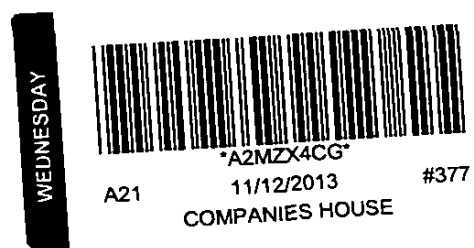


Registered number. 02875057

Momentum Instore Limited

Financial statements

For the year ended 31 May 2013



CLB
coopers
Chartered Accountants
Delivering solutions through excellence

MOMENTUM INSTORE LIMITED

Company Information

Directors	R M Gleave S P Gleave
Registered number	02875057
Registered office	Stanley Court Stanley Green Business Park Handforth Dean Cheshire SK9 3RL
Independent auditor	CLB Coopers Ship Canal House 98 King Street Manchester M2 4WU

MOMENTUM INSTORE LIMITED

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MOMENTUM INSTORE LIMITED

Directors' report

For the year ended 31 May 2013

The directors present their report and the financial statements for the year ended 31 May 2013

Directors' responsibilities statement

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 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 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 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the company is that of the provision of retail marketing services.

Business review

On 31 May 2012 the company was sold by the Interpublic Group of Companies Inc. and acquired by a privately owned company Gleaventures Limited.

Since the acquisition the company has traded profitably and through a focused cost reduction strategy has successfully driven significant cost out of the business. This has resulted in significant improvements in operating profit from continuing operations compared with both preceding financial reporting periods. Management remain focused on cost control, whilst looking at growth opportunities for the business.

Cash flow has been strong and well managed throughout the year and robust funding lines remain in place.

In the opinion of the directors the key performance indicators of the company are as follows:

- Gross profit margin of 34.6% (2012: 24.2%). Calculated as a ratio of gross profit to turnover (on continuing operations) expressed as a percentage, and
- Operating profit margin of 4.5% (2012: 17.6%). Calculated as a ratio of operating profit to turnover (on continuing operations) expressed as a percentage.

MOMENTUM INSTORE LIMITED

Directors' report For the year ended 31 May 2013

Results

The profit for the year, after taxation, amounted to £512,000 (2012 £4,216,000)

Future developments

The directors view the future prospects of the company positively and are pleased with the first year of trading post management buy-out. Having established organisational and cost base changes during the first year, the directors believe the business is in a strong position to be able to grow revenues and profitability, both organically and by acquisition, supported by strong funding lines. The directors expect margin pressures from its retail client base to continue but believe this can be mitigated by prudent cost control.

Directors

The directors who served during the year were

R M Gleave
S P Gleave

Directors and their interests

At no time during the year has any director had a material interest in a contract with the company or its subsidiaries being a contract of significance in relation to the business of the company.

Principal risks and uncertainties

Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

In addition, various financial instruments (e.g. trade debtors and trade creditors) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

MOMENTUM INSTORE LIMITED

Directors' report For the year ended 31 May 2013

Interest rate risk

The company is exposed to cash flow interest rate risk on its invoice discounting advances

Price risk

The company is exposed to vendor price risk as a result of its operations. However, the directors consider that the costs of managing exposure to vendor price risk exceed the potential benefits. The directors will continue to monitor the appropriateness of this policy.

Credit risk

The company has implemented policies that require appropriate credit checks on potential clients before services are provided. Trade debtors are reviewed on a regular basis and provision is made for doubtful debtors when necessary.

Commercial risk

Loss of major client. We address this by having a continuing business development strategy.

Clients significantly curtailing their marketing budgets. We address this by having a wide variety of clients across different sectors.

Loss of key staff. We mitigate this by having an active people team concentrating on recruiting and retaining the best talent.

Employee involvement

Employees are informed regularly about aspects of the business and its progress which the company considers are relevant to them, including communications through management channels or in writing as appropriate.

The company involves employees in matters of concern to their jobs and work situation and endeavours to maintain a sense of identity with the company's aims and objective. The effectiveness of employee communication is regularly reviewed by the directors and improvements implemented as required.

Disabled employees

Due consideration is given to applications for employment of disabled persons having regard to the particular aptitudes of the applicants concerned. Arrangements are made wherever possible, for the retraining of employees who become disabled to enable them to perform work in ways identified as appropriate to their abilities and aptitudes.

The company provides for the adequate training, career development and promotion of disabled persons.

