK VALUE	
At 31 December 2013	261
At 31 December 2012	261

The company owns the whole of the ordinary share capital of the following companies, except where indicated*, all of which are registered in England and Wales:

Advertising services	Dormant
Cogent Elliott Limited*	Cogent Consultants Limited
Cogent Elliott Investments Limited	ARM Communications Limited
Junction Eleven Limited	Cogent Elliott Public Relations Limited
IMO Agency Limited*	Lobelia Investment Company Limited
	Cogent Group Limited
	The Creative Company Limited
	Elliott Advertising Limited
	Cogent Advertising Limited
	The Drury Lane Company Limited*

*These are wholly-owned subsidiaries of Cogent Group Limited.

continued...

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	2,207	3,062	-	-
Amounts owed by group undertakings	-	-	1,303	1,303
Other debtors	132	127	-	-
Tax	29	-	-	-
Deferred tax asset	28	28	-	-
Accrued income	509	713	-	-
Prepayments	279	250	-	-
	3,184	4,180	1,303	1,303

Deferred tax asset

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Accelerated capital allowances	28	26	-	-
Short term timing differences	-	2	-	-
	28	28	-	-

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 15)	808	342	-	-
Hire purchase contracts (see note 16)	77	122	-	-
Payments on account	617	896	-	-
Trade creditors	843	1,077	-	-
Amounts owed to group undertakings	-	-	41	41
Corporation tax	85	94	-	-
Social security and other taxes	253	270	-	-
VAT	262	641	-	-
Other creditors	37	47	-	-
Accruals	403	461	-	-
	3,385	3,950	41	41

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2013	2012
	£'000	£'000
Bank loan (see note 15)	89	267
Hire purchase contracts (see note 16)	66	59
	155	326

continued...

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2013	2012
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank overdrafts	629	163
Bank loan	179	179
	808	342
Amounts falling due between one and two years:		
Bank loan	89	179
Amounts falling due between two and five years:		
Bank loan	-	88

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2013	2012
	£'000	£'000
Net obligations repayable:		
Within one year	77	122
Between one and five years	66	59
	143	181

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	-	-	4	26
Between one and five years	120	50	53	14
In more than five years	119	119	-	-
	239	169	57	40

continued...

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2013	2012
	£'000	£'000
Bank overdrafts	629	163
Bank loan	268	446
Hire purchase contracts	143	181
	1,040	790

Bank borrowings are secured by a fixed charge over the group's properties and a floating charge over all the group's assets. Hire purchase contracts are secured by certain specific fixed assets.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £'000	2012 £'000
51,240	Ordinary	£1	51	51
51,240	'A' shares	£1	51	51
			102	102

19. RESERVES

Group

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Totals £'000
At 1 January 2013	1,459	17	2,556	4,032
Deficit for the year	(416)			(416)
Actuarial loss on pension scheme	(23)	-	-	(23)
Property revaluation	-	-	(2,150)	(2,150)
At 31 December 2013	1,020	17	406	1,443

Profit and loss account excluding pension liability	3,391
Pension deficit	(2,371)
Profit and loss account	1,020

continued...

19. RESERVES - continued

Company

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2013	1,404	17	1,421
Profit for the year	-		-
At 31 December 2013	1,404	17	1,421

20. EMPLOYEE BENEFIT OBLIGATIONS

The plan is a funded occupational pension plan with a defined benefit and defined contribution section. This report only relates to the defined benefit section. The plan is closed to future accrual. A full valuation has been carried out at 31 March 2011 and the results have been updated to 31 December 2013 by a qualified actuary, independent of the scheme's sponsoring employer.

The Scheme assets do not include investments issued by Cogent Elliott Group Limited nor any property occupied by Cogent Elliott Group Limited.

The major assumptions used by the actuary are shown below.

The Company paid contributions at the rate of £32,500 per month for the period 1 January 2013 to 31 March 2013 with a further payment of £10,000 paid in March 2013. Since this date no contributions have been paid to take account of contributions that have historically been overpaid into the scheme. The contributions of £32,500 per month will be restarted once the overpayments have been eliminated.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2013 £'000	2012 £'000
Present value of funded obligations	(11,419)	(11,287)
Fair value of plan assets	8,418	8,200
	(3,001)	(3,087)
Present value of unfunded obligations	-	-
Deficit	(3,001)	(3,087)
Deferred tax asset	630	710
Net liability	(2,371)	(2,377)

continued...

