

Company Number : 2886697

MEDIAVEST (MANCHESTER) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 28 FEBRUARY 2005

FINLAY ROBERTSON
Chartered Accountants
and Registered Auditors

Brook House
77 Fountain Street
Manchester M2 2EE



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29/11/2005

MEDIAVEST (MANCHESTER) LIMITED

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DIRECTORS AND OFFICERS

Directors:

A D Jeal
D A Lucas
A W Blease
P J Catlow
I Lees
J R Marshall
C A Nolan
N J Cross
A H Wright
A J Croft
J M Reddington
S J Prior
K A King
J Hall
L Worthington
J Thomas
R S Lightfoot
S Lohman
C Reid
E Mustcant

Secretary and Registered Office:

C A Nolan
5th Floor
Brook House
77 Fountain Street
Manchester
M2 2EE

MEDIAVEST (MANCHESTER) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited accounts for the year ended 28 February 2005.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity, and that of its subsidiaries, MediaVest (Leeds) Limited and Touchpoint Communications Limited, continued to be the selling of media advertising space and time. The principal activity of its subsidiary Kay Investments 14 is that of an investment company.

The directors are pleased to report that all trading targets have been exceeded in the group's financial year both in terms of turnover and profit and expect 2005/2006 to continue to be profitable.

RESULTS

Details of the group's results are set out in the profit and loss account on page 6. During the year an interim dividend of £2,300,000 was paid to 'A', 'B', 'C' and 'D' shareholders. The directors do not recommend the payment of a final dividend and propose that the group's retained profit of £338,337 be added to reserves.

FIXED ASSETS

Details of movements in the group's fixed assets are given in notes 9 to 10 in the accounts.

DIRECTORS

The directors in office in the year and their beneficial interests in the issued ordinary share capital of the company were:-

NUMBER OF SHARES At 28 February 2005

	'A' Ordinary Shares	'B' Ordinary Shares	'C' Ordinary Shares	'D' Ordinary Shares
A D Jeal	37,500	-	-	-
D A Lucas	37,500	-	-	-
A W Blease	-	-	-	-
J R Marshall	-	-	-	-
C A Nolan	1,000	-	-	-
I Lees	-	-	6,000	1,000
P J Catlow	-	-	4,750	250
N J Cross	-	-	3,000	-
A H Wright	-	-	-	-
A J Croft	-	-	-	-
S Bradley	-	-	-	-
J M Reddington	-	-	-	-
S J Prior	-	-	-	-
K A King	-	-	-	-
J Hall	-	-	-	-
L Worthington	-	-	-	-
J Thomas	-	-	-	-
R S Lightfoot	-	-	-	-
R Brown	-	-	-	-
S Lohman – appointed 1 March 2004	-	-	-	-
C Reid – appointed 1 March 2004	-	-	-	-
E Muscant – appointed 1 September 2004	-	-	-	-

R Brown resigned as a director on 30 March 2005. S Bradley resigned on 25 May 2005.

MEDIAVEST (MANCHESTER) LIMITED
REPORT OF THE DIRECTORS (Continued)

NUMBER OF SHARES
At 29 February 2004 or Date of Appointment (if later)

	'A' Ordinary Shares	'B' Ordinary Shares	'C' Ordinary Shares	'D' Ordinary Shares
A D Jeal	37,500	-	-	-
D A Lucas	37,500	-	-	-
A W Blease	-	-	-	-
J R Marshall	-	-	-	-
C A Nolan	1,000	-	-	-
I Lees	-	-	5,000	1,000
P J Catlow	-	-	4,750	250
N J Cross	-	-	2,400	-
A H Wright	-	-	-	-
A J Croft	-	-	-	-
S Bradley	-	-	-	-
J M Reddington	-	-	-	-
S J Prior	-	-	-	-
K A King	-	-	-	-
J Hall	-	-	-	-
L Worthington	-	-	-	-
J Thomas	-	-	-	-
R S Lightfoot	-	-	-	-
R Brown	-	-	-	-

On 16 February 1999 and 31 March 2000 the company adopted share option schemes for certain of its directors. Details of options granted and exercised in the year are as follows:

I Lees: Options Exercised

Option Shares	Date Granted
1,000 'C' Ordinary Shares	16 February 1999

N Cross: Options Exercised

Option Shares	Date Granted
600 'C' Ordinary Shares	31 March 2000

MEDIAVEST (MANCHESTER) LIMITED
REPORT OF THE DIRECTORS (Continued)

DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the year and of the profit or loss of the group for the year. In preparing those accounts the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made general charitable contributions totalling £4,183. The company did not make any political contributions in the year.

