Caspian Media Limited
(formerly Caspian Publishing Limited)

Report and Financial Statements

Year Ended

30 June 2010

Company number 03157774

Caspian Media Limited (formerly Caspian Publishing Limited)

Report and financial statements
for the year ended 30 June 2010

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Directors

S P Rock
M J Rock
K L Andrews
S Randell
C Jennings
I Gerrard

Secretary and registered office

K L Andrews, 198 Kings Road, London, SW3 5XP

Company number

03157774

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Caspian Media Limited (formerly Caspian Publishing Limited)

Report of the directors
for the year ended 30 June 2010

The directors present their report together with the audited financial statements for the year ended 30 June 2010

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year

The directors do not recommend the payment of any dividends (2009 - £Nil)

Principal activities

The principal activities of the company in the year under review were those of print and web-based magazine publishing, contract publishing and conference and events management There have been no changes in the company's activities in the year under review

Review of business

The results for the year and financial position of the company are as shown in the annexed financial statements

The economic recession and significant structural changes in the media industry have affected Caspian's trading performance The directors have reviewed the company's strategy and developed a detailed business plan for profitable growth over the coming three years

This plan requires investment in new skills, digital technology and management capacity On 11 May 2010 the parent company held a rights issue which raised £1 9m of cash to provide working capital for future growth

The senior management team has been strengthened by the appointment of three new Publishing Directors, each of whom heads one of Caspian's principal business areas its proprietary titles Real Business and Real Deals, its publishing agency Caspian3 and Caspian Engineering Media

Caspian is firmly back on the growth path On 28 July 2010 the company signed a four year publishing contract with PEP Limited, the publishing arm of the Institution of Mechanical Engineers The deal resulted in the transfer of 17 staff to Caspian under TUPE regulations This contract, which forms the basis of Caspian Engineering Media, is expected to generate more than £2 5m of revenue in the next financial year Other new revenue streams in the coming financial year include a major publishing contract signed with the Benenden Healthcare Society

With a sounder financial position and a focused and strengthened management team, the directors expect Caspian Media Limited to return to profit in the year ended 30 June 2011 despite the continuing difficulties facing the UK publishing/media sector

Charitable and political contributions

During the year the company made charitable contributions of £50 (2009 - £400) There were no political contributions (2009 - £Nil)

Directors

The directors of the company during the year were

S P Rock
M J Rock
K L Andrews
R Beckett (appointed 18 Nov 2009), (resigned 18 May 2010)

Subsequent to the year end S Randell was appointed to the board on 22 September 2010, C Jennings was appointed on 26 January 2011, and I Gerrard was appointed on 25 February 2011

Principal risks and uncertainties

The company, in common with other publishing companies, is exposed to the possibility of a downturn in the global advertising market as part of a wider economic downturn Other key risks include the risk of a loss of key contracts and the risk of being unable to attract and retain suitable staff

The company's credit risk is primarily attributable to its trade debtors Credit risk is managed by running credit checks on all new customers, accepting only prepayments if necessary and by monitoring payments against contractual agreements

The company had an overdraft facility with Royal Bank of Scotland in place for part of the year The company monitors cashflow as part of its day to day control procedures to ensure that appropriate facilities are available to be drawn upon as necessary The overdraft facility was cancelled by the company following the parent company rights issue

Key Performance Indicators

The company uses a range of performance measures to monitor and manage the business effectively These are both financial and non-financial and the most significant of these are the key performance indicators (KPIs)

The key financial performance indicators are turnover, gross profit and margin and EBITDA The key non-financial performance indicator is the number of staff employed by the company

The KPIs for the year ended 30 June 2010, with comparatives for the year ended 30 June 2009, are set out below

	2010	**2009**
Turnover (£000s)	5,783	7,283
Gross profit (£000s)	2,414	2,892
Gross margin (%)	41 7	39 7
EBITDA (£000s)	(425)	(99)
Average no of employees	55	58

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' responsibilities *(continued)*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Change of name

On 1 March 2011 the company passed a special resolution changing the name to Caspian Media Limited

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

The auditors, BDO LLP, have been deemed to have been reappointed in accordance with section 407 of the Companies Act 2006

On behalf of the Board

Kate Andrews

K Andrews
Director

Date 14 March 2011

To the members of Caspian Media Limited (formerly Caspian Publishing Limited)

We have audited the financial statements of Caspian Media Limited (formerly Caspian Publishing Limited) for the year ended 30 June 2010 which comprise the profit and loss account, the balance sheet and the related notes 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 sections 495 and 496 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB'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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

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

BDO

Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom

Date 15 March 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Caspian Media Limited (formerly Caspian Publishing Limited)

