

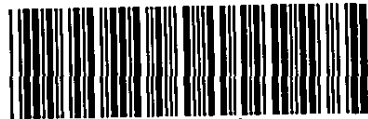
Company Number 02886697

Carat Media UK Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

P G Wallace
R A Horler
N Sharrocks
A W Blease
A D Jeal
D A Lucas

Secretary

A J 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
Regent's Place
London
NW1 3BF

Registered No 02886697

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The group's profit for the year after taxation amounted to £6,648,064 (year ended 31 December 2011 - profit of £4,878,123). During the year interim dividends of £nil (year ended 31 December 2011 - £11,000,000) 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 continued to be the selling of media advertising space and time and the provision of digital media services.

The Directors are pleased to report a positive year's trading for the 12 months ending 31 December 2012, with growth in both turnover and profitability. 2012 was our first full 12 month trading period as part of Aegis plc. In that time we have consolidated our business under the Carat brand, and launched a second Aegis global power brand to the Manchester marketplace – iProspect. Both brands have enjoyed a significant level of marketing support during the course of the year, which has helped in securing a number of new client appointments. We are currently planning to add further Aegis brands in the Manchester marketplace, and extend our existing brands into other UK markets as appropriate, and feel this will help our future new business growth prospects.

As well as increasing the brand footprint of the business, 2012 has seen increases in the scope of our product offering to clients, with investment in a market leading digital trading exchange, and the introduction of an in-house conversion rate optimisation team. Both products have already demonstrated that they add value to our proposition to clients, and we anticipate strong growth in both areas during 2013.

The rapid rate of change in the media sector has continued in 2012 and the early part of 2013, and we are therefore pleased that the growth in our business in 2012 has allowed us to invest in a significant reorganisation of our approach to staff training and development, with the objective of ensuring our skills base keeps pace with the rate of change of the media markets we operate in.

Having said that, this rate of change also represents perhaps the greatest risk to our business moving forward, as it brings with it an attendant level of uncertainty regarding the shape and scope of our product proposition. Our future success will be based on our continued ability to adapt to market and consumer developments.

The Directors feel confident that the prospects for the business in 2012 are broadly positive, and anticipate both organic growth through the broadening of the range of products we offer to clients, as well as success in securing new business wins.

Directors

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

A W Blease
A D Jeal
D A Lucas
R A Horler
N Sharrocks
P G Wallace (appointed 30 January 2012)
J Foster (resigned 30 August 2011)

Directors' report

Political and charitable contributions

No political donations were made during the year (year ended 31 December 2011 - £nil)

The group contributed £1,514 to charities during the year (year ended 31 December 2011 - £1,500)

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

14/6/2013

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 for the year ended 31 December 2012 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 22. 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 2012 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

Ernst & Young LLP

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

14/06/13

Group profit and loss account

for the year ended 31 December 2012

		<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	223,892,648	197,419,701
Cost of sales		(201,211,299)	(177,789,494)
Gross Profit		22,681,349	19,630,207
Administrative expenses		(13,966,195)	(12,486,154)
Operating Profit	3	8,715,154	7,144,053
Share of associates operating profit		424,631	236,314
Interest receivable and similar income			
Group		305,743	239,836
Associates		3,137	3,346
Interest payable and similar charges			
Group		-	-
Associates		(9,211)	(10,531)
Profit on ordinary activities before taxation		9,439,454	7,613,018
Taxation			
Group	6	(2,214,172)	(2,373,493)
Associates		(133,828)	(67,775)
Profit on ordinary activities after taxation		7,091,454	5,171,750
Minority interests		(443,390)	(293,627)
Profit for the financial year	15	6,648,064	4,878,123

All amounts relate to continuing activities

Group statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £6,648,064 in the year ended 31 December 2012 (year ended 31 December 2011 - profit of £4,878,123)