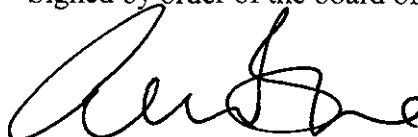
THE EURO

The impact of the Euro has been considered generally by the company. Although the impact of the changeover to the Euro is not currently anticipated to be significant, this issue is being closely monitored.

AUDITORS

Finlay Robertson offer themselves for re-election under Section 385(2) Companies Act 1985.

Signed by order of the board of directors



A W Blease
Director

26 September 2005

Brook House
77 Fountain Street
Manchester
M2 2EE

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIAVEST (MANCHESTER) LIMITED

We have audited the group's accounts for the year ended 28 February 2005 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes. These accounts have been prepared under the historical cost convention and 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 which 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 which we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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


BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 28 February 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


FINLAY ROBERTSON
Chartered Accountants
and Registered Auditors

Brook House
77 Fountain Street
Manchester M2 2EE

26 September 2005

MEDIAVEST (MANCHESTER) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 28 FEBRUARY 2005

	Note	2005 £	2004 £
TURNOVER	2	197,990,610	190,087,081
Cost of sales		(185,514,981)	(178,624,458)
GROSS PROFIT		12,475,629	11,462,623
Administrative expenses		(9,587,263)	(8,952,933)
GROUP OPERATING PROFIT	3	2,888,366	2,509,690
Share of operating profit in associates		358,574	237,189
Profit on disposal of fixed assets		1,391	-
Loss on deemed part-disposal of subsidiary		(3,280)	-
Income from other fixed asset investments		-	67,176
Amounts written off investments	10	(50,001)	(65,075)
Interest receivable and similar income			
Group		786,675	595,552
Associates		22,192	16,837
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,003,917	3,361,369
Tax on profit on ordinary activities			
Group	6	(1,181,000)	(1,040,986)
Associates		(100,427)	(76,155)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,722,490	2,244,228
Minority interests		(84,153)	(5,654)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND MINORITY INTEREST	15	2,638,337	2,238,574
Dividends	7	(2,300,000)	(2,150,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	338,337	88,574

CONTINUING OPERATIONS

All of the company's activities in the above two financial years derived from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses, other than the profit for the above two financial years.

The notes on pages 10 to 27 form part of these accounts.

MEDIAVEST (MANCHESTER) LIMITED
CONSOLIDATED BALANCE SHEET AT 28 FEBRUARY 2005

	Note	£	2005	£	£	2004	£
FIXED ASSETS							
Intangible assets	8		30,186			30,809	
Tangible assets	9		593,875			377,711	
Investment in associates	10		279,577			186,868	
Other investments	10		3,425			3,425	
			907,063			598,813	
CURRENT ASSETS							
Debtors	11	25,671,965			24,877,583		
Cash at bank and in hand		18,549,265			15,667,843		
			44,221,230		40,545,426		
CREDITORS: Amounts falling due within one year							
	12	(43,641,849)			(40,033,890)		
NET CURRENT ASSETS			579,381			511,536	
NET ASSETS			1,486,444			1,110,349	
CAPITAL AND RESERVES							
Called up share capital	13		113,608			111,611	
Share premium account	14		198,868			176,468	
Share option reserve	14		21,000			16,800	
Capital reserve	14		3,280			-	
Profit and loss account	14		1,113,689			775,376	
EQUITY SHAREHOLDERS' FUNDS	15		1,450,445			1,080,255	
Equity minority interests			35,999			30,094	
			1,486,444			1,110,349	

The accounts were approved by the board on

26th Sep 2005



D A Lucas
Director

The notes on pages 10 to 27 form part of these accounts.

