

**Aspen Marketing Communications Limited**

**Directors' report and financial  
statements**

**Registered number 1226337**

**31 December 2005**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities and business review

The principal activity is the provision of marketing services. The activity of Aspen Marketing Communications Limited increased during the year. The results for the year are shown in the profit and loss account on page 5.

Aspen Marketing Communications Limited remains one of the largest field marketing businesses in the UK and produced a very satisfactory result for the year. It enjoys excellent prospects.

### Dividend

An interim dividend of £4,670,000 (2004: £2,378,000) was paid during the year.

The directors propose the payment of a final dividend of £nil (2004: £ nil).

### Directors and their interests

The directors who held office during the year were as follows:

G P Mac Manus

K Lowe

P E Handscomb

The directors who held office at the end of the financial year had the following interests in the ordinary shares of group companies according to the register of directors' interests:

	Company	Class of share	Interest at start of year or date of appointment	Interest at end of year
G P Mac Manus	Aspen Marketing Group Limited	Ordinary	2,902,500	2,902,500
K Lowe	Aspen Marketing Group Limited	Ordinary	2,902,500	2,902,500
P E Handscomb	Aspen Marketing Group Limited	Ordinary	720,000	720,000

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### People within the company

Our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on the company's performance which, together with performance related bonuses, encourage staff involvement. The company's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

By order of the board



**P E Handscomb**  
Director

Tectonic Place  
Holyport Road  
Maidenhead  
SL6 2YE

2 May 2006

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

ABCD

**KPMG LLP**

Arlington Business Park  
Theale  
Reading  
RG7 4SD  
United Kingdom

**Independent auditors' report to the members of Aspen Marketing Communications Limited**

We have audited the financial statements of Aspen Marketing Communications Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Aspen Marketing Communications Limited** *(continued)*

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

3/05/2006.

**Profit and loss account**  
*for the year ended 31 December 2005*

	Notes	2005 £000	2004 £000
<b>Turnover</b>		<b>31,304</b>	30,797
Cost of sales	2	(23,319)	(23,265)
<b>Gross profit</b>		<b>7,985</b>	7,532
Administrative expenses		(2,595)	(2,722)
<b>Operating profit</b>		<b>5,390</b>	4,810
Other interest receivable and similar income	5	66	112
<b>Profit on ordinary activities before taxation</b>	6	<b>5,456</b>	4,922
Tax on profit on ordinary activities	7	(735)	(1,384)
<b>Profit on ordinary activities after taxation</b>		<b>4,721</b>	3,538
Dividends on equity shares	8	(4,670)	(2,378)
<b>Retained profit/(loss) for the financial year</b>		<b>51</b>	1,160

The company has no recognised gains or losses in either period other than the results shown above and therefore no separate statement of total recognised gains and losses has been prepared. All amounts arise from continuing activities.

There is no material difference between the company's results as reported and on an unmodified historical cost basis. Accordingly, no note of historical profits and losses has been included.

The accompanying notes are an integral part of this profit and loss account.

**Balance sheet**  
*as at 31 December 2005*

	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Tangible assets	9	177	228
<b>Current assets</b>			
Debtors	10	9,065	7,480
Cash at bank and in hand		588	2,630
		<u>9,653</u>	<u>10,110</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,252)</u>	<u>(8,811)</u>
<b>Net current assets</b>		<u>1,401</u>	<u>1,299</u>
<b>Total assets less current liabilities, being net assets</b>		<u>1,578</u>	<u>1,527</u>
<b>Capital and reserves</b>			
Called up equity share capital	12	2	2
Share premium account	13	1	1
Profit and loss account	13	1,575	1,524
<b>Equity shareholders' funds</b>		<u>1,578</u>	<u>1,527</u>

These financial statements were approved by the board of directors on 2 May 2006 and were signed on its behalf by:



**P E Handscomb**  
 Director

The accompanying notes are an integral part of this balance sheet.



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements except as noted below.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Aspen Marketing Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### *Turnover*

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business. Revenue is recognised on a straight line basis over the period of the contract.

#### *Operating leases*

Costs in respect of operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Tangible fixed assets*

Depreciation is provided to write off the cost of fixed assets to their estimated residual value on a straight line basis in equal annual instalments over their estimated useful lives as follows:

Leasehold improvements	-	3-5 years
Plant and equipment	-	2-10 years
Fixtures and equipment	-	7 years
Computers, television and video equipment	-	4 years

#### *Pension costs*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

## Notes (continued)

### 2 Segment information

The company's sole business activity is the provision of marketing services, with all revenues generated within the UK.

