

Company Registration No. 2040797

Source Out Of Home Limited

Report and Financial Statements

31 December 2007

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Source Out Of Home Limited

Report and financial statements 2007

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Source Out Of Home Limited

Report and financial statements 2007

Officers and professional advisers

Directors

A J D Simmons
N Guerretta
K J Cochrane
R S Sapsford (nee Burns)
A J Shelton

Secretary

N J Holgate

Registered office

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

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
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 2007

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 7, the company's revenue improved by £408,370 over the prior year due to increased turnover and margins. Underlying overheads decreased by £224,099 however as a result of an acquisition bonus of £364,578 (including employers' NI) net overheads increased by £140,479, resulting in an increase in profit before tax of £288,860 over the prior year.

The balance sheet on page 8 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 increase in net assets from the prior year is mainly due to improved 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.

Results and dividends

The profit and loss account on page 7 shows a profit on ordinary activities after taxation for the year of £239,968 (2006 £28,872). As there were no dividends paid during the year (2006 £1,000,000) retained profit for the year amounted to £239,968 (2006 retained loss £971,128).

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.

Risk factor	Internal processes and controls
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

Source Out Of Home Limited

Directors' report (continued)

Directors and their interests

The directors who served throughout the year are as follows

A J D Simmons (Chairman)
N Guerretta
K J Cochrane
A J Shelton
R S Sapsford (nee Burns) (appointed 2 April 2007)

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

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 55 days (2006 51 days) of the year's purchases

Donations

No charitable or political donations were made during the year (2006 £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

29 October 2008

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, and
- state whether applicable UK Accounting Standards have been followed

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 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 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 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 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 2007 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

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

29 October 2008

Source Out Of Home Limited

Profit and loss account Year ended 31 December 2007

		2007 £	2006 £
	Note		
Turnover amounts invoiced to clients	2	21,511,952	19,919,304
Cost of sales amounts paid for media and other cost of sales		(19,570,608)	(18,386,330)
Revenue	2	1,941,344	1,532,974
Administrative expenses		(1,720,596)	(1,580,117)
Operating profit/(loss)		220,748	(47,143)
Interest receivable and similar income	4	127,984	107,015
Profit on ordinary activities before taxation	2	348,732	59,872
Tax on profit on ordinary activities	7	(108,764)	(31,000)
Profit on ordinary activities after taxation		239,968	28,872

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 profit on ordinary activities before taxation and the retained profit/(loss) for the years stated above and their historical cost equivalents

Source Out Of Home Limited

Balance sheet 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	8	25,400	47,592
Current assets			
Debtors	9	8,763,382	4,725,268
Cash at bank and in hand		212,566	2,675,327
		8,975,948	7,400,595
Creditors: amounts falling due within one year	10	(7,543,330)	(6,230,137)
Net current assets		1,432,618	1,170,458
Total assets less current liabilities		1,458,018	1,218,050
Capital and reserves			
Called up share capital	11	400,000	400,000
Profit and loss account	13	1,058,018	818,050
Shareholders' funds	14	1,458,018	1,218,050

These financial statements were approved by the Board of Directors on 29 October 2008

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 2007

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 2007 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.

Tangible Fixed Assets

Tangible fixed assets are stated at original historical cost less accumulated depreciation and any provision for impairment.

Depreciation is calculated on a straight line basis over its expected useful life. The rates used are:

Fixtures and fittings	10% per annum
Office equipment	25% per annum
Computer hardware & software	between 33% and 66% 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 2007

1. Accounting policies (continued)

Pension costs

The company 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

	2007 £	2006 £
Depreciation - owned assets	43,855	19,152
Operating leases - other	132,300	197,940
Fees payable to the company's auditors for the audit of the company's annual accounts	30,000	30,000

All turnover arises in the UK and relates to outdoor advertising

3. Staff numbers and costs

	2007	2006
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	19	24

Staff costs during the year (including directors' remuneration)

	£	£
Wages and salaries	730,641	903,815
Acquisition bonus (refer below)	323,207	-
Social security costs (refer below)	122,732	103,536
Pension costs	35,101	37,734
	1,211,681	1,045,085

The acquisition bonus is payable to certain employees in accordance with the terms of the acquisition of Alban Communications Limited by Aegis Media Limited, provided that certain earn-out targets are achieved by Alban Communications Limited and subsidiary undertakings. Social security costs include £41,371 relating to the acquisition bonus.