MOMENTUM INSTORE LIMITED

Directors' report For the year ended 31 May 2013

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

The auditor, CLB Coopers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



R M Gleave
Director

Date 3 December 2013

MOMENTUM INSTORE LIMITED

Independent auditor's report to the shareholders of Momentum Instore Limited

We have audited the financial statements of Momentum Instore Limited for the year ended 31 May 2013, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 directors' report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 31 May 2013 and of its profit 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

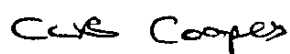
MOMENTUM INSTORE LIMITED

Independent auditor's report to the shareholders of Momentum Instore Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

 CLB Coopers

Graham Rigby (senior statutory auditor)

for and on behalf of

CLB Coopers

Statutory Auditors and Chartered Accountants

Ship Canal House
98 King Street
Manchester
M2 4WU

3 December 2013

MOMENTUM INSTORE LIMITED

Profit and loss account For the year ended 31 May 2013

		Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
	Note		
Turnover	1,2	16,097	6,516
Cost of sales		(10,533)	(4,104)
Gross profit		5,564	2,412
Administrative expenses		(4,837)	(3,970)
Operating profit/(loss)	3	727	(1,558)
Profit on disposal of discontinued operations		-	5,766
Interest receivable and similar income		1	4
Interest payable and similar charges	6	(52)	-
Profit on ordinary activities before taxation		676	4,212
Tax on profit on ordinary activities	7	(164)	4
Profit for the financial year	16	512	4,216

Amounts relating to the period ended 31 May 2012 included discontinued operations which contributed an operating loss of £638,000

For the year ended 31 May 2013 all amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 9 to 18 form part of these financial statements

MOMENTUM INSTORE LIMITED

Registered number. 02875057

Balance sheet

As at 31 May 2013

	Note	£000	2013 £000	£000	2012 £000
Fixed assets					
Tangible assets	8		71		50
Investments	9		59		59
			<u>130</u>		<u>109</u>
Current assets					
Stocks	10	19		309	
Debtors (including > 1 year)	11	3,387		3,005	
Cash at bank		581		353	
		<u>3,987</u>		<u>3,667</u>	
Creditors amounts falling due within one year	12	(1,138)		(783)	
Net current assets			<u>2,849</u>		<u>2,884</u>
Total assets less current liabilities			<u>2,979</u>		<u>2,993</u>
Creditors: amounts falling due after more than one year	13		(59)		(59)
Accruals and deferred income			<u>(699)</u>		<u>(1,044)</u>
Net assets			<u>2,221</u>		<u>1,890</u>
Capital and reserves					
Called up share capital	15		1,176		1,176
Profit and loss account	16		1,045		714
Shareholders' funds	17		<u>2,221</u>		<u>1,890</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



R M Gleave
Director

Date 3 December 2013

The notes on pages 9 to 18 form part of these financial statements

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover represents amounts receivable from clients exclusive of value added tax in respect of marketing services provided during the period and is recognised either when a project is complete or where individually recognisable elements of a contract are complete. Amounts invoiced in advance of completion stages are held on the balance sheet as deferred income. All revenue arose in the United Kingdom from a single class of business.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	straight line over term of the lease
Equipment, fixtures and fittings	-	straight line between 3-7 years

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

1 Accounting policies (continued)

1 8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1 10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

2 Turnover

All turnover arose within the United Kingdom

3 Operating profit/(loss)

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

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Depreciation of tangible fixed assets		
- owned by the company	30	35
Group management service fee payable	-	279
Auditor's remuneration	24	31
Auditor's remuneration - non-audit	3	-
Operating lease rentals		
- plant and machinery	74	18
- other operating leases	280	253
Foreign exchange movement	-	17
Goodwill amortisation	-	52

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

4 Staff costs

Staff costs were as follows

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Wages and salaries	7,458	3,756
Social security costs	648	394
Other pension costs	94	94
	<u>8,200</u>	<u>4,244</u>

Included in the wages and salaries is are the temporary staff costs of £4,148,000 (2012 £1,731,000)
Included within the social security costs are £315,000 (2012 £136,000) that relate to temporary staff costs

The average monthly number of permanent employees, including the directors, during the year was as follows

	Year ended 31 May 2013 No.	5 months ended 31 May 2012 No
Continuing	126	118
Discontinued	0	127
	<u>126</u>	<u>245</u>

In addition to the above, the average temporary number of staff was 266 (2012 262) Included within the continuing staff numbers are 2 directors, 11 management staff, 53 office staff and 60 field staff

5. Directors' remuneration

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Emoluments	<u>140</u>	<u>53</u>

During the year two directors received pension contributions (2012 2) from the company totalling £22,000 included within the above

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

6. Interest payable and similar charges

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
On bank loans and overdrafts	52	-

