

Registered number: 02875057

Momentum Instore Limited

**Annual Report
and Financial Statements**

For the year ended 31 May 2014

CLB
coopers
Chartered Accountants
Delivering solutions through excellence

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MOMENTUM INSTORE LIMITED

Company Information

Directors	R M Gleave S P Gleave
Registered number	02875057
Registered office	Beechwood Court Springwood Way Tytherington Business Park Macclesfield Cheshire SK10 2XG
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 2014

The directors present their report and the financial statements for the year ended 31 May 2014.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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.

Results

The loss for the year, after taxation, amounted to £10,000 (2013: profit £512,000).

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.

MOMENTUM INSTORE LIMITED

Directors' report
For the year ended 31 May 2014

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.



.....
S P Gleave
Director

Date: 26 February 2015

MOMENTUM INSTORE LIMITED

Strategic report
For the year ended 31 May 2014

Business review

The principal activity of the company throughout the year continued to be the provision of retail marketing services.

The company has returned a small profit before tax for the year, despite a challenging trading and operational year. Whilst the results are disappointing, they were expected based on average spend being reduced by a number of key clients.

The company operates in a competitive market and has seen its retail client base continue to exert pressure on margins. Turnover has fallen 8% during the year to £14.8m and gross margins have fallen from 34.6% to 31.5%. The company has benefitted from the focused cost reduction strategy introduced in the prior year. This has mitigated some of the reduction in gross margin.

During the final quarter of the financial year the company has seen a significant increase in turnover compared with the same period in the prior year. This increase in turnover reflects the sales opportunities the company has developed during the year and is expected to benefit from in the future. This increase in turnover is reflected in increased debtor and creditor balances compared with the prior year.

Cash flow has been strong and well managed throughout the year.

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

- Gross profit margin of 31.5% (2013: 34.6%). Calculated as ratio of gross profit to turnover expressed as a percentage; and
- Operating profit margin of 0.3% (2013: 4.5%). Calculated as a ratio of operating profit to turnover expressed as a percentage.

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

Strategic report (continued)
For the year ended 31 May 2014

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.

Employment 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

Strategic report (continued)
For the year ended 31 May 2014

Developments and future outlook

The directors remain very positive about the future prospects for the business.

The business has an excellent loyal growing client base and an excellent market reputation. Whilst the results for the year to 31 May 2014 were disappointing, the Company since this date has seen a significant increase in sales opportunities and contracts awarded. Turnover for the year to 31 May 2015 is on target to be c.20% higher than in 2014, which will see the business return to a more acceptable level of profitability.

The year has been one of significant investment for the company, to position itself for growth opportunities identified in the market.

The company has made a significant investment in a new Head Office. The move to new offices, whilst a significant cash investment, will actually deliver cost savings over the term of the lease. The grade A offices have been welcomed by staff and clients alike, as providing a more effective environment for the company to deliver commercially and operationally.

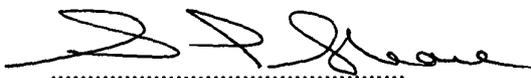
The company continues to look at ways to keep ahead of its competition with on-going investment in IT solutions. This has improved project delivery and efficiencies in operations and reporting. The company will continue to invest in IT solutions to enhance the quality and efficiency of its service offering.

Further substantial investment has been made during the year in staffing for the business, particularly senior management positions. The new organisational structure has been established and this will strengthen delivery to our clients and will also enable the support of the company delivering sales and profitability growth in future years.

This year of investment reinforces the directors' positive view of the future prospects of the company. The directors believe the business is in a strong position to be able to grow revenues and profitability, both organically and by acquisition.

The business continues to have strong funding lines and since the year end has negotiated a new funding lines. This new arrangement will generate significant savings in funding costs over the coming years and reflects the belief in the business from the funders.

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



.....
S P Gleave
Director

Date: 26 February 2015

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 2014, set out on pages 8 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 strategic report and the directors' report 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 company's affairs as at 31 May 2014 and of its 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 strategic report and 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

26 February 2015

MOMENTUM INSTORE LIMITED

Profit and loss account For the year ended 31 May 2014

	Note	2014 £000	2013 £000
Turnover	1,2	14,759	16,097
Cost of sales		<u>(10,109)</u>	<u>(10,533)</u>
Gross profit		4,650	5,564
Administrative expenses		<u>(4,605)</u>	<u>(4,837)</u>
Operating profit	3	45	727
Interest receivable and similar income		2	1
Interest payable and similar charges	6	<u>(37)</u>	<u>(52)</u>
Profit on ordinary activities before taxation		10	676
Tax on profit on ordinary activities	7	<u>(20)</u>	<u>(164)</u>
(Loss)/profit for the financial year	16	<u>(10)</u>	<u>512</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.

MOMENTUM INSTORE LIMITED

Registered number: 02875057

**Balance sheet
As at 31 May 2014**

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	8		627		71
Investments	9		59		59
			<u>686</u>		<u>130</u>
Current assets					
Stocks	10	70		19	
Debtors (including > 1 year)	11	5,094		3,387	
Cash at bank		35		581	
		<u>5,199</u>		<u>3,987</u>	
Creditors: amounts falling due within one year	12	<u>(2,448)</u>		<u>(1,138)</u>	
Net current assets			<u>2,751</u>		<u>2,849</u>
Total assets less current liabilities			<u>3,437</u>		<u>2,979</u>
Creditors: amounts falling due after more than one year	13		(59)		(59)
Accruals and deferred income			<u>(1,496)</u>		<u>(699)</u>
Net assets			<u>1,882</u>		<u>2,221</u>
Capital and reserves					
Called up share capital	15		1,176		1,176
Profit and loss account	16		706		1,045
Shareholders' funds	17		<u>1,882</u>		<u>2,221</u>

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



S P Gleave
Director

Date: 26 February 2015

The notes on pages 10 to 18 form part of these financial statements.