Source Out Of Home Limited

Notes to the accounts

Year ended 31 December 2007

4. Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	19,501	118,313
Inter company interest receivable	159,407	-
Interest payable to clients	(50,924)	(11,298)
	<u>127,984</u>	<u>107,015</u>

5. Dividends paid

	2007 £	2006 £
Dividends paid in the year of Nil (2006 £2 50 per share)	<u>-</u>	<u>1,000,000</u>

6. Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	327,434	358,324
Acquisition bonus (refer note 3)	230,207	-
Company pension contributions to money purchase schemes	21,180	19,393
	<u>578,821</u>	<u>377,717</u>

Highest paid director

Aggregate emoluments (including acquisition bonus)	203,026	89,786
Company pension contributions to money purchase schemes	7,200	4,200
	<u>210,226</u>	<u>93,986</u>

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

Source Out Of Home Limited

Notes to the accounts

Year ended 31 December 2007

7. Tax on profit on ordinary activities

The charge based on the profit for the year comprises

	2007 £	2006 £
United Kingdom corporation tax at 30% (2006 - 30%) based on the profit for the year	116,627	31,000
Deferred tax	(7,863)	-
	<u>108,764</u>	<u>31,000</u>

Factors affecting the tax charge for the year

Profit on ordinary activities before tax	<u>348,732</u>	<u>59,872</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006 - 30%)	104,620	17,962
Expenses not deductible for tax purposes	3,157	10,135
Excess of depreciation over capital allowances	8,635	2,871
Other timing differences	215	32
Current tax charge	<u>116,627</u>	<u>31,000</u>

Deferred tax asset

The deferred tax balance is in respect of accelerated capital allowances and short-term timing differences. The movement is as follows

	2007 £	2006 £
At 1 January	-	-
Amount credited to the profit and loss account	<u>7,863</u>	<u>-</u>
At 31 December	<u>7,863</u>	<u>-</u>

The Company has no unrecognised deferred tax assets or liabilities (2006 £nil)

Source Out Of Home Limited

Notes to the accounts Year ended 31 December 2007

8. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, and equipment £	Total £
Cost			
At 1 January 2007	55,318	10,530	65,848
Additions	-	21,663	21,663
At 31 December 2007	55,318	32,193	87,511
Accumulated depreciation			
At 1 January 2007	13,830	4,426	18,256
Charge for the year	28,256	15,599	43,855
At 31 December 2007	42,086	20,025	62,111
Net book value			
At 31 December 2007	13,232	12,168	25,400
At 31 December 2006	41,488	6,104	47,592

9. Debtors

	2007 £	2006 £
Trade debtors	2,738,441	3,032,335
Amounts owed by group undertakings (refer below)	5,853,775	1,576,037
Other debtors	2,200	2,000
Deferred tax asset (refer note 7)	7,863	-
Other taxes and social security	31,408	-
Prepayments and accrued income	129,695	114,896
	<u>8,763,382</u>	<u>4,725,268</u>

Amounts owed by group undertakings include £3,709,000 of cash held on behalf of the company in bank accounts controlled by Aegis Media Limited, the balance being payable on normal trading terms

Source Out Of Home Limited

Notes to the accounts

Year ended 31 December 2007

10. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	3,496,477	3,044,005
Amounts owed to group undertakings	67,219	-
Bank overdraft (refer below)	476,155	-
Corporation tax	48,114	31,000
Other creditors	1,867,983	1,455,405
Other taxes and social security	-	36,803
Accruals and deferred income	1,587,382	1,662,924
	<u>7,543,330</u>	<u>6,230,137</u>

The bank overdraft above is made up of unpresented cheques

11. Called up share capital

	2007	2006
	£	£
Authorised, called up, allotted and fully paid		
400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

12. 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

13. Profit & loss account

	2007	2006
	£	£
At 1 January	818,050	1,789,178
Profit on ordinary activities after taxation	239,968	28,872
Dividends paid	-	(1,000,000)
At 31 December	<u>1,058,018</u>	<u>818,050</u>

14. Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the year after taxation	239,968	28,872
Dividends paid	-	(1,000,000)
Retained profit/(loss) for the financial year	<u>239,968</u>	<u>(971,128)</u>
Opening shareholders' funds	1,218,050	2,189,178
Closing shareholders' funds	<u>1,458,018</u>	<u>1,218,050</u>

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Notes to the accounts

Year ended 31 December 2007

15. Parent company

The company's immediate parent company is Aegis Media Limited, whose ultimate holding company is Aegis Group plc, the parent undertaking of the largest group for which group accounts are prepared. The smallest group that prepares consolidated accounts is Aegis Media Limited.

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