### 3 Remuneration of directors

	2005 £000	2004 £000
Directors' emoluments	485	79
Company contributions to money purchase pension schemes	27	5

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £192,844 (2 months in 2004: £31,915), and Company pension contributions of £12,000 (2 months in 2004: £2,000) were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to three directors (2004: three) under money purchase schemes.

### 4 Staff numbers and costs

The average monthly number of persons, including executive directors, employed by the company during the year was as follows:

	Number of employees	
	2005	2004
Management and administration	60	57
Production and sales	714	785
	<u>774</u>	<u>842</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	13,310	13,215
Social security costs	1,297	1,256
Pensions costs	143	188
	<u>14,750</u>	<u>14,659</u>

## Notes (continued)

### 5 Other interest receivable and similar income

	2005 £000	2004 £000
Bank interest	66	112

### 6 Profit on ordinary activities before taxation

	2005 £000	2004 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation	82	75
Auditors' remuneration		
- audit	26	22
- non-audit	6	6
Operating lease rentals		
- plant and machinery	13	18
- motor vehicles	3,903	4,302
- land and buildings	169	169

### 7 Taxation

#### *Analysis of charge in period*

	2005	2004
£000	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the period	729	1,505
Adjustments in respect of prior periods	(15)	(158)
Total current tax	714	1,347
<i>Deferred tax (see note 10)</i>		
Origination/reversal of timing differences	19	36
Adjustments in respect of prior periods	2	1
Total deferred tax	21	37
Tax on profit on ordinary activities	735	1,384

## Notes (continued)

### 7 Taxation (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax in the UK 30%, (2004: 30%). The differences are explained below.

	2005 £000	2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	5,456	4,921
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	1,637	1,476
<i>Effects of:</i>		
Expenses not deductible for tax purposes	16	58
Capital allowances for period in excess of depreciation	(10)	(20)
Movement of provisions	(2)	(9)
Adjustments to tax charge in respect of previous periods	(15)	(158)
Group relief received not paid for	(912)	-
	<hr/>	<hr/>
Total current tax charge (see above)	714	1,347
	<hr/>	<hr/>

### 8 Dividends on equity shares

	2005 £000	2004 £000
Equity shares:		
Interim dividend paid	4,670	2,378
Final dividend proposed	-	-
	<hr/>	<hr/>
	4,670	2,378
	<hr/>	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold improvements £000	Equipment £000	Total £000
<i>Cost</i>			
At beginning of year	162	1,005	1,167
Additions	1	31	32
<b>At end of year</b>	<b>163</b>	<b>1,036</b>	<b>1,199</b>
<i>Depreciation</i>			
At beginning of year	56	883	939
Charge	33	50	83
<b>At end of year</b>	<b>89</b>	<b>933</b>	<b>1,022</b>
<i>Net book value</i>			
<b>At 31 December 2005</b>	<b>74</b>	<b>103</b>	<b>177</b>
At 31 December 2004	106	122	228

### 10 Debtors

	2005 £000	2004 £000
Trade debtors	4,602	3,148
Amounts owed by group undertakings	2,778	2,338
Other debtors	545	491
Prepayments and accrued income	1,060	1,402
Deferred taxation	80	101
	<b>9,065</b>	<b>7,480</b>

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	74	94
Other timing differences	6	7
<b>Deferred tax asset</b>	<b>80</b>	<b>101</b>

## Notes (continued)

### 11 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	922	330
UK corporation tax	379	820
Taxation and social security	1,326	1,302
Accruals and deferred income	5,625	6,359
	<u>8,252</u>	<u>8,811</u>

### 12 Called up share capital

	2005 £000	2004 £000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1,848 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	1	1,524
Retained profit for the year	-	51
	<u>1</u>	<u>1,575</u>

### 14 Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
Profit for the financial year	4,721	3,538
Dividends	(4,670)	(2,378)
	<u>51</u>	<u>1,160</u>
Net addition to shareholders' funds	51	1,160
Opening shareholders' funds	1,527	367
	<u>1,578</u>	<u>1,527</u>

## Notes (continued)

### 15 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases expiring:				
- within one year	107	980	-	980
- between two and five years	-	991	170	2,213
- after five years	-	-	-	-
	<u>107</u>	<u>1,971</u>	<u>170</u>	<u>3,193</u>

### 16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £143,000 (2004: £188,000).

Contributions amounting to £nil (2004: £17,000) were payable to the scheme and are included in creditors.

### 17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Awesomecorp Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Aspen Marketing Group Limited, a company incorporated in England and Wales.