

**Company Registration No. 2040797**

**Source Out Of Home Limited**

**Report and Financial Statements**

**31 December 2006**

**TUESDAY**



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# **Source Out Of Home Limited**

## **Report and financial statements 2006**

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# **Source Out Of Home Limited**

## **Report and financial statements 2006**

### **Officers and professional advisers**

#### **Directors**

A J D Simmons  
N Guerretta  
K J Cochrane  
R S Burns  
A J Shelton

#### **Secretary**

N J Holgate

#### **Registered office**

Parker Tower  
43-49 Parker Street  
London, WC2B 5PS

#### **Bankers**

Barclays Bank plc  
Media Banking Centre  
PO Box 4WA  
27 Soho Square  
London, W1D 3QR

National Westminster Bank PLC  
Portsmouth, Commercial Road Branch  
130 Commercial Road  
Portsmouth  
Hants, PO1 1ES

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Source Out Of Home Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

### **Principal activity, business review and future developments**

The company is a wholly owned subsidiary of Aegis Group plc and operates as part of the group's Aegis Media division. The principal activities of the company continue to be those of specialists in, and consultants on, out of home advertising campaigns and buyers of advertising space connected with the same in the UK. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next financial year.

As shown in the company's profit and loss account on page 8, the company's turnover and profit after tax have decreased by 57% and 92% respectively over the prior year, mainly due to the loss of one significant client.

The balance sheet on page 9 of the financial statements shows that the company's financial position at year end is, both in net asset and cash terms, consistent with the prior year. The decrease in net assets from the prior year is mainly due to reduced profitability.

There have been no significant events since the balance sheet date that require adjustment to, or disclosure in the financial statements.

Aegis Group plc manages its business on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Aegis Media division of Aegis Group plc, which includes the company, is discussed in the group's annual report which does not form part of this report.

### **Change of Ownership**

On 18 January 2006 the entire issued share capital of Source Out Of Home Limited's parent company, Alban Communications Limited, was acquired by The Outdoor Life Limited, a wholly owned subsidiary of Aegis Media UK & Ireland Limited, whose ultimate holding company is Aegis Group plc.

### **Change of name**

On the 30 October 2006 the company changed its name from Concord and Posterlink Limited to Source Out Of Home Limited.

### **Results and dividends**

The profit and loss account on page 8 shows a profit on ordinary activities after taxation for the year of £28,872 (2005 profit £353,658). The directors paid an interim dividend of £1,000,000 (2005 £nil) which represents £2.50 per share during the year. The directors do not propose the payment of a final dividend (2005 £nil).

### **Management of key risks**

The directors have identified the following potential risks and uncertainties that could have a material impact on the Company's performance, and has put in place internal processes and controls designed to mitigate each risk. The Company's results could also be impacted by other factors. The risk factors detailed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

# Source Out Of Home Limited

## Directors' report (continued)

<b>Risk factor</b>	<b>Internal processes and controls</b>
Retention of key talent	Provide rewarding employment experience
Competitive pressures	Investment in products and services Client satisfaction surveys Continual training of staff
Credit risk	Efficient credit control function including credit insurance where appropriate Client acceptance procedures Payment in advance in certain circumstances

### Directors and their interests

The directors who served throughout the year, except as noted, and to date are as follows

A J D Simmons (Chairman)  
N Guerretta  
K J Cochrane  
A J Shelton  
R S Burns (appointed 2 April 2007)  
R M Henson (resigned 31 March 2007)  
K Maddison-Roberts (resigned 6 March 2006)  
N S Mansell (resigned 17 January 2006)  
J C Winstanley (resigned 16 January 2006)  
G Read (Non-executive) (resigned 18 January 2006)

None of the directors had any interests in the shares of the company during the year or at the end of the year

The following directors had interests in the shares of the former ultimate parent company, Alban Communications Limited

	<b>Ordinary shares of 50p each</b>	
	<b>1 January 2006</b>	<b>31 December 2006</b>
A J D Simmons	45,000	-
N S Mansell	30,000	-
J C Winstanley	35,000	-
A J D Simmons, N S Mansell and K Maddison-Roberts as trustees of the Alban No 2 Pension Scheme	34,000	-

None of the directors held any shares in other group companies

# Source Out Of Home Limited

## Directors' report (continued)

### Share options

On 18 January 2006 all options held by the directors over ordinary shares in Alban Communications Limited were exercised at £6 per share prior to the sale of the entire issued share capital of the Alban Communications Limited to The Outdoor Life Limited as follows -

	Number of options exercised	Gain £
A J Shelton	2,890	41,902
N Guerretta	2,890	41,902
K Cochrane	2,890	41,902
R S Burns	600	8,700
R M Henson	1,400	20,299

### Payment of suppliers

The company and its subsidiaries agree terms and conditions for their business transactions with their suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. Trade creditors at the year end represented 51 days (2005 47 days) of the year's purchases.