MEDIAVEST (MANCHESTER) LIMITED
COMPANY BALANCE SHEET AT 28 FEBRUARY 2005

	Note	£	2005	£	£	2004	£
FIXED ASSETS							
Intangible assets	8		30,186			30,809	
Tangible assets	9		573,390			358,190	
Investment in subsidiaries	10		112,324			112,224	
Investment in associates	10		42,500			42,501	
Other investments	10		3,425			3,425	
			761,825			547,149	
CURRENT ASSETS							
Debtors	11	22,935,433			24,103,365		
Cash at bank and in hand		17,149,522			15,173,350		
			40,084,955		39,276,715		
CREDITORS: Amounts falling due within one year							
	12	(39,674,286)			(38,888,792)		
NET CURRENT ASSETS			410,669			387,923	
NET ASSETS			1,172,494			935,072	
CAPITAL AND RESERVES							
Called up share capital	13		113,608			111,611	
Share premium account	14		198,868			176,468	
Share option reserve	14		21,000			16,800	
Profit and loss account	14		839,018			630,193	
EQUITY SHAREHOLDERS' FUNDS	15		1,172,494			935,072	

The accounts were approved by the board on 26th Sep 2005



D A Lucas
Director

The notes on pages 10 to 27 form part of these accounts.

MEDIAVEST (MANCHESTER) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 28 FEBRUARY 2005

	Note	2005 £	2004 £
Net cash inflow from operating activities	16a	4,720,840	4,216,434
Dividends from associate companies		187,038	117,665
Returns on investments and servicing of finance	16b	695,347	597,653
Taxation		(1,233)	(940,188)
Capital expenditure and financial investment	16c	(487,967)	(362,301)
Acquisitions and disposals	16d	-	-
Equity dividends paid		(2,300,000)	(2,150,000)
Financing	16e	67,397	39,646
		<hr/>	<hr/>
Increase in cash in the year		2,881,422	1,518,909
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN NET FUNDS**

Increase in cash in the year	17	2,881,422	1,518,909
Net funds at 1 March 2004		15,667,843	14,148,934
		<hr/>	<hr/>
Net funds at 28 February 2005		18,549,265	15,667,843
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 27 form part of these accounts

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention.

Consolidation

The group accounts incorporate the accounts of the company's subsidiary undertakings, MediaVest (Leeds) Limited, Touchpoint Communications Limited and Kay Investments 14.

Turnover

Turnover represents the total invoice value, excluding value added tax, of services provided.

Intangible Assets

Intangible assets represent the clearly defined costs incurred in acquiring a timeshare in a residential property. Its carrying value is reviewed annually by the directors to determine whether there should be a reduction to reflect any permanent diminution in value. Costs are amortised over the period of commercial benefit to the company. This is currently estimated to be 55 years from the date of acquisition.

Tangible Fixed Assets

The cost of tangible fixed assets includes only expenditure incurred in bringing the assets into working condition for their intended use. Depreciation is provided at the following annual rates in order to write off the cost of each tangible fixed asset over its estimated useful life.

Leasehold Improvements	20% on cost
Office Equipment	33 $\frac{1}{3}$ % on cost
Motor Vehicles	25% on cost

Deferred Taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the month end after the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Operating Leases

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

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

1. ACCOUNTING POLICIES (continued)

Pensions

The company contributes to individual pension schemes for certain of the directors. These are contribution pension schemes and the yearly contribution for each director is taken directly to the profit and loss account.

2. TURNOVER AND PROFIT

Turnover and pre-tax profit were all attributable to the principal activities of the group and were generated wholly in the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Directors' remuneration	2,407,852	2,228,795
Auditors' remuneration	22,250	19,000
Amortisation of intangible assets	623	311
Depreciation of owned tangible fixed assets	273,194	212,249
Operating lease rentals:		
Hire of plant and equipment	8,833	9,298
Other	532,775	393,085
Currency (gains)/losses	(1,873)	32,400
	<hr/>	<hr/>

During the year the auditors received fees in respect of non-audit services of £21,400 (2004: £13,550). The fees were for taxation services and advice in connection with the group.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	2005 £	2004 £
4. DIRECTORS' REMUNERATION		
Directors emoluments for management services	2,307,740	2,194,171
Pension contributions	100,112	34,624
	<hr/>	<hr/>
	2,407,852	2,228,795
	<hr/>	<hr/>
Highest paid director:		
Aggregate emoluments	393,615	515,935
Money purchase pension contributions	22,500	-
	<hr/>	<hr/>
	416,115	515,935
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing under money purchase schemes amounts to 10 (2004: 9).