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

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 2014

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 2014

2. Turnover

All turnover arose within the United Kingdom.

3. Operating profit

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

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	32	30
Auditor's remuneration	23	24
Auditor's remuneration - non-audit	7	3
Operating lease rentals:		
- plant and machinery	112	104
- other operating leases	271	283
Foreign exchange movement	2	-
	<u>2</u>	<u>-</u>

4. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	7,433	7,458
Social security costs	565	648
Other pension costs	102	94
	<u>8,100</u>	<u>8,200</u>

Included in the wages and salaries are temporary staff costs of £4,918,000 (2013: £4,148,000). Included within the social security costs are £366,000 (2013: £315,000) that relate to temporary staff costs. Included within the pension costs are £3,000 (2013: £nil) that relate to temporary staff costs.

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

	2014 No.	2013 No.
Directors	2	2
Management staff	16	11
Field staff	20	60
Office staff	53	53
	<u>91</u>	<u>126</u>

In addition to the note above, the company hired intermittent workers throughout the year. The average number for the year was 308 (2013: 266).

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

5. Directors' remuneration

	2014 £000	2013 £000
Emoluments	66	140

During the year two directors received pension contributions (2013: 2) from the company totalling £22,000 included within the above.

6. Interest payable and similar charges

	2014 £000	2013 £000
On bank loans and overdrafts	37	52

7. Taxation

	2014 £000	2013 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on profit for the year	(20)	22
Deferred tax (see note 14)		
Origination and reversal of timing differences	40	142
Tax on profit on ordinary activities	20	164

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the period is lower than (2013: lower than) the standard rate of corporation tax in the UK of 20% (2013: 20%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	10	676
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013: 20%)	2	135
Effects of:		
Expenses not deductible for tax purposes	4	8
Accelerated capital allowances for year	(82)	(19)
Utilisation of tax losses	25	(105)
Losses carried back	(22)	-
Short term timing difference leading to an increase (decrease) in taxation	(7)	3
Unrelieved tax losses carried forward	60	-
Current tax (credit)/charge for the year (see note above)	(20)	22

8. Tangible fixed assets

	Leasehold improvements £000	Equipment, fixtures and fittings £000	Total £000
Cost			
At 1 June 2013	151	542	693
Additions	473	115	588
Disposals	(124)	(290)	(414)
At 31 May 2014	500	367	867
Depreciation			
At 1 June 2013	149	473	622
Charge for the year	-	32	32
On disposals	(124)	(290)	(414)
At 31 May 2014	25	215	240
Net book value			
At 31 May 2014	475	152	627
At 31 May 2013	2	69	71

MOMENTUM INSTORE LIMITED

Notes to the financial statements
For the year ended 31 May 2014

9. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2013 and 31 May 2014	59
Net book value	
At 31 May 2014	59
At 31 May 2013	59

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
NDI Momentum Limited	100%

The aggregate of the share capital and reserves as at 31 May 2014 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

	2014 £000	2013 £000
Work in progress	59	13
Finished goods and goods for resale	11	6
	70	19

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

11. Debtors

	2014 £000	2013 £000
Due after more than one year		
Amounts owed by group undertakings	1,153	1,157
Due within one year		
Trade debtors	3,539	1,871
Other debtors	27	-
Prepayments and accrued income	317	261
Deferred tax asset (see note 14)	58	98
	<u>5,094</u>	<u>3,387</u>

12. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Invoice discounting	1,194	60
Bank loan	-	440
Trade creditors	334	262
Corporation tax	-	22
Other taxation and social security	886	316
Other creditors	34	38
	<u>2,448</u>	<u>1,138</u>

Invoice discounting and bank loan balances are secured by a fixed and floating charge against all assets of Momentum Instore Limited.

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

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>59</u>	<u>59</u>

14. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	98	240
Charged for year (P&L)	(40)	(142)
At end of year	<u>58</u>	<u>98</u>

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

14. Deferred tax asset (continued)

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	(4)	80
Tax losses carried forward	53	-
Short term timing differences	9	18
	<u>58</u>	<u>98</u>

15. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1,176,286 ordinary shares of £1 each	<u>1,176</u>	<u>1,176</u>

16. Reserves

	Profit and loss account £000
At 1 June 2013	1,045
Loss for the year	(10)
Dividends paid on equity capital	(329)
	<u>706</u>
At 31 May 2014	<u>706</u>

17. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	2,221	1,890
(Loss)/profit for the financial year	(10)	512
Dividends (Note 18)	(329)	(181)
	<u>1,882</u>	<u>2,221</u>
Closing shareholders' funds	<u>1,882</u>	<u>2,221</u>

MOMENTUM INSTORE LIMITED

Notes to the financial statements For the year ended 31 May 2014

18. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	<u>329</u>	<u>181</u>

19. Pension commitments

Included within other creditors is £15,000 (2013: £15,000) in respect of contributions to the company's defined contribution pension scheme, paid monthly, in arrears.

20. Operating lease commitments

At 31 May 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	41	11
Between 2 and 5 years	-	163	59	85
After more than 5 years	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 £1,153,000 (2013: £1,157,000). Also owing was £59,000 (2013: £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 and preceding period.