### Donations

No charitable or political donations were made during the year (2005 £nil)

### Auditors

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



N J Holgate  
Secretary

7 September 2007

## **Source Out Of Home Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the financial statements comply with the Companies Act 1985. 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.

## **Independent auditors' report to the members of Source Out Of Home Limited**

We have audited the financial statements (the "financial statements") of Source Out Of Home Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 auditors' 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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 judgements 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.

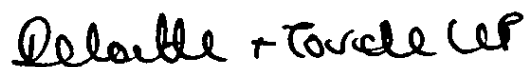


## **Independent auditors' report to the members of Source Out Of Home Limited**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read "Deloitte + Touche LLP", is positioned above the printed name of the firm.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

7 September 2007

## Source Out Of Home Limited

### Profit and loss account Year ended 31 December 2006

		2006 £	2005 £
	Note		
<b>Turnover: amounts invoiced to clients</b>		19,919,304	46,868,139
Cost of sales amounts paid for media and other cost of sales		(18,386,330)	(43,841,683)
<b>Revenue</b>		1,532,974	3,026,456
Administrative expenses		(1,580,117)	(2,587,037)
<b>Operating (loss)/profit</b>		(47,143)	439,419
Interest receivable and similar income		107,015	69,239
<b>Profit on ordinary activities before taxation</b>	2	59,872	508,658
Tax on profit on ordinary activities	6	(31,000)	(155,000)
<b>Profit on ordinary activities after taxation</b>		28,872	353,658
Dividends paid	4	(1,000,000)	-
<b>Retained (loss)/profit for the financial year</b>		(971,128)	353,658
<b>Retained profit brought forward</b>		1,789,178	1,435,520
<b>Retained profit carried forward</b>		818,050	1,789,178

All transactions during the current and the prior year are derived from continuing activities

All recognised gains and losses are included in the profit and loss account

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the years stated above and their historical cost equivalents

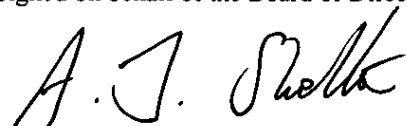
# Source Out Of Home Limited

## Balance sheet 31 December 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	7	47,592	6,387
<b>Current assets</b>			
Debtors	8	4,725,268	6,764,920
Cash at bank and in hand		2,675,327	4,253,754
		7,400,595	11,018,674
<b>Creditors: amounts falling due within one year</b>	9	(6,230,137)	(8,835,883)
<b>Net current assets</b>		1,170,458	2,182,791
<b>Total assets less current liabilities</b>		1,218,050	2,189,178
<b>Capital and reserves</b>			
Called up share capital	10	400,000	400,000
Profit and loss account		818,050	1,789,178
<b>Total equity shareholders' funds</b>	12	1,218,050	2,189,178

These financial statements were approved by the Board of Directors on 7 September 2007

Signed on behalf of the Board of Directors



A J Shelton  
Director

# Source Out Of Home Limited

## Notes to the accounts

Year ended 31 December 2006

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the year and in the preceding year.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements of the ultimate parent company, Aegis Group plc, for the year ended 31 December 2006 contain a consolidated statement of cash flows. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

#### Turnover and revenue

In accordance with industry practice, Turnover represents the amounts invoiced (excluding VAT) to clients for media space together with fees invoiced for other services.

Revenue, which is the equivalent of gross profit in the Companies Act 1985 statutory formats, represents the value of media fees and commissions earned by the company. This is recognised as revenue when it is invoiced in accordance with client agreements.

The directors consider that the basis of presentation set out above most fairly presents the company's activities undertaken on behalf of its clients.

#### Depreciation

Tangible fixed assets are stated at original historical cost less accumulated depreciation.

Depreciation is calculated on a straight line basis. The rates used are:

Motor vehicles	20% per annum
Fixtures and fittings	10% per annum
Office machinery	25% per annum
Leasehold improvements	over the remaining term of the lease

#### Operating leases

Amounts falling due under operating leases are charged to the profit and loss account on an accruals basis.

#### Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. It is the company's policy not to discount deferred tax to reflect the time value of money.

#### Related party transactions

The company has taken advantage of the exemption available to 90%-owned subsidiaries not to disclose related party transactions with other group companies or investees of the group.

# Source Out Of Home Limited

## Notes to the accounts

Year ended 31 December 2006

### 1. Accounting policies (continued)

#### Pension costs

The group operated defined contribution pension schemes during the year. Charges to the profit and loss account are in respect of pension obligations as they become payable.