Group balance sheet

at 31 December 2012

		31 December 2012	31 December 2011
	Notes	£	£
Fixed assets			
Intangible assets	9	125,331	25,929
Tangible assets	10	743,901	653,797
Investment in associates	11	436,683	282,954
		<u>1,305,915</u>	<u>962,680</u>
Current assets			
Debtors	12	56,032,780	42,905,178
Cash at bank and in hand		804,709	2,311,658
		<u>56,837,489</u>	<u>45,216,836</u>
Creditors amounts falling due within one year	13	<u>(43,187,445)</u>	<u>(38,315,011)</u>
Net current assets		13,650,044	6,901,825
Net assets		<u>14,955,959</u>	<u>7,864,505</u>
Capital and reserves			
Called up share capital	14	1,620,319	1,620,319
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>12,097,923</u>	<u>5,449,859</u>
Shareholders' funds	16	14,018,720	7,370,656
Equity minority interests		<u>937,239</u>	<u>493,849</u>
		<u>14,955,959</u>	<u>7,864,505</u>

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



A D Jeal
Director

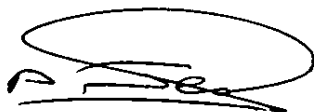
14/6/2013

Company balance sheet

at 31 December 2012

		31 December 2012	31 December 2011
	Notes	£	£
Fixed assets			
Intangible assets	9	25,306	25,929
Tangible assets	10	704,326	637,139
Investment in subsidiaries	11	70,101	70,100
Investment in associates	11	42,500	42,500
		<u>842,233</u>	<u>775,668</u>
Current assets			
Debtors	12	53,924,157	41,211,057
Cash at bank and in hand		<u>798,907</u>	<u>1,838,217</u>
		54,723,064	43,049,274
Creditors amounts falling due within one year	13	<u>(43,666,350)</u>	<u>(37,400,078)</u>
Net current assets		<u>11,056,714</u>	<u>5,649,196</u>
Net assets		<u>11,898,947</u>	<u>6,424,864</u>
Capital and reserves			
Called up share capital	14	1,620,319	1,620,319
Share premium account	15	240,868	240,868
Share option reserve	15	21,000	21,000
Profit and loss account	15	<u>10,016,760</u>	<u>4,542,677</u>
Shareholders' funds	16	<u>11,898,947</u>	<u>6,424,864</u>

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



A D Jeal
Director

14/6/2013

Group statement of cash flows

for the year ended 31 December 2012

		<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Net cash inflow / (outflow) from operating activities	17(a)	803,177	(4,878,093)
Dividends from associated companies		131,000	164,000
Returns on investments and servicing of finance	17(b)	305,743	111,136
Taxation		(2,506,099)	(2,834,840)
Capital expenditure and financial investment	17(c)	(288,536)	(262,645)
Acquisitions and disposals	17(d)	(12,995)	-
Equity dividends paid		-	(11,000,000)
Financing	17(e)	-	1,497,500
Decrease in cash		<u>(1,567,710)</u>	<u>(17,202,942)</u>

Reconciliation of net cash flow to movement in net funds

		<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Decrease in cash	18	(1,567,710)	(17,202,942)
Net funds at 1 January 2012		2,311,658	19,514,600
Net funds at 31 December 2012		<u>743,948</u>	<u>2,311,658</u>

Notes to the financial statements

at 31 December 2012

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, Orange Canyon Limited and Fuse Sport 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 ongoing basis as the related production work progresses. Turnover is stated net of Value Added Tax and cash discounts.