Two directors exercised share options in the year in respect of 1,600 'C' Ordinary Shares. The highest paid director did not exercise any share options in the year and did not receive any shares in respect of qualifying services under a long-term incentive scheme.

	2005 £	2004 £
5. STAFF COSTS		
Wages and salaries	5,328,702	5,218,688
Social security costs	619,317	554,296
Pension costs	355,620	45,322
	<hr/>	<hr/>
	6,303,639	5,818,306
	<hr/>	<hr/>

The pension costs are in respect of defined contribution schemes for certain of the company directors. £305,240 was due in respect of pension costs as at 28 February 2005 (2004: £39,250).

The average number of employees during the year was as follows:

	Number	Number
Management	45	38
Media	80	75
Administration	32	29
	<hr/>	<hr/>
	157	142
	<hr/>	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	2005 £	2004 £
6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
(i) Current tax		
UK Corporation tax charge at 30% (2004: 30%)	1,271,817	985,655
Adjustment in respect of prior years	(60,875)	32,189
	<hr/>	<hr/>
Current tax charge for the year	1,210,942	1,017,844
Deferred tax	(29,942)	23,142
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,181,000	1,040,986
	<hr/> <hr/>	<hr/> <hr/>
(ii) Factors affecting the current tax charge in the year		
Profit on ordinary activities before taxation	4,003,917	3,361,369
Less: share of associates' profit before taxation	(380,766)	(254,026)
	<hr/>	<hr/>
	3,623,151	3,107,343
	<hr/> <hr/>	<hr/> <hr/>
Tax on profit on ordinary activities at 30%	1,086,945	932,203
Tax effect of:		
Expenses not deductible for tax purposes	160,223	44,739
Depreciation charge in excess of capital allowances	2,028	15,029
Losses unrelieved/(relieved)	19,982	(5,682)
Marginal relief	-	(1,072)
Adjustments in respect of prior years	(60,875)	32,189
Rounding	2,639	438
	<hr/>	<hr/>
Current tax charge for the year	1,210,942	1,017,844
	<hr/> <hr/>	<hr/> <hr/>
(iii) Provision for deferred tax		
At 1 March 2004	(32,419)	(55,561)
Depreciation in advance of capital allowances	(29,942)	23,142
	<hr/>	<hr/>
At 28 February 2005	(62,361)	(32,419)
	<hr/> <hr/>	<hr/> <hr/>

The deferred taxation asset is included within debtors in note 11.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	2005 £	2004 £
7. DIVIDENDS		
Ordinary 'A' – First interim paid of £6.59 per share (2004: £18.04)	501,099	1,370,805
Ordinary 'B' – First interim paid of £ 8.85 per share (2004: £24.20)	200,000	537,500
Ordinary 'C' – First interim paid of £6.59 per share (2004: £18.04)	90,663	219,152
Ordinary 'D' – First interim paid of £6.59 per share (2004: £18.04)	8,238	22,543
Ordinary 'A' – Second interim paid of £12.36 per share (2004: £nil)	939,561	-
Ordinary 'B' – Second interim paid of £16.59 per share (2004: £nil)	375,000	-
Ordinary 'C' – Second interim paid of £12.36 per share (2004: £nil)	169,986	-
Ordinary 'D' – Second interim paid of £12.36 per share (2004: £nil)	15,453	-
	<hr/> 2,300,000	<hr/> 2,150,000
	<hr/>	<hr/>