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Current service cost	-	-
Interest cost	466	511
Expected return	(395)	(382)
Past service cost	-	-
	71	129
Actual return on plan assets	995	644

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Opening defined benefit obligation	11,287	10,713
Interest cost	466	511
Actuarial losses/(gains)	551	631
Benefits paid	(885)	(568)
	11,419	11,287

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Opening fair value of scheme assets	8,200	7,982
Contributions by employer	108	142
Expected return	395	382
Actuarial gains/(losses)	600	262
Benefits paid	(885)	(568)
	8,418	8,200

continued...

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Actuarial gains/(losses)	49	(369)
	49	(369)
Cumulative amount of actuarial gains/(losses)	49	(2,329)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2013	2012
Equities	71%	56%
Corporate bonds	3%	7%
Property	-	3%
Cash	3%	8%
Gilts	9%	14%
Other	14%	12%
	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate	4.40%	4.30%
Expected return on scheme assets	5.06%	5.06%
Future pension increases	2.55%	2.00%
Rate of revaluation of deferred pensions	2.55%	2.00%
Inflation	2.55%	2.00%

Amounts for the current and previous four periods are as follows:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension plans					
Defined benefit obligation	(11,419)	(11,287)	(10,713)	(9,621)	(9,632)
Fair value of scheme assets	8,418	8,200	7,982	7,937	7,414
Deficit	(3,001)	(3,087)	(2,731)	(1,684)	(2,218)
Experience adjustments on scheme liabilities	(21)	13	(762)	32	5
Experience adjustments on scheme assets	600	262	(581)	160	630

Defined contribution scheme
The group also operates a defined contribution scheme in the UK.

The charge for the year in respect of the defined contribution scheme was £298,134 (2012 - £281,808).

continued...

21. CONTINGENT LIABILITIES

The parent company has guaranteed borrowings by subsidiary companies amounting to £896,512 (2012 - £608,034).

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2013 and 31 December 2012:

	2013 £'000	2012 £'000
W.E. Husselby		
Balance outstanding at start of year	-	-
Amounts advanced	14	-
Amounts repaid	(8)	-
Balance outstanding at end of year	6	-

The outstanding loan to Mr W.E. Husselby was repaid in full after the year end.

23. RELATED PARTY DISCLOSURES

During the year the group traded with 20 (London) Limited, a company connected with Mr W E Husselby and Mr M S Husselby.

Sales to 20 (London) Limited amounted to £1,876 (2012 - £3,875) during the year and at 31 December 2013 there was a trade debtor of £2,202 (2012 - £nil).

At the year end an interest free loan amount of £117,623 (2012 - £117,623) was outstanding from 20 (London) Limited to the group.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr W.E. Husselby.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2013 £'000	2012 £'000
(Loss)/profit for the financial year	(416)	44
Other recognised gains and losses relating to the year (net)	(2,173)	(420)
Net reduction of shareholders' funds	(2,589)	(376)
Opening shareholders' funds	4,134	4,510
Closing shareholders' funds	1,545	4,134

continued...

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2013 £'000	2012 £'000
Profit for the financial year	-	377
Net addition to shareholders' funds	-	377
Opening shareholders' funds	1,523	1,146
Closing shareholders' funds	1,523	1,523

26. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Operating (loss)/profit	(293)	646
Depreciation charges	295	320
Restructuring costs	-	(270)
Decrease/(increase) in debtors	1,025	(134)
(Decrease)/increase in creditors	(978)	157
Difference between pension charge and cash contributions	(108)	(142)
Net cash (outflow)/inflow from operating activities	(59)	577

27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £'000	2012 £'000
Returns on investments and servicing of finance		
Interest paid	(44)	(54)
Interest element of hire purchase payments	(29)	(25)
Net cash outflow for returns on investments and servicing of finance	(73)	(79)
Capital expenditure		
Purchase of tangible fixed assets	(25)	(37)
Net cash outflow for capital expenditure	(25)	(37)
Financing		
Loan repayments in year	(178)	(176)
Capital repayments in year	(122)	(137)
Net cash outflow from financing	(300)	(313)

continued...

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.13 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.12.13 £'000
Net cash:				
Cash at bank and in hand	2	-		2
Bank overdraft	(163)	(466)		(629)
	(161)	(466)		(627)
Debt:				
Hire purchase	(181)	122	(84)	(143)
Debts falling due within one year	(179)	178	(178)	(179)
Debts falling due after one year	(267)	-	178	(89)
	(627)	300	(84)	(411)
Total	(788)	(166)	(84)	(1,038)

29. COGENT ELLIOTT GROUP LIMITED ENTERPRISE MANAGEMENT INCENTIVE PLAN

This was established in 2011 for a contractual life of 10 years from the date of grant of the option. The vesting conditions are that they would normally only be exercised on the occurrence of a sale or flotation of the company.

On 2 June 2011 an option was granted over 6,542 B Ordinary 1p shares, with an exercise price of 50p.