Intangible assets

Intangible assets comprise purchased goodwill on the acquisition of a 100% owned subsidiary company by the group and the clearly defined costs incurred in acquiring a timeshare in a residential property. The carrying value of the assets are 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 which are currently

Goodwill	-	over 20 years
Timeshare	-	over 50 years

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 - 10 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.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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

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 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
United Kingdom	219,311,113	194,584,415
Rest of the World	4,581,535	2,835,286
	<u>223,892,648</u>	<u>197,419,701</u>

Notes to the financial statements

at 31 December 2012

3. Operating profit

Operating profit is stated after charging

	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration - audit services	46,450	47,750
Amortisation of intangible assets	5,888	620
Depreciation of owned tangible fixed assets	198,432	205,533
Directors' remuneration (note 4)	638,860	650,671
Currency loss	13,278	29,531
Operating lease rentals - plant and equipment	1,984	1,744
- other	525,801	411,055

4. Directors' remuneration

	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
Aggregate remuneration	638,860	650,671
Pension contributions	8,650	7,200
	647,510	657,871

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

	<i>£</i>	<i>£</i>
Aggregate remuneration	271,441	300,824

The number of directors to whom retirement benefits are accruing under money purchase schemes is 1 (year ended 31 December 2011 - 1)

Notes to the financial statements

at 31 December 2012

5. Staff costs

	<i>Year ended 31 December 2012</i>	<i>Restated Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
Wages and salaries	9,022,379	7,885,244
Social security costs	995,194	855,412
Pension costs	195,475	145,682
	<u>10,213,048</u>	<u>8,886,338</u>

The figures for the year ending 31 December 2011 have been restated to include employees for the entire Carat Media UK Group

At 31 December 2012, £39,593 was due in respect of pension costs (year ended 31 December 2011 - £55,800)

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

	<i>No</i>	<i>No</i>
Management	9	28
Media	214	178
Administration	26	23
	<u>249</u>	<u>229</u>

6. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
Current tax:		
UK corporation tax on the profit for the year	2,336,441	2,057,925
Adjustments in respect of previous periods	(7,873)	329,512
Total current tax (note 6(b))	<u>2,328,568</u>	<u>2,387,437</u>
Deferred tax		
Charge for the year	19,617	55,693
Adjustments in respect of previous periods	(185)	(1,862)
Total deferred tax	<u>19,432</u>	<u>53,831</u>
Tax on profit on ordinary activities	<u>2,348,000</u>	<u>2,441,268</u>

Notes to the financial statements

at 31 December 2012

6. Taxation (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 24.5% (year ended 31 December 2011 - 26.5%). The differences are explained below

	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
Profit on ordinary activities before tax	9,439,454	7,613,018
Less: share of associates' profit before tax	(418,557)	(229,129)
	<u>9,020,897</u>	<u>7,383,889</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (year ended 31 December 2011 - 26.5%)	2,209,849	1,956,731
<i>Effects of</i>		
Expenses not deductible for tax purposes	36,779	45,594
Share of associate's tax	133,828	67,775
Other	(44,015)	(12,175)
Adjustments in respect of previous periods	(7,873)	329,512
Current tax for the year (note 6(a))	<u>2,328,568</u>	<u>2,387,437</u>

The group's effective tax rate is 25% (year ended 31 December 2011 - 31%)

(c) Deferred tax

	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011</i>
	<i>£</i>	<i>£</i>
At 1 January 2012	117,270	171,101
Movement in the current year	(19,617)	(53,831)
At 31 December 2012	<u>97,653</u>	<u>117,270</u>

In his Budget of 20 March 2013 the Chancellor of the Exchequer announced certain changes which have an effect on the company's future tax position. The proposals included phased reductions in the corporation tax rate to 20% from 1 April 2015. The corporation tax rate has been reduced to 24% from 1 April 2012 and the enactment of the 2012 Finance Bill confirmed a reduction to the corporation tax rate to 23% from 1 April 2013 with further reductions to 20% expected to be reflected in future Finance Acts.

As at the balance sheet date, only the reduction in the rate to 23% had been substantively enacted and therefore deferred tax has been provided for at this rate. The rate changes will also impact the amount of future cash tax payments to be made by the company.