8. INTANGIBLE FIXED ASSETS

	Cost of Timeshare £
Cost	
At 1 March 2004	31,120
	<hr/>
At 28 February 2005	31,120
	<hr/>
Amortisation	
At 1 March 2004	311
Charge for year	623
	<hr/>
At 28 February 2005	934
	<hr/>
Net Book Value	
At 28 February 2005	30,186
	<hr/>
At 29 February 2004	30,809
	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

9. TANGIBLE FIXED ASSETS – GROUP

	Leasehold Improvements £	Office Equipment £	Motor Vehicles £	Total £
Cost				
At 1 March 2004	209,436	718,571	7,655	935,662
Additions	200,670	295,547	-	496,217
Disposals	-	-	(7,655)	(7,655)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2005	410,106	1,014,118	-	1,424,224
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 March 2004	74,477	482,678	796	557,951
Charge for the year	69,585	203,609	-	273,194
Eliminated on disposals	-	-	(796)	(796)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2005	144,062	686,287	-	830,349
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 28 February 2005	266,044	327,831	-	593,875
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2004	134,959	235,893	6,859	377,711
	<hr/>	<hr/>	<hr/>	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

9. TANGIBLE FIXED ASSETS - COMPANY

	Leasehold Improvements £	Office Equipment £	Motor Vehicles £	Total £
Cost				
At 1 March 2004	209,436	693,892	7,655	910,983
Additions	197,012	287,834	-	484,846
Disposals	-	-	(7,655)	(7,655)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2005	406,448	981,726	-	1,388,174
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 March 2004	74,477	477,520	796	552,793
Charge for the year	69,036	193,751	-	262,787
Eliminated on disposals	-	-	(796)	(796)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2005	143,513	671,271	-	814,784
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 28 February 2005	262,935	310,455	-	573,390
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2004	134,959	216,372	6,859	358,190
	<hr/>	<hr/>	<hr/>	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

10. FIXED ASSET INVESTMENTS

PRINCIPLE GROUP INVESTMENTS

The parent company and the group have investments in the following undertakings, associates and other investments which principally affected the profits or net assets of the group.

Subsidiary Undertakings

	MediaVest (Leeds) Limited	Touchpoint Communications Limited	Kay Investments 14
Country of incorporation	England	England	England
Principle activity	Selling of media space and time	Selling of media space and time	Investment company
Holding %	61.95%	66.67%	100.00%

Associates

	Media Vision (Integrated Media Specialist) Limited	SMRS Ltd
Country of incorporation	England	England
Principle activity	Selling of media space and time	Selling of media space and time
Holding %	50.00%	25.00%

Other investments

	Kay Investments 10
Country of incorporation	England
Principle activity	Investment company
Holding %	16.31%

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

	Company £
COST	
At 1 March 2004	112,224
Additions	100
	<hr/>
At 28 February 2005	112,324
	<hr/> <hr/>

On 13 April 2004 the company acquired 66.67% of the issued share capital of Touchpoint Communications Limited for a consideration of £100. The subsidiary was incorporated and commenced trading on that date.

All subsidiary undertakings have been included with the consolidated accounts.

Associated undertakings

	Group £	Company £
COST OR SHARE OF NET ASSETS		
At 1 March 2004	186,868	42,501
Share of retained profit for the year	92,709	-
Write-off of investment	-	(1)
	<hr/>	<hr/>
At 28 February 2005	279,577	42,500
	<hr/> <hr/>	<hr/> <hr/>

During the year the company wrote off its holding in Effective Direct Marketing (2002) Limited. The company had previously held 50% of the ordinary share capital of this company which was incorporated in England and Wales and was engaged in the selling of media space and time. The associate ceased trading during 2004.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

10. FIXED ASSET INVESTMENTS (Continued)

Other investments

	Group £	Company £
COST OR VALUATION		
At 1 March 2004	3,425	3,425
Additions	50,000	50,000
Write-off of investment	(50,000)	(50,000)
	<hr/>	<hr/>
At 28 February 2005	3,425	3,425
	<hr/>	<hr/>