### 2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Depreciation - owned assets	19,152	10,239
Operating leases	197,940	203,500
Auditors' remuneration	30,000	20,000

### 3. Staff numbers and costs

	2006	2005
The average monthly number of people (including directors) who had contracts of employment with the company's immediate parent undertaking Alban Communications Limited during the year but worked on business of the company was	24	33

	£	£
Staff costs during the year (including directors)		
Wages and salaries	903,815	1,592,021
Social security costs	103,536	166,056
Pension costs	37,734	79,760
	1,045,085	1,837,837

# Source Out Of Home Limited

## Notes to the accounts

### Year ended 31 December 2006

#### 4. Dividends paid

	2006 £	2005 £
Dividends paid in the year of £2 50 per share (2005 - £nil)	1,000,000	-

#### 5 Directors' emoluments

	2006 £	2005 £
Aggregate emoluments	358,324	599,140
Company pension contributions to money purchase schemes	19,393	37,327
	<u>377,717</u>	<u>636,467</u>
<b>Highest paid director</b>		
Aggregate emoluments	89,786	114,077
Company pension contributions to money purchase schemes	4,200	5,760
	<u>93,986</u>	<u>119,837</u>

Retirement benefits are accruing to all directors under money purchase pension schemes

#### 6. Tax on profit on ordinary activities

The charge based on the (loss)/profit for the year comprises

	2006 £	2005 £
United Kingdom corporation tax at 30% (2005 - 30%) based on the (loss)/profit for the year	31,000	164,364
Adjustment in respect of prior years	-	(9,364)
	<u>31,000</u>	<u>155,000</u>

# Source Out Of Home Limited

## Notes to the accounts

### Year ended 31 December 2006

#### 6. Tax on profit on ordinary activities (continued)

	2006 £	2005 £
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	59,872	508,658
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2005 - 30%)	17,962	152,597
Expenses not deductible for tax purposes	10,135	9,599
Excess of depreciation over capital allowances	2,871	1,727
Other timing differences	32	441
Adjustment in respect of prior years	-	(9,364)
Current tax charge	31,000	155,000

A deferred tax asset of £3,000 (2005 £2,569) has not been recognised. The deferred tax asset is attributed to accelerated capital allowances.

#### 7. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>			
At 1 January 2006	42,253	95,240	137,493
Additions	55,318	8,330	63,648
Disposals	(42,253)	(93,040)	(135,293)
At 31 December 2006	55,318	10,530	65,848
<b>Accumulated depreciation</b>			
At 1 January 2006	41,392	89,714	131,106
Charge for the year	14,691	4,461	19,152
Disposals	(42,253)	(89,749)	(132,002)
At 31 December 2006	13,830	4,426	18,256
<b>Net book value</b>			
At 31 December 2006	41,488	6,104	47,592
At 31 December 2005	861	5,526	6,387

# Source Out Of Home Limited

## Notes to the accounts

Year ended 31 December 2006

### 8. Debtors

	2006 £	2005 £
Trade debtors	3,032,335	4,483,306
Amounts owed by group undertakings	1,576,037	1,861,264
Other debtors	2,000	29,922
Prepayments and accrued income	114,896	390,428
	<u>4,725,268</u>	<u>6,764,920</u>

### 9. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	3,044,005	5,564,310
Corporation tax	31,000	164,366
Other creditors	1,455,405	470,473
Other taxes and social security	36,803	-
Accruals and deferred income	1,662,924	2,636,734
	<u>6,230,137</u>	<u>8,835,883</u>

### 10. Called up share capital

	2006 £	2005 £
Authorised, called up, allotted and fully paid: 400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

### 11. Pensions

Details of pension scheme arrangements can be found in the financial statements of Alban Communications Limited, being the company that holds contracts of employment for all Source Out Of Home Limited's personnel

### 12. Reconciliation of movements in equity shareholders' funds

	2006 £	2005 £
Profit for the year after taxation	28,872	353,658
Dividends paid	(1,000,000)	-
Retained (loss)/profit for the financial year	<u>(971,128)</u>	<u>353,658</u>
Opening equity shareholders' funds	2,189,178	1,835,520
Closing equity shareholders' funds	<u>1,218,050</u>	<u>2,189,178</u>



## **Source Out Of Home Limited**

### **Notes to the accounts**

#### **Year ended 31 December 2006**

##### **13. Parent company**

The company's immediate parent company is Alban Communications Limited, ultimate parent company until 18 January 2006

From 18 January 2006 the company's ultimate parent company is The Outdoor Life Limited, a wholly owned subsidiary of Aegis Media UK & Ireland Limited, whose ultimate holding company is Aegis Group plc

Group financial statements for Aegis Group plc are available to the public from Companies Registration Office, Companies House, Crown Way, Cardiff