Notes to the financial statements

at 31 December 2012

6. Taxation (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 January 2011	152,621	18,480	171,101
Debit to profit and loss account	(48,743)	(5,088)	(53,831)
At 1 January 2012	103,878	13,392	117,270
Debit to profit and loss account	(15,331)	(4,286)	(19,617)
At 31 December 2012	88,547	9,106	97,653

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 £5,474,083 (year ended 31 December 2011 - £4,478,670)

8. Dividends

	<i>31 December 2012</i>	<i>31 December 2011</i>
	£	£
Declared and paid during the year		
Equity dividends paid on ordinary shares	-	11,000,000

Notes to the financial statements

at 31 December 2012

9. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i> £	<i>Timeshare</i> £	<i>Total</i> £
Cost:			
At 1 January 2012	-	31,120	31,120
Additions	105,290	-	105,290
31 December 2012	105,290	31,120	136,410
Amortisation*			
At 1 January 2012	-	5,191	5,191
Charge for the year	5,265	623	5,888
At 31 December 2012	5,265	5,814	11,079
Net book value.			
At 31 December 2012	100,025	25,306	125,331
At 31 December 2011	-	25,929	25,929

<i>Company</i>	<i>Timeshare</i> £
Cost:	
At 1 January 2012 and 31 December 2012	31,120
Amortisation*	
At 1 January 2012	5,191
Charge for the year	623
At 31 December 2012	5,814
Net book value:	
At 31 December 2012	25,306
At 31 December 2011	25,929

Notes to the financial statements

at 31 December 2012

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 2012	309,000	473,320	2,278,283	18,251	3,078,854
Additions	-	70,850	217,264	422	288,536
At 31 December 2012	309,000	544,170	2,495,547	18,673	3,367,390
Depreciation:					
At 1 January 2012	31,934	463,194	1,916,741	13,188	2,425,057
Charge for the year	6,181	15,764	174,586	1,901	198,432
At 31 December 2012	38,115	478,958	2,091,327	15,089	2,623,489
Net book value:					
At 31 December 2012	270,885	65,212	404,220	3,584	743,901
At 31 December 2011	277,066	10,126	361,542	5,063	653,797

<i>Company</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 2012	309,000	426,099	2,131,764	18,251	2,885,114
Additions	-	70,850	178,445	422	249,717
At 31 December 2012	309,000	496,949	2,310,209	18,673	3,134,831
Depreciation					
At 1 January 2012	31,934	416,807	1,786,046	13,188	2,247,975
Charge for the year	6,181	15,470	158,978	1,901	182,530
At 31 December 2012	38,115	432,277	1,945,024	15,089	2,430,505
Net book value:					
At 31 December 2012	270,885	64,672	365,185	3,584	704,326
At 31 December 2011	277,066	9,292	345,718	5,063	637,139

Notes to the financial statements

at 31 December 2012

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</i>	<i>Touchpoint Communications Limited</i>	<i>Orange Canyon Limited</i>	<i>Fuse Sport Limited</i>
Country of incorporation	England	England	England	England
Principal activity	Selling of media space and time	Management consultancy	Selling of media space and time	Selling of sports media sponsorship advice
Proportion of ordinary shares directly held	50 50%	66 67%	100%	100%

On 3 February 2012, the company purchased the whole of the ordinary share capital of Fuse Sport Limited. Consideration of £1 was paid for this share capital. The accounting reference date of Fuse Sport Limited is 31 July but trading to 31 December 2012 has been included in the Group financial statements. On 24 April 2013 Fuse Sport Limited changed its name to Heavyweight Sports Marketing Limited.

<i>Associates</i>	<i>Storm Marketing Solutions Limited</i>	<i>Media Vision (Integrated Media Specialists) Limited</i>	<i>SMRS Ltd</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 2012	70,100
Additions	1
At 31 December 2012	<u>70,101</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 2012	282,954	42,500
Share of retained profit for the year	153,729	-
At 31 December 2012	<u>436,683</u>	<u>42,500</u>