	Group £	2005 Company £	Group £	2004 Company £
11. DEBTORS				
Trade debtors	24,730,898	22,159,000	23,961,296	23,129,566
Amounts owed by group undertakings	-	-	-	107,081
Amounts owed by participating interests	17,630	17,630	70,289	53,251
Unpaid share capital	-	-	30,000	-
Deferred taxation recoverable	62,361	61,861	32,419	32,819
Other debtors	10,233	1,429	157,185	156,984
Prepayments and accrued income	850,843	695,513	626,394	623,664
	<hr/>	<hr/>	<hr/>	<hr/>
	25,671,965	22,935,433	24,877,583	24,103,365
	<hr/>	<hr/>	<hr/>	<hr/>

Deferred taxation recoverable falls due after more than one year.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	Group £	2005 Company £	Group £	2004 Company £
12. CREDITORS: Amounts falling due within one year				
Trade creditors	34,853,544	31,302,373	33,899,905	32,887,932
Amounts due to group undertakings	-	70,100	-	187,663
Amounts due to participating interests	23,942	23,942	210,163	22,500
Taxation and social security	4,714,677	4,286,431	2,781,906	2,688,946
Other creditors	1,195,020	1,177,144	806,088	799,526
Accruals and deferred income	2,854,666	2,814,296	2,335,828	2,302,225
	<u>43,641,849</u>	<u>39,674,286</u>	<u>40,033,890</u>	<u>38,888,792</u>

	2005 £	2004 £
13. SHARE CAPITAL		
Authorised:		
140,990 'A' ordinary shares of £1 each	140,990	140,990
47,760 'B' ordinary shares of £1 each	47,760	47,760
50,000 'C' ordinary shares of £1 each	50,000	50,000
1,250 'D' ordinary shares of £1 each	1,250	1,250
	<u>240,000</u>	<u>240,000</u>
Allotted, called up and fully paid:		
76,000 'A' ordinary shares of £1 each	76,000	76,000
22,608 'B' ordinary shares of £1 each	22,608	22,211
13,750 'C' ordinary shares of £1 each	13,750	12,150
1,250 'D' ordinary shares of £1 each	1,250	1,250
	<u>113,608</u>	<u>111,611</u>

On 5 July 2004 Options on 1,600 'C' Ordinary shares of £1 each were taken up. The shares were issued at £15 per share. On the same date 397 'B' Ordinary shares of £1 each were allotted as par.

The rights of each class of share to dividends, priority and amounts receivable on a winding up of the company and in voting on company resolutions, are set out below. All the information necessary to fully understand the commercial effect of the share structure cannot be included in a short summary, however the principal points are set out below and the full text is available at the registered office of the company.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

13. SHARE CAPITAL (Continued)

- i) The profits which the company may determine to distribute in respect of any financial period shall be distributed as to 75% amongst the holders of the 'A' and 'C' ordinary shares and subject to Article 2 the 'D' ordinary shares in proportion to the amounts paid up on the 'A', 'C' and 'D' shares (excluding any premium) and 25% amongst the holders of the 'B' ordinary shares in proportion to the amounts paid up on the 'B' shares (excluding any premium). The 'D' shares were not entitled to participate in a distribution of distributable profits during a period of three years from the date of allotment. The 'D' shares were all allotted on 16 February 1999.
- ii) In the event of a winding up of the company, the surplus assets of the company remaining after payment of its liabilities shall belong and be distributed amongst the holders of the 'A' shares, 'B' shares, 'C' shares and 'D' shares in proportion to the amounts paid up on the shares (excluding any premium) held by them respectively *pari passu* as if the 'A' shares, 'B' shares, 'C' shares and 'D' shares constituted one class of share.
- iii) On a show of hands every member shall have one vote and on a poll every member shall have one vote for every £1 in nominal value of the shares of which he is the holder provided that:
 - (a) The 'A' shares, 'C' shares and 'D' shares do not confer any right to vote upon a resolution for the removal from office of any director appointed by the holders of the 'B' shares.
 - (b) The 'B' shares do not confer any right to vote upon a resolution for appointment of or the removal from office of any director appointed by the holders of the 'A' shares.
 - (c) The holder of the majority in nominal value of the 'B' shares shall, in respect of a resolution concerning or involving the change of the company's name, have 95% of the votes capable of being cast in respect of such resolution.
- iv) The 'C' shares shall have the rights and shall be subject to the restrictions set out in the Rules of the Company Share Option Scheme as adopted by the company.

