

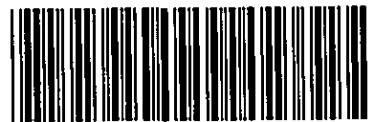
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Carat Media UK Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Directors

Peter Gary Wallace
Robert Anthony Horler
Nigel Sharrocks
Anthony William Blease
Andrew David Jeal
David Alan Lucas

Secretary

Andrew John Moberly

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Bankers

HSBC
2-4 St Ann's Square
Manchester
M2 7HD

Registered Office

10 Triton Street
Regents Place
London
NW1 3BF

Registered No 02886697

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The group's profit for the year after taxation amounted to £4,878,123 (10 months ended 31 December 2010 – profit of £9,131,281). During the year interim dividends of £11,000,000 (10 months ended 31 December 2010 – £2,000,000) were paid to 'A', 'B', 'C' and 'D' shareholders as detailed in note 8 to the financial statements.

Principal activities and review of the business

The company's principal activity, and that of its principal subsidiary Carat Leeds Limited (formerly MediaVest (Leeds) Limited), continued to be the selling of media advertising space and time. The principal activity of Touchpoint Communications Limited was management consultancy.

The Directors are pleased to report a positive year's trading across the 12 months ending 31 December 2011, which has seen both a continuation of difficult prevailing econometric conditions, and some significant changes to our business.

Most notably, in July of 2011, a majority interest in our business was acquired by the global media communications giant Aegis plc. This saw the immediate rebranding of our business from MediaVest Manchester Ltd to Carat Media Limited, as we became part of the Carat Media network. This also precipitated a change in our financial reporting period as Aegis operates to a December year-end, which our reporting now reflects.

The decision to sell a majority interest to Aegis plc was a strategic decision by the shareholders of the business, and one which is fully supported by the Directors as beneficial to the long term prospects of the business. The changes of our ownership and branding of the business has seen positive benefits already in a number of areas, and we anticipate full year benefits in 2012 in terms of reductions to operating costs, a positive impact on our marketing efforts, and our ability to generate new business. Especially pleasing has been the very positive sentiment to our new company structure and brand amongst our clients and our staff.

It is also pleasing to note that despite the potential upheaval that could accompany such a significant change of corporate circumstances, our trading performance has remained positive in the year ending 31 December 2011, and all indications at present are that we can be cautiously optimistic about 2012. The broader economic outlook remains a concern, but our cost management has been effective in 2011, and we are continually reassessing the changing channel mix of our clients' expenditure patterns and rebasing our skills accordingly. We have seen a significant increase in our billings from both Search Engine Optimisation and Social Media, a trend we expect will accelerate in 2012, with growth – albeit slower – in other digital channels such as Pay Per Click advertising. Billings from non-digital media channels remain static.

With a year-end profit before tax of £7,613,018 we are justifiably proud of our 2011 performance.

Whilst the economic prospects for 2012 remain uncertain, there is scope for some optimism, as major events like the Olympics, Euro 2012 and the Jubilee will hopefully have a positive impact on UK ad spend. The mid term prospects of significant organic growth are somewhat limited, however, hence we will be focussing on marketing and business development to help deliver business growth in 2012.

Directors' report

Directors

The directors who served the company during the year were as follows

Anthony William Blease

Andrew David Jeal

David Alan Lucas

Robert Anthony Horler (appointed 8 July 2011)

Nigel Sharrocks (appointed 8 July 2011)

Peter Gary Wallace (appointed 30 January 2012)

Political and charitable contributions

No political donations were made during the year (10 months ended 31 December 2010 – £nil)

The group contributed £1,500 to charities during the year (10 months ended 31 December 2010 – £3,887)

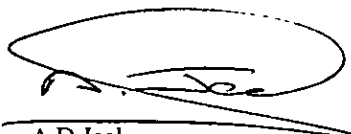
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



A D Jeal
Director
29 June 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Carat Media (UK) Limited

We have audited the financial statements of Carat Media (UK) Limited Carat Media UK Limited for the year ended 31 December 2011 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 21. 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 set out on page 4, 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 and Financial Statements 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 December 2011 and of its group's 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.