Notes to the financial statements

at 31 December 2012

12. Debtors

	31 December 2012		31 December 2011	
	Group	Company	Group	Company
	£	£	£	£
Amounts falling due within one year				
Trade debtors	14,203,623	12,502,596	12,239,562	10,837,516
Amounts owed by group undertakings	38,213,013	38,244,013	26,843,424	26,843,424
Amounts owed by participating interests	302,958	132,111	354,459	354,459
Other debtors	206,232	159,508	445,280	443,834
Prepayments and accrued income	3,009,301	2,793,494	2,905,183	2,620,238
	<u>55,935,127</u>	<u>53,831,722</u>	<u>42,787,908</u>	<u>41,099,471</u>
Amounts falling due after more than one year				
Deferred tax recoverable	97,653	92,435	117,270	111,586
	<u>56,032,780</u>	<u>53,924,157</u>	<u>42,905,178</u>	<u>41,211,057</u>

13. Creditors: amounts falling due within one year

	31 December 2012		31 December 2011	
	Group	Company	Group	Company
	£	£	£	£
Bank overdraft	60,761	-	-	-
Trade creditors	34,757,909	31,001,780	31,393,955	28,557,272
Amounts due to group undertakings	500,321	6,122,830	-	2,936,100
Amounts due to participating interests	1,322,075	1,322,075	848,500	848,500
Corporation Tax	859,754	493,365	1,174,534	1,017,128
Taxation and social security	3,803,715	3,028,446	3,173,130	2,507,427
Other creditors	912,450	864,479	878,475	840,300
Accruals and deferred income	970,460	833,375	846,417	693,351
	<u>43,187,445</u>	<u>43,666,350</u>	<u>38,315,011</u>	<u>37,400,078</u>

14. Issued share capital

Group and company	31 December 2012		31 December 2011	
	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	13,000	845,000
'D' ordinary shares of £72.5 each	9,000	652,500	9,000	652,500
		<u>1,620,319</u>		<u>1,620,319</u>

Notes to the financial statements

at 31 December 2012

15. Movements on reserves

<i>Group</i>	<i>Share premium account £</i>	<i>Share option reserve £</i>	<i>Capital reserve £</i>	<i>Profit and loss account £</i>
At 1 January 2012	240,868	21,000	38,610	5,449,859
Profit on ordinary activities after taxation and minority interest	-	-	-	6,648,064
31 December 2012	<u>240,868</u>	<u>21,000</u>	<u>38,610</u>	<u>12,097,923</u>

<i>Company</i>	<i>Share premium account £</i>	<i>Share option reserve £</i>	<i>Profit and loss account £</i>
At 1 January 2012	240,868	21,000	4,542,677
Profit for the year	-	-	5,474,083
31 December 2012	<u>240,868</u>	<u>21,000</u>	<u>10,016,760</u>

16. Reconciliation of shareholders' funds

<i>Group</i>	<i>31 December 2012 £</i>	<i>31 December 2011 £</i>
Profit for the financial year after taxation and minority interests	6,648,064	4,878,123
Dividends	-	(11,000,000)
Issue of shares for cash	-	1,497,500
Net increase/(decrease) in shareholders' funds	<u>6,648,064</u>	<u>(4,624,377)</u>
Opening shareholders' funds	<u>7,370,656</u>	<u>11,995,033</u>
Closing shareholders' funds	<u>14,018,720</u>	<u>7,370,656</u>

<i>Company</i>	<i>31 December 2012 £</i>	<i>31 December 2011 £</i>
Profit for the financial year after taxation	5,474,083	4,478,670
Dividends	-	(11,000,000)
Issue of shares for cash	-	1,497,500
Net increase in shareholders' funds	<u>5,474,083</u>	<u>(5,023,830)</u>
Opening shareholders' funds	<u>6,424,864</u>	<u>11,448,694</u>
Closing shareholders' funds	<u>11,898,947</u>	<u>6,424,864</u>

Notes to the financial statements

at 31 December 2012

17. Notes to the statement of cash flows

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

	31 December 2012	31 December 2011
	£	£
Group operating profit	8,715,154	7,144,053
Amortisation of intangible fixed assets	5,888	623
Depreciation on tangible assets	198,432	202,051
Increase in debtors	(13,137,590)	(26,997,740)
Increase in creditors	5,021,293	14,772,920
Net cash inflow /(outflow) from operating activities	803,177	(4,878,093)