Options on unallotted 'C' shares may be exercised at a subscription price of £15 per share and comprise:

Option shares	Option Period 7 years from:-
1,000	31 March 2005
1,000	31 March 2006
1,000	31 March 2007

Restrictions on distribution of Associate's reserves

In accordance with a Shareholders Agreement dated 10 September 1998, as modified on 29 October 2001, a minimum distribution equal to eighty per cent of the profits of SMRS Ltd available for distribution as earned in an accounting period shall be declared by the board of directors. Any distribution to the shareholders shall be payable in direct proportion to their shareholding in the company unless the parties agree otherwise in writing.

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

14. RESERVES - GROUP

	Share Option Reserve £	Capital Reserve £	Share Premium Account £	Profit and Loss Account £
Balance at 1 March 2003	12,600	-	140,068	686,802
Retained profit for the year	-	-	-	88,574
Premium on shares issued during the year	-	-	34,400	-
Cost to company of share options awarded	4,200	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 29 February 2004	16,800	-	176,468	775,376
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 March 2004	16,800	-	176,468	775,376
Transfer to minority interest	-	-	-	(24)
Retained profit for the year	-	-	-	338,337
Premium on shares issued during the year	-	-	22,400	-
Cost to company of share options awarded	4,200	-	-	-
Deemed loss on part-disposal of subsidiary	-	3,280	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 28 February 2005	21,000	3,280	198,868	1,113,689
	<hr/>	<hr/>	<hr/>	<hr/>

14. RESERVES - COMPANY

	Share Option Reserve £	Capital Reserve £	Share Premium Account £	Profit and Loss Account £
Balance at 1 March 2003	12,600	-	140,068	623,342
Retained profit for the year	-	-	-	6,851
Premium on shares issued during the year	-	-	34,400	-
Cost to company of share options awarded	4,200	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 29 February 2004	16,800	-	176,468	630,193
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 March 2004	16,800	-	176,468	630,193
Retained profit for the year	-	-	-	208,825
Premium on shares issued during the year	-	-	22,400	-
Cost to company of share options awarded	4,200	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 28 February 2005	21,000	-	198,868	839,018
	<hr/>	<hr/>	<hr/>	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	2005	2004
	£	£
15. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS - GROUP		
Profit for the financial year after taxation and minority interest	2,638,337	2,238,574
Dividends	(2,300,000)	(2,150,000)
Issue of shares for cash	24,397	39,646
Deemed loss on deemed part-disposal of subsidiary	3,280	-
Cost of share options awarded	4,200	4,200
	<hr/>	<hr/>
Net increase in shareholders funds	370,214	132,420
Equity shareholders' funds at 1 March 2004	1,080,255	947,835
Transfer to minority interest following deemed part-disposal of subsidiary	(24)	-
	<hr/>	<hr/>
Equity shareholders' funds at 28 February 2005	1,450,445	1,080,255
	<hr/> <hr/>	<hr/> <hr/>

15. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS - COMPANY

Profit for the financial year after taxation	2,508,825	2,156,851
Dividends	(2,300,000)	(2,150,000)
Issue of shares for cash	24,397	39,646
Cost of share options awarded	4,200	4,200
	<hr/>	<hr/>
Net increase in shareholders funds	237,422	50,697
Equity shareholders' funds at 1 March 2004	935,072	884,375
	<hr/>	<hr/>
Equity shareholders' funds at 28 February 2005	1,172,494	935,072
	<hr/> <hr/>	<hr/> <hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