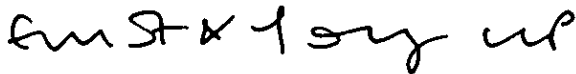
Independent auditors' report

to the members of Carat Media (UK) 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



Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

2 July 2012

Group profit and loss account

for the year ended 31 December 2011

		<i>Year ended</i> <i>31 December</i> <i>2011</i>	<i>10 months</i> <i>ended</i> <i>31 December</i> <i>2010</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	197,419,701	146,322,123
Cost of sales		<u>(177,789,494)</u>	<u>(128,284,622)</u>
Gross Profit		19,630,207	18,037,501
Administrative expenses		<u>(12,486,154)</u>	<u>(6,023,953)</u>
Operating Profit	3	7,144,053	12,013,548
Share of associates operating profit		236,314	248,027
Interest receivable and similar income			
Group		239,836	250,195
Associates		3,346	2,421
Interest payable and similar charges			
Group		–	–
Associates		<u>(10,531)</u>	<u>(11,753)</u>
Profit on ordinary activities before taxation		7,613,018	12,502,438
Taxation			
Group	6	(2,373,493)	(3,156,723)
Associates		<u>(67,775)</u>	<u>(72,944)</u>
Profit on ordinary activities after taxation		5,171,750	9,272,771
Minority interests		<u>(293,627)</u>	<u>(141,490)</u>
Profit for the financial year	15	<u>4,878,123</u>	<u>9,131,281</u>

All amounts relate to continuing activities

Group statement of total recognised gains and losses

for the year ended 31 December 2011


There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £4,878,123 in the year ended 31 December 2011 (10 months ended 31 December 2010 – profit of £9,131,281)

Group balance sheet

at 31 December 2011

	Notes	31 December 2011 £	31 December 2010 £
Fixed assets			
Intangible assets	9	25,929	26,552
Tangible assets	10	653,797	593,203
Investment in associates	11	282,954	285,600
		<u>962,680</u>	<u>905,355</u>
Current assets			
Debtors	12	42,905,178	15,961,269
Cash at bank and in hand		<u>2,311,658</u>	<u>19,514,600</u>
		45,216,836	35,475,869
Creditors amounts falling due within one year	13	<u>(38,315,011)</u>	<u>(24,057,269)</u>
Net current assets		6,901,826	11,418,600
Net assets		<u>7,864,505</u>	<u>12,323,955</u>
Capital and reserves			
Called up share capital	14	1,620,319	122,819
Share premium account	15	240,868	240,868
Share option reserve	15	21,000	21,000
Capital reserve	15	38,610	38,610
Profit and loss account	15	<u>5,449,859</u>	<u>11,571,736</u>
Shareholders' funds	16	7,370,656	11,995,033
Equity minority interests		<u>493,849</u>	<u>328,922</u>
		<u>7,864,505</u>	<u>12,323,955</u>

The financial statements were approved by the Board and were signed on its behalf by



A D Jeal
Director
29 June 2012

Company balance sheet

at 31 December 2011

		31 December 2011	31 December 2010
	Notes	£	£
Fixed assets			
Intangible assets	9	25,929	26,552
Tangible assets	10	637,139	570,807
Investment in subsidiaries	11	70,100	70,100
Investment in associates	11	42,500	42,500
		<u>775,668</u>	<u>709,959</u>
Current assets			
Debtors	12	41,211,057	14,536,760
Cash at bank and in hand		<u>1,838,217</u>	<u>17,377,816</u>
		43,049,274	31,914,576
Creditors amounts falling due within one year	13	<u>(37,400,078)</u>	<u>(21,175,841)</u>
Net current assets		<u>5,649,196</u>	<u>10,738,735</u>
Net assets		<u>6,424,864</u>	<u>11,448,694</u>
Capital and reserves			
Called up share capital	14	1,620,319	122,819
Share premium account	15	240,868	240,868
Share option reserve	15	21,000	21,000
Profit and loss account	15	<u>4,542,677</u>	<u>11,064,007</u>
Shareholders' funds	16	<u>6,424,864</u>	<u>11,448,694</u>

The financial statements were approved by the Board and were signed on its behalf by