(b) Returns on investments and servicing of finance

	31 December 2012	31 December 2011
	£	£
Interest received and similar income	305,743	239,836
Dividends paid to minority interests	-	(128,700)
Net cash inflow for returns on investments and servicing of finance	305,743	111,136

(c) Capital expenditure and financial investment

	31 December 2012	31 December 2011
	£	£
Purchase of tangible fixed assets	(288,536)	(262,645)
Net cash outflow for returns for capital expenditure and financial investment	(288,536)	(262,645)

(d) Acquisitions and disposals

	31 December 2012	31 December 2011
	£	£
Overdraft acquired with subsidiary	(12,995)	-
Net cash outflow for acquisitions and disposals	(12,995)	-

(e) Financing

	31 December 2012	31 December 2011
	£	£
Issue of ordinary share capital	-	1,497,500
Net cash inflow for financing	-	1,497,500

Notes to the financial statements

at 31 December 2012

18. Analysis of changes in net funds

	<i>1 January</i> <i>2012</i>	<i>Cash flow</i>	<i>31 December</i> <i>2012</i>
	£	£	£
Cash at bank and in hand	2,311,658	(1,506,949)	804,709
Debts falling due within one year	-	(60,761)	(60,761)
	<u>2,311,658</u>	<u>(1,567,710)</u>	<u>743,948</u>

19. Purchase of subsidiary undertaking

	<i>Year ended</i> <i>31 December</i> <i>2012</i>
	£
Acquired	
Debtors	24,125
Creditors	(116,419)
Bank overdraft	(12,995)
Goodwill	105,290
	<u>1</u>
Satisfied by	
Share purchased	<u>1</u>

On 3 February 2012 Carat Media UK Limited purchased the whole of the ordinary share capital of Fuse Sport Limited. The impact of the acquisition to the group financial statements is not deemed material and therefore has not been disclosed separately in the profit and loss account.

20. Other financial commitments

At 31 December 2012, 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</i> <i>buildings</i>	<i>Other</i>	<i>Land and</i> <i>buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Between two and five years	64,217	1,744	-	1,744
In more than five years	425,382	-	425,382	-
	<u>489,599</u>	<u>1,744</u>	<u>425,382</u>	<u>1,744</u>

Notes to the financial statements

at 31 December 2012

20. Other financial commitments (continued)

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				
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>

Capital commitments

At 31 December 2012, the group and company had no capital commitments (year ended 31 December 2011 - £nil)

21. Related party transactions

Aegis plc controls a Group in which Carat Media UK Limited is a subsidiary company

Carat Media UK Limited holds 100% of the share capital of Orange Canyon Limited (subsidiary company), 100% of the share capital of Fuse Sport Limited (subsidiary company), 66.66% of the share capital of Touchpoint Communications Limited (subsidiary company), 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 Ltd (associated company)

Aegis Media Ltd, Amnet Limited, Aegis Media Ireland Ltd and Carat Media Services (M) Sdn Bhd are all members of the Aegis plc group

During the year, certain costs of the subsidiary companies and the associated companies were initially paid by Carat Media UK Limited and recharged at cost, also the subsidiary companies and the associated companies traded with other group companies on normal commercial terms

Notes to the financial statements

at 31 December 2012

21. Related party transactions (continued)

In addition, the subsidiary companies and the associated companies 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 Carat Media UK Limited and the subsidiary and associated companies in the year were

<i>Company</i>	<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>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Management fees and miscellaneous sales	207,335	88,496	646,807	151,013
Interest charges	(27,152)	(16,082)	(1,703)	789
Purchases	38,550	52,741	62,127	273,677
	<i>SMRS Ltd</i>		<i>Storm Marketing Solutions Limited</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Management fees and miscellaneous sales	246,220	139,985	15,000	820
Interest charges	(555)	12,313	7,117	-
Purchases	80,338	251,518	2,912	15,518