	2005 £	2004 £
16. NOTES TO THE GROUP CASH FLOW STATEMENT		
a) Reconciliation of operating profit to net cash inflow from operating activities		
Group operating profit	2,888,366	2,509,690
Amortisation of intangible fixed assets	623	311
Depreciation on tangible fixed assets	273,194	212,249
Charge in respect of employee share option awards	4,200	4,200
Charge in respect of employee equity based awards	-	83,650
Write-off of loan to associate	-	(24,766)
Write-off of investments	(50,001)	-
Increase in debtors	(793,792)	(4,628,376)
Increase in creditors	2,398,250	6,059,476
	<hr/>	<hr/>
Net cash inflow from operating activities	4,720,840	4,216,434
	<hr/>	<hr/>
b) Returns on investments and servicing of finance		
Interest received and similar income	786,675	597,653
Dividends paid to minority interests	(91,328)	-
	<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance	695,347	597,653
	<hr/>	<hr/>
c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(496,217)	(331,181)
Purchase of intangible fixed assets	-	(31,120)
Sale of tangible fixed assets	8,250	-
	<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment	(487,967)	(362,301)
	<hr/>	<hr/>
d) Acquisitions and disposals		
Disposal of shares in associated undertaking	-	-
	<hr/>	<hr/>
Net cash inflow/(outflow) for acquisitions and disposals	-	-
	<hr/>	<hr/>
e) Financing		
Issue of ordinary share capital	67,397	39,646
	<hr/>	<hr/>
Net cash inflow for financing	67,397	39,646
	<hr/>	<hr/>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 March 2004 £	Cash flow £	28 February 2005 £
Cash at bank and in hand	15,667,843	2,881,422	18,549,265

18. FINANCIAL COMMITMENTS

Operating Leases

At 28 February 2005 the group and company had annual commitments under non-cancellable operating leases expiring:

	Group Land & Buildings £	Equipment £	Company Land & Buildings £	Equipment £
Within one year	44,452	25,961	44,452	25,961
Between two and five years	40,989	105,139	27,489	95,363
In more than five years	247,960	-	247,960	-
	<u>333,401</u>	<u>131,100</u>	<u>319,901</u>	<u>121,324</u>

At 29 February 2004 the company had annual commitments under non-cancellable operating leases expiring:

	Group Land & Buildings £	Equipment £	Company Land & Buildings £	Equipment £
Within one year	4,726	19,335	4,726	19,335
Between two and five years	-	142,756	-	132,980
In more than five years	262,991	-	262,991	-
	<u>267,717</u>	<u>162,091</u>	<u>267,717</u>	<u>152,315</u>

Capital Commitments

At 28 February 2005 the group and company had capital commitments of £24,554 (2003 : £162,253).

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

19. TRANSACTIONS WITH DIRECTORS

During the year the company advanced loans to various directors as follows:

	At 1 March 2004 £	Maximum balance in year £	At 28 February February 2005 £
P Catlow	23,500	63,500	-
K King	5,000	5,000	-
A Croft	12,500	12,500	-
N Cross	-	7,500	-
	<u> </u>	<u> </u>	<u> </u>

No interest was due on loans advanced.

20. RELATED PARTY TRANSACTIONS - GROUP

The parent company holds 50% of the share capital of Media Vision (Integrated Media Specialists) Limited, and 25% of the share capital of SMRS Ltd.

During the year the following transactions took place between MediaVest (Manchester) Limited and its related parties:

	2005 £	2004 £
Sales to:		
Media Vision (Integrated Media Specialists) Limited	250,551	210,941
SMRS Ltd	120,814	99,951
	<u> </u>	<u> </u>
Purchases from:		
Media Vision (Integrated Media Specialists) Limited	68,005	57,177
SMRS Ltd	6,149	5,846
	<u> </u>	<u> </u>

MEDIAVEST (MANCHESTER) LIMITED

NOTES TO THE ACCOUNTS

28 FEBRUARY 2005

20. RELATED PARTY TRANSACTIONS (Continued)

	2005 £	2004 £
At 28 February 2005 the following balances were included within debtors and creditors:		
Media Vision (Integrated Media Specialists) Limited		
Loan balance due to associate company	(23,942)	(187,663)
Trading balance due from associate company	32,895	25,803
	<hr/>	<hr/>
SMRS Ltd		
Trading balance due from associate company	58,015	33,667
Dividend due from associate company	17,630	17,038
	<hr/>	<hr/>

21. CONTROL

Control of the group resided with the directors A D Jeal and D A Lucas as they collectively held a majority beneficial interest in the ordinary shares of the parent company.