A D Jeal
Director
29 June 2012

Group statement of cash flows

for the year ended 31 December 2011

		<i>Year ended</i> <i>31 December</i> <i>2011</i>	<i>10 months</i> <i>ended</i> <i>31 December</i> <i>2010</i>
<i>Notes</i>		<i>£</i>	<i>£</i>
Net cash outflow from operating activities	17(a)	(4,878,093)	(5,193,236)
Dividends from associated companies		164,000	145,500
Returns on investments and servicing of finance	17(b)	111,136	158,366
Taxation		(2,834,840)	(2,304,934)
Capital expenditure and financial investment	17(c)	(262,645)	(183,628)
Equity dividends paid		(11,000,000)	(2,000,000)
Financing	17(d)	1,497,500	745
Decrease in cash		<u>(17,202,942)</u>	<u>(9,377,187)</u>

Reconciliation of net cash flow to movement in net funds

		<i>Year ended</i> <i>31 December</i> <i>2011</i>	<i>10 months</i> <i>ended</i> <i>31 December</i> <i>2010</i>
<i>Note</i>		<i>£</i>	<i>£</i>
Decrease in cash	18	(17,202,942)	(9,377,187)
Net funds at 1 January		19,514,600	28,891,787
Net funds at 31 December		<u>2,311,658</u>	<u>19,514,600</u>

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Group financial statements

The group financial statements incorporate the financial statements of the company's subsidiary undertakings, Carat Leeds Limited, Touchpoint Communications Limited and Orange Canyon Limited

Turnover

Turnover represents the gross amount of billings on which commission is earned and fee income. Commission is recognised either at the time the related advertisement appears or on an on-going basis as the related production work progresses. Turnover is stated net of Value Added Tax and cash discounts.

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.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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 on all tangible fixed assets to write off the cost less estimated residual value of each asset evenly over its estimated useful life, as follows:

Property	–	over 50 years
Leasehold improvements	–	over 5 years
Office equipment	–	over 3 years
Motor vehicles	–	over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

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 the rate 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 the profit and loss account on a straight line basis over the terms of the lease

Pensions

The group contributes to individual money purchase pension schemes for certain directors and staff
Contributions are taken directly to the profit and loss account

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

	<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£</i>	<i>10 months</i> <i>ended</i> <i>31 December</i> <i>2010</i> <i>£</i>
United Kingdom	194,584,415	143,647,841
Rest of the World	2,835,286	2,674,282
	<u>197,419,701</u>	<u>146,322,123</u>

Notes to the financial statements

at 31 December 2011

3. Operating profit

Operating profit is stated after charging

	<i>Year ended 31 December 2011 £</i>	<i>10 months ended 31 December 2010 £</i>
Auditors' remuneration – audit services	47,750	48,000
Amortisation of intangible assets	620	499
Depreciation of owned tangible fixed assets	205,533	286,697
Directors' remuneration (note 4)	650,671	471,789
Currency loss	29,531	13,419
Operating lease rentals – plant and equipment	1,744	1,934
– other	411,055	316,871

4. Directors' remuneration

	<i>Year ended 31 December 2011 £</i>	<i>10 months ended 31 December 2010 £</i>
Aggregate remuneration	650,671	465,827
Pension contributions	7,200	5,962
	657,871	471,789

The amounts in respect of the highest paid director were as follows

	<i>£</i>	<i>£</i>
Aggregate remuneration	300,824	119,165

The number of directors to whom retirement benefits are accruing under money purchase schemes is 1 (10 months ended 31 December 2010 – 3)

Notes to the financial statements

at 31 December 2011

5 Staff costs

	<i>Year ended 31 December 2011</i>	<i>10 months ended 31 December 2010</i>
	£	£
Wages and salaries	6,893,681	5,833,856
Social security costs	753,839	613,906
Pension costs	16,346	156,795
	<u>7,663,866</u>	<u>6,604,557</u>

At 31 December 2011, £55,800 was due in respect of pension costs (10 months ended 31 December 2010 – £66,000)

The average monthly number of employees during the year was made up as follows

	<i>No</i>	<i>No</i>
Management	25	20
Media	156	152
Administration	21	22
	<u>202</u>	<u>194</u>