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with wholly owned members of the Carat Media UK Limited group

During the year Orange Canyon Limited paid rent and service charges of £34,742 (year ended 31 December 2011 - £21,933) and made sales of £270,525 (year ended 31 December 2011 - £144,521) to SMRS Ltd

Notes to the financial statements

at 31 December 2012

21. Related party transactions (continued)

During the year Carat Media UK Limited and its subsidiary and associated companies also traded with other members of the Aegis plc Group of companies on normal commercial terms. Transactions between the Carat Media UK Group companies and the other companies were

<i>Group</i>	<i>Aegis Media Ltd</i>		<i>Aegis Plc</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Sales	1,650,186	70,677	-	-
Managements fees	-	-	221,216	-
Purchases	5,281,185	2,530,020	-	-

	<i>Carat London</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>
Sales	9,597	-
Purchases	-	-

Notes to the financial statements

at 31 December 2012

21. Related party transactions (continued)

At 31 December 2012 the following amounts due (to)/from related parties were included within the financial statements

<i>Group</i>	<i>31 December 2012 £</i>	<i>31 December 2011 £</i>
<i>Storm Marketing Solutions Limited</i>	132,111	163,878
<i>SMRS Ltd</i>	(260,368)	(250,000)
<i>Media Vision (Integrated Media Specialists) Limited</i>	(890,860)	(594,600)
<i>Aegis Plc</i>	38,128,804	26,769,412
<i>Aegis Media Ireland Limited</i>	31,920	(17,584)
<i>Carat Media Services (M) Sdn Bhd</i>	(33,253)	-
<i>Aegis Media Ltd</i>	397,261	174,927
<i>Carat London</i>	51,630	-
<i>Amnet Limited</i>	(23,650)	-

At 31 December 2012 Aegis Plc held £38,128,804 (year ended 31 December 2011 - £26,750,000) on deposit in a shared bank account for the benefit of the group and its associated companies

Notes to the financial statements

at 31 December 2012

21. Related party transactions (continued)

At 31 December 2012 the following amounts due (to)/from related parties were included within the financial statements

<i>Company</i>	<i>31 December 2012 £</i>	<i>31 December 2011 £</i>
<i>Carat Leeds Limited</i>	(4,402,967)	(2,420,000)
<i>Storm Marketing Solutions Limited</i>	132,111	163,878
<i>SMRS Ltd</i>	(431,215)	(250,000)
<i>Media Vision (Integrated Media Specialists) Limited</i>	(890,860)	(594,600)
<i>Aegis Plc</i>	38,128,804	26,769,412
<i>Aegis Media Ireland Limited</i>	32,579	(17,584)
<i>Carat Media Services (M) Sdn Bhd</i>	(33,253)	-
<i>Aegis Media Ltd</i>	280,243	174,927
<i>Carat London</i>	51,630	-
<i>Amnet Limited</i>	(23,650)	-

At 31 December 2012 Aegis Plc held £38,128,804 (year ended 31 December 2011 - £26,750,000) on deposit in a shared bank account for the benefit of the group and its associated companies

Notes to the financial statements

at 31 December 2012

22. Control

The company's immediate parent undertaking is Carat Media UK Limited

The directors consider the ultimate parent undertaking and controlling party throughout the year to 31 December 2012 to be Aegis Group Plc

The largest group in which the results of the company are grouped for the year ended 31 December 2012 is that headed by Aegis Group Plc. The group financial statements of Aegis Group Plc are available to the public and may be obtained from 10 Triton Street, Regent's Place, London, NW1 3BF. The group accounts of Carat Media UK Limited comprise the smallest group in which the results of the company are grouped.

On 26 March 2013 the entire share capital of Aegis Group Plc was acquired by Dentsu Inc. As of that date this became the ultimate parent company.