7. Taxation

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	22	-
Deferred tax		
Origination and reversal of timing differences	142	(8)
Origination and reversal on timing differences - prior period	-	(8)
Effect of change of Corporation tax rate	-	12
Total deferred tax (see note 14)	142	(4)
Tax on profit on ordinary activities	164	(4)

Factors affecting tax charge for the year/period

The tax assessed for the period is lower than (2012 lower than) the standard rate of corporation tax in the UK of 20% (2012 24.5%). The differences are explained below

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Profit on ordinary activities before tax	676	4,212
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 24.5%)	135	1,061
Effects of:		
Expenses not deductible for tax purposes	8	(1,433)
Accelerated capital allowances for year/period	(19)	(1)
Utilisation of tax losses	(105)	-
Short term timing difference leading to an increase (decrease) in taxation	3	(3)
Group relief	-	376
Current tax charge for the year/period (see note above)	22	-

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

8. Tangible fixed assets

	Leasehold improvements £000	Equipment, fixtures and fittings £000	Total £000
Cost			
At 1 June 2012	151	491	642
Additions	-	51	51
At 31 May 2013	151	542	693
Depreciation			
At 1 June 2012	149	443	592
Charge for the year	-	30	30
At 31 May 2013	149	473	622
Net book value			
At 31 May 2013	2	69	71
At 31 May 2012	2	48	50

9. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2012 and 31 May 2013	59
Net book value	
At 31 May 2013	59
At 31 May 2012	59

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Holding
NDI Momentum Limited	100 %

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

9 Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 May 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
NDI Momentum Limited	59	-

10 Stocks

	2013 £000	2012 £000
Work in progress	13	309
Finished goods and goods for resale	6	-
	19	309

11. Debtors

	2013 £000	2012 £000
Due after more than one year		
Amounts owed by group undertakings	1,157	-
Due within one year		
Trade debtors	1,871	2,444
Prepayments and accrued income	261	321
Deferred tax asset (see note 14)	98	240
	3,387	3,005

12. Creditors

Amounts falling due within one year

	2013 £000	2012 £000
Invoice discounting	60	-
Bank loan	440	-
Trade creditors	262	201
Corporation tax	22	-
Other taxation and social security	316	556
Other creditors	38	26
	1,138	783

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

12 Creditors. Amounts falling due within one year (continued)

Invoice discounting and bank loan balances are secured by a fixed and floating charge against all assets of Momentum Instore Limited. A personal guarantee of £100,000 each has been given by both directors in respect of the bank loan.

Other creditors includes amounts which are secured to the value of up to £25,000 by bank deposits held in the company's name.

13. Creditors: Amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	59	59

14 Deferred tax asset

	2013 £000	2012 £000
At beginning of year/period	240	240
Released during/(charged for) year/period (P&L)	(142)	-
At end of year/period	98	240

The deferred tax asset is made up as follows

	2013 £000	2012 £000
Accelerated capital allowances	80	110
Tax losses carried forward	-	126
Short term timing differences	18	4
	98	240

15 Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
1,176,286 ordinary shares of £1 each	1,176	1,176

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

16. Reserves

	Profit and loss account £000
At 1 June 2012	714
Profit for the year	512
Dividends paid on equity capital	(181)
At 31 May 2013	<u>1,045</u>

17. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	1,890	7,190
Profit for the financial year/period	512	4,216
Dividends (Note 18)	(181)	(9,516)
Closing shareholders' funds	<u>2,221</u>	<u>1,890</u>

18. Dividends

	Year ended 31 May 2013 £000	5 months ended 31 May 2012 £000
Dividends paid on equity capital	<u>181</u>	<u>9,516</u>

19. Pension commitments

Included within other creditors is £14,780 (2012 £16,797) in respect of contributions to the company's defined contribution pension scheme, paid monthly, in arrears

20. Operating lease commitments

At 31 May 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
Expiry date:				
Within 1 year	-	79	11	-
Between 2 and 5 years	<u>163</u>	<u>147</u>	<u>85</u>	<u>115</u>

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2013

21. Related party transactions

The company has taken full advantage of the exemption under Financial Reporting Standard 8 from disclosing transactions with other members of the group headed by Gleaventures Limited. At the balance sheet date the net amount owed from Gleaventures Limited was £1,157,000. Also owing was £59,000 (2012: £59,000) to NDI Momentum Limited.

22. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Gleaventures Limited, a company incorporated in England and Wales. Gleaventures Limited was under the control of R M Gleave due to his majority shareholding throughout the current period. Prior to 31 May 2012 the company's ultimate parent undertaking was The Interpublic Group of Companies Inc.