6 Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 December 2011</i>	<i>10 months ended 31 December 2010</i>
	£	£
Current tax		
UK corporation tax on the profit for the year	2,057,925	3,566,544
Adjustments in respect of previous periods	329,512	(325,330)
Total current tax (note 6(b))	<u>2,387,437</u>	<u>3,241,214</u>
Deferred tax		
Charge for the year	55,693	(11,920)
Adjustments in respect of previous periods	(1,862)	–
Total deferred tax (note 6(c))	<u>53,831</u>	<u>(11,920)</u>
Tax on profit on ordinary activities	<u>2,441,268</u>	<u>3,229,294</u>

Notes to the financial statements

at 31 December 2011

6. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (10 months ended 31 December 2010 – 28%). The differences are explained below

	<i>Year ended 31 December 2011</i>	<i>10 months ended 31 December 2010</i>
	£	£
Profit on ordinary activities before tax	7,613,018	12,502,438
Less: share of associates' profit before tax	<u>(229,129)</u>	<u>(260,514)</u>
	<u>7,383,889</u>	<u>12,241,924</u>
 Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (10 months ended 31 December 2010 – 28%)	 1,956,731	 3,427,739
<i>Effects of</i>		
Expenses not deductible for tax purposes	45,594	26,387
Share of associate's tax	67,775	72,944
Other	(12,175)	39,474
Adjustments in respect of previous periods	<u>329,512</u>	<u>(325,330)</u>
Current tax for the year (note 6(a))	<u>2,387,437</u>	<u>3,241,214</u>

The group's effective tax rate is 31% (10 months ended 31 December 2010 – 28%)

(c) Deferred tax

	<i>Year ended 31 December 2011</i>	<i>10 months ended 31 December 2010</i>
	£	£
At 1 January	171,101	159,181
Movement in the year	<u>(53,831)</u>	<u>11,920</u>
At 31 December	<u>117,270</u>	<u>171,101</u>

Notes to the financial statements

at 31 December 2011

6. Tax (continued)

The deferred tax asset is included within debtors in note 12. The following are the major deferred tax assets recognised by the group and movements thereon during the current and prior reporting periods

(c) Deferred tax (continued)

	<i>Accelerated tax depreciation</i>	<i>Retirement benefit obligations</i>	<i>Total</i>
	£	£	£
At 1 March 2010	140,701	18,480	159,181
Credit to profit and loss account	11,920	–	11,920
At 1 January 2011	152,621	18,480	171,101
Debit to profit and loss account	(48,743)	(5,088)	(53,831)
At 31 December 2011	103,878	13,392	117,270

7. Profit attributable to member of parent undertaking

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent undertaking

The profit after tax for the accounting period dealt with in the financial statements of the parent undertaking, Carat Media UK Limited, was £4,478,670 (10 months ended 31 December 2010 – £9,060,525)

8. Dividends

	<i>31 December 2011</i>	<i>31 December 2010</i>
	£	£
Declared and paid during the year		
Equity dividends paid on ordinary shares	11,000,000	2,000,000

Notes to the financial statements

at 31 December 2011

9. Intangible fixed assets

Group and company

Timeshare
£

Cost:

At 1 January 2011 and 31 December 2011

31,120

Amortisation.

At 1 January 2011

4,568

Charge for the year

623

At 31 December 2011

5,191

Net book value

At 31 December 2011

25,929

At 1 January 2011

26,552

10. Tangible fixed assets

<i>Group</i>	<i>Property</i>	<i>Leasehold</i>	<i>Office</i>	<i>Motor</i>	<i>Total</i>
	<i>£</i>	<i>improvement</i>	<i>equipment</i>	<i>vehicles</i>	<i>£</i>
		<i>£</i>	<i>£</i>	<i>£</i>	
Cost:					
At 1 January 2011	309,520	468,171	2,036,011	12,851	2,826,553
Additions	–	5,149	252,096	5,400	262,645
Disposals	(520)	–	(9,824)	–	(10,344)
At 31 December 2011	309,000	473,320	2,278,283	18,251	3,078,854
Depreciation:					
At 1 January 2011	26,273	448,452	1,745,774	12,851	2,233,350
Charge for the year	6,181	14,742	180,791	337	202,051
On disposals	(520)	–	(9,824)	–	(10,344)
At 31 December 2011	31,934	463,194	1,916,741	13,188	2,425,057
Net book value:					
At 31 December 2011	277,066	10,126	361,542	5,063	653,797
At 1 January 2011	283,247	19,719	290,237	–	593,203

Notes to the financial statements

at 31 December 2011

10. Tangible fixed assets (continued)

<i>Company</i>	<i>Property</i> £	<i>Leasehold improvement</i> £	<i>Office equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:					
At 1 January 2011	309,520	420,950	1,889,851	12,851	2,633,172
Additions	–	5,149	241,913	5,400	252,462
Disposals	(520)	–	–	–	(520)
At 31 December 2011	309,000	426,099	2,131,764	18,251	2,885,114
Depreciation					
At 1 January 2011	26,273	409,597	1,613,644	12,851	2,062,365
Charge for the year	6,181	7,210	172,402	337	186,130
On disposals	(520)	–	–	–	(520)
At 31 December 2011	31,934	416,807	1,786,046	13,188	2,247,975
Net book value:					
At 31 December 2011	277,066	9,292	345,718	5,063	637,139
At 1 January 2011	283,247	11,353	276,207	–	570,807

11. Investments

Principal group investments

The parent undertaking and the group have investments in the following undertakings and associates which principally affected the profits or net assets of the group

<i>Subsidiary undertakings</i>	<i>Carat Leeds Limited (formerly MediaVest (Leeds) Limited)</i>	<i>Touchpoint Communications Limited</i>	<i>Orange Canyon Limited</i>
Country of incorporation	England	England	England
Principal activity	Selling of media space and time	Management consultancy	Selling of media space and time
Proportion of ordinary shares directly held	50 50%	66 67%	100%

During the year, on 8th April 2011, the company obtained a Declaration of Trust in relation to Orange Canyon Limited, confirming that the entire issued share capital of Orange Canyon Limited was then held by A J Kane, a director of Orange Canyon Limited, on trust for Carat Media UK Limited. As a result, Carat Media UK Limited has included Orange Canyon Limited within the group financial statements with effect from the date of transfer of shares. Carat Media UK Limited paid no consideration for the shares in Orange Canyon Limited.

Notes to the financial statements

at 31 December 2011

11. Investments (continued)

<i>Associates</i>	<i>Storm Marketing Solutions Limited</i>	<i>Media Vision (Integrated Media Specialists) Limited</i>	<i>SMRS Limited</i>
Country of incorporation	England	England	England
Principal activity	Selling of media space and time	Selling of media space and time	Selling of media space and time
Proportion of ordinary shares directly held	42.00%	50.00%	25.00%
<i>Company</i>			<i>Subsidiary undertakings</i>
			£
Cost			
At 1 January 2011 and 31 December 2011			<u>70,100</u>

All subsidiary undertakings have been included within the group financial statements

Associated undertakings

	<i>Group</i>	<i>Company</i>
	£	£
Cost or share of net assets		
At 1 January 2011	285,600	42,500
Share of retained loss for the year	(2,646)	–
At 31 December 2011	<u>282,954</u>	<u>42,500</u>

12. Debtors

	<i>31 December 2011</i>		<i>31 December 2010</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Amounts falling due within one year				
Trade debtors	12,239,562	10,837,516	12,970,162	11,735,356
Amounts owed by participating interests	354,459	354,459	235,634	235,634
Amounts owed by group undertakings	26,843,424	26,843,424	–	–
Other debtors	445,280	443,834	295,078	285,397
Prepayments and accrued income	2,905,183	2,620,238	2,289,294	2,119,472
	<u>42,787,908</u>	<u>41,099,471</u>	<u>15,790,168</u>	<u>14,375,859</u>
Amounts falling due after more than one year				
Deferred tax recoverable	117,270	111,586	171,101	160,901
	<u>42,905,178</u>	<u>41,211,057</u>	<u>15,961,269</u>	<u>14,536,760</u>

Notes to the financial statements

at 31 December 2011

13. Creditors. amounts falling due within one year

	31 December 2011		31 December 2010	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	31,393,955	28,557,272	18,581,927	16,201,769
Amounts due to group undertakings	–	2,936,100	–	1
Amounts due to participating interests	848,500	848,500	22,600	22,600
Corporation Tax	1,174,534	1,017,128	1,689,712	1,654,731
Taxation and social security	3,173,130	2,507,427	1,834,032	1,516,043
Other creditors	878,475	840,300	720,276	709,883
Accruals and deferred income	846,417	693,351	1,208,722	1,070,814
	<u>38,315,011</u>	<u>37,400,078</u>	<u>24,057,269</u>	<u>21,175,841</u>

14. Issued share capital

Group and company	31 December 2011		31 December 2010	
	No	£	No	£
<i>Allotted, called up and fully paid</i>				
'A' ordinary shares of £1 each	76,000	76,000	76,000	76,000
'B' ordinary shares of £1 each	28,819	28,819	28,819	28,819
'C' ordinary shares of £1 each	18,000	18,000	18,000	18,000
'D' ordinary shares of £65 each	13,000	845,000	–	–
'D' ordinary shares of £72.5 each	9,000	652,500	–	–
		<u>1,620,319</u>		<u>122,819</u>

In July 2011, 13,000 ordinary D shares of £65 each were issued, and 9,000 ordinary D shares of £72.5 were issued as part of the purchase of the company by new owners Aegis PLC

15. Movements on reserves

Group	Share premium account	Share option reserve	Capital reserve	Profit and loss account
	£	£	£	£
At 1 January 2011	240,868	21,000	38,610	11,571,736
Profit on ordinary activities after taxation and minority interest	–	–	–	4,878,123
Dividends paid	–	–	–	(11,000,000)
31 December 2011	<u>240,868</u>	<u>21,000</u>	<u>38,610</u>	<u>5,449,859</u>

Notes to the financial statements

at 31 December 2011

15. Movements on reserves (continued)

<i>Company</i>	<i>Share premium account £</i>	<i>Share option reserve £</i>	<i>Profit and loss account £</i>
At 1 January 2011	240,868	21,000	11,064,007
Profit for the year	–	–	4,478,670
Dividends paid	–	–	(11,000,000)
31 December 2011	<u>240,868</u>	<u>21,000</u>	<u>4,542,677</u>

16. Reconciliation of shareholders' funds

<i>Group</i>	<i>31 December 2011 £</i>	<i>31 December 2010 £</i>
Profit for the financial year after taxation and minority interests	4,878,123	9,131,282
Dividends	(11,000,000)	(2,000,000)
Issue of shares for cash	1,497,500	745
Net (decrease)/increase in shareholders' funds	<u>(4,624,377)</u>	<u>7,132,027</u>
Opening shareholders' funds	11,995,033	4,863,006
Closing shareholders' funds	<u>7,370,656</u>	<u>11,995,033</u>

<i>Company</i>	<i>31 December 2011 £</i>	<i>31 December 2010 £</i>
Profit for the financial year after taxation and minority interests	4,478,670	9,060,526
Dividends	(11,000,000)	(2,000,000)
Issue of shares for cash	1,497,500	745
Net increase in shareholders' funds	<u>(5,023,830)</u>	<u>7,061,271</u>
Opening shareholders' funds	11,448,694	4,387,423
Closing shareholders' funds	<u>6,424,864</u>	<u>11,448,694</u>

Notes to the financial statements

at 31 December 2011

17. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	31 December 2011	31 December 2010
	£	£
Group operating profit	7,144,053	12,013,548
Amortisation of intangible fixed assets	623	499
Depreciation on tangible assets	202,051	286,697
(Increase)/decrease in debtors	(26,997,740)	3,808,820
Increase/(decrease) in creditors	14,772,920	(21,302,800)
Net cash outflow from operating activities	(4,878,093)	(5,193,236)

(b) Returns on investments and servicing of finance

	31 December 2011	31 December 2010
	£	£
Interest received and similar income	239,836	232,616
Interest paid	—	—
Dividends paid to minority interests	(128,700)	(74,250)
Net cash inflow for returns on investments and servicing of finance	111,136	158,366

(c) Capital expenditure and financial investment

	31 December 2011	31 December 2010
	£	£
Purchase of tangible fixed assets	(262,645)	(183,628)
Net cash outflow for returns for capital expenditure and financial investment	(262,645)	(183,628)

(d) Financing

	31 December 2011	31 December 2010
	£	£
Issue of ordinary share capital	1,497,500	745
Net cash inflow for financing	1,497,500	745

Notes to the financial statements

at 31 December 2011

18. Analysis of changes in net funds

	<i>1 January 2011 £</i>	<i>Cash flow £</i>	<i>31 December 2011 £</i>
Cash at bank and in hand	19,514,600	(17,202,942)	2,311,658

19 Other financial commitments

At 31 December 2011, the group and company had annual commitments under non-cancellable operating leases as set out below

	<i>Group</i>		<i>Company</i>	
	<i>Land and buildings £</i>	<i>Other £</i>	<i>Land and buildings £</i>	<i>Other £</i>
Operating leases which expire				
In one to two years	–	–	–	–
Between two and five years	411,055	1,744	411,055	1,744
In more than five years	81,075	–	–	–
	<u>492,130</u>	<u>1,744</u>	<u>411,055</u>	<u>1,744</u>

At 31 December 2010, the group and company had annual commitments under non-cancellable operating leases as set out below

	<i>Group</i>		<i>Company</i>	
	<i>Land and buildings £</i>	<i>Other £</i>	<i>Land and buildings £</i>	<i>Other £</i>
Operating leases which expire				
In one to two years	–	–	–	–
Between two and five years	381,199	–	381,199	–
In more than five years	81,075	–	–	–
	<u>462,274</u>	<u>–</u>	<u>381,199</u>	<u>–</u>

Capital commitments

At 31 December 2011, the group and company had no capital commitments (10 months ended 31 December 2010 – £nil)

Notes to the financial statements

at 31 December 2011

20. Related party transactions

Group

Carat Media UK Limited holds 50.5% of the share capital of Carat Leeds Limited (subsidiary company), 50% of the share capital of Media Vision (Integrated Media Specialists) Limited (associated company), 42% of the share capital of Storm Marketing Solutions Limited (associated company) and 25% of the share capital of SMRS Limited (associated company)

During the year, certain costs of the subsidiary company and the associated companies were initially paid by Carat Media UK Limited and recharged at cost, also the subsidiary company and the associated companies traded with Carat Media UK Limited on normal commercial terms. In addition, the subsidiary company and the associated company paid management charges to Carat Media UK Limited and during the year there were loans due to Carat Media UK Limited from the associated companies. Interest was charged on outstanding balances due on these financial statements at a rate of 6% per annum. Transactions between the companies in the year were:

	<i>Carat Leeds Limited</i>		<i>Media Vision (Integrated Media Specialists) Limited</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Management fees and miscellaneous sales	88,496	60,988	151,013	124,241
Interest charges	(16,082)	—	789	—
Purchases	52,741	51,237	273,677	—
	<i>SMRS Limited</i>		<i>Storm Marketing Solutions Limited</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Management fees and miscellaneous sales	139,985	88,766	820	136,800
Interest charges	12,313	10,051	—	—
Purchases	251,518	436,479	15,518	116,137

Notes to the financial statements

at 31 December 2011

20. Related party transactions (continued)

At 31 December 2011 the following amounts due to/(from) Carat Media UK Limited were included within debtors and creditors

	31 December 2011 £	31 December 2010 £
Storm Marketing Solutions Limited		
Debtors	<u>163,878</u>	<u>162,235</u>
SMRS Limited		
(Creditors)/debtors	<u>(226,533)</u>	<u>66,021</u>
Media Vision (Integrated Media Specialists) Limited		
Creditors	<u>(431,386)</u>	<u>(15,222)</u>

Directors

Dividends received by directors of the company in the year were as follows

	31 December 2011 £	31 December 2010 £
A D Jeal	<u>–</u>	<u>562,551</u>
D A Lucas	<u>–</u>	<u>562,551</u>
A W Blease	<u>–</u>	<u>20,316</u>

21. Control

The directors consider the ultimate parent undertaking and controlling party to be Aegis plc

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Carat Media UK Limited. Copies of the financial statements can be obtained from 10 Triton Street, Regents Place, London NW1 3BF