Profit and loss account
for the year ended 30 June 2010

	Note	2010 £	2009 £
Turnover	2	5,782,999	7,282,793
Cost of sales		3,369,456	4,390,781
Gross profit		2,413,543	2,892,012
Administrative expenses		2,936,956	3,066,898
Operating loss	5	(523,413)	(174,886)
Interest receivable and similar income		86	835
Interest payable		(8,310)	(5,973)
Loss on ordinary activities before taxation		(531,637)	(180,024)
Taxation on loss on ordinary activities	6	(140,000)	-
Loss on ordinary activities after taxation		(391,637)	(180,024)

All amounts relate to continuing activities
All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

Caspian Media Limited (formerly Caspian Publishing Limited)

Balance sheet at 30 June 2010

Company Number: 03157774	**Note**	**2010** £	**2010** £	**2009** £	**2009** £
Fixed assets					
Tangible assets	7		166,492		217,403
Investments	8		19		19
			166,511		217,422
Current assets					
Stock		41,848		38,786	
Debtors – due within one year	9	1,729,062		2,455,247	
Debtors – due after more than one year	9	672,006		1,007,760	
Cash at bank and in hand		605,347		-	
		3,048,263		3,501,793	
Creditors: amounts falling due within one year	10	2,034,675		2,220,771	
Net current assets			1,013,588		1,281,022
Total assets less current liabilities			1,180,099		1,498,444
Creditors: amounts falling due after more than one year	11	-		6,708	
Provisions for liabilities	13	80,000		-	
			(80,000)		(6,708)
Net assets			1,100,099		1,491,736
Capital and reserves					
Called up share capital	14		131,756		131,756
Share premium	15		410,338		410,338
Profit and loss account	15		558,005		949,642
Shareholders' funds	17		1,100,099		1,491,736

The financial statements were approved by the Board of Directors and authorised for issue on 14 March 2011.

Kate Andrews.

K Andrews
Director

The notes on pages 8 to 16 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

Turnover

Turnover represents the value, excluding value added tax, of goods sold and services provided to customers There are four main revenue streams

- Advertising (print-based and online) where income is recognised when the relevant publication is distributed or the campaign is run
- Subscriptions which are recognised evenly on a time basis over the subscription period
- Event revenues which are recognised in the period the events take place
- Publishing fees which are recognised when the relevant publication is distributed

In each case, customers may be invoiced in advance of income recognition, in which case the proportion of invoiced income relating to subsequent periods is included in deferred income

Tangible fixed assets

Fixed assets are stated at historical cost

Depreciation is provided at the following annual rates in order to write off each asset over its expected useful life, as follows

Leasehold property	-	Over the lease term
Office equipment	-	Over 5 years
Fixtures and fittings	-	Over 5 years
Computer equipment	-	Over 4 years

Fixed asset investments

Fixed asset investments are shown at cost

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Stock

Paper stock is included in the accounts at the lower of cost and net realisable value Cost is determined on a first in, first out basis

1 Accounting policies *(continued)*

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright The amount capitalised is the purchase value of the assets acquired The corresponding leasing commitments are shown as obligations to the lessor

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

All other leases are operating leases and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

Provision for dilapidations

Provisions for leasehold dilapidations are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of Caspian Media Holdings Limited

Group financial statements

Group financial statements are not presented because the company has taken advantage of the exemption under section 400 of the Companies Act 2006

2 Turnover

	2010	2009
	£	£
Turnover consists of		
Proprietary publishing and events (including online)	2,678,372	3,019,782
Contract publishing and events	3,104,627	4,263,011
	5,782,999	7,282,793

All turnover derives from activities undertaken in the United Kingdom

3 Employees

	2010 £	2009 £
Staff costs consist of		
Wages and salaries	1,917,912	2,082,230
Social security costs	206,492	250,359
	2,124,404	2,332,589

	2010 Number	2009 Number
The average number of employees during the year was		
Management and finance	8	7
Editorial and design	23	25
Conference and events	6	8
Sales and marketing	15	15
Online publishing	3	3
	55	58

The above figures include 3 executive directors for the year (2009 - 3)

4 Directors

	2010 £	2009 £
Directors' remuneration consists of		
Directors' emoluments	315,973	403,806
Highest paid director		
Emoluments	114,948	133,119

5 Operating loss

	2010	2009
	£	£
This has been arrived at after charging/(crediting)		
Depreciation – owned assets	77,859	51,627
Depreciation – leased assets	20,366	24,018
Auditors' remuneration – audit services	18,004	18,600
Auditors' remuneration – non audit services	2,000	2,000
Foreign exchange differences	1,480	(2,057)
Operating leases		
- property	233,000	233,000
- other	16,386	15,363

6 Taxation on loss on ordinary activities

	2010	2009
	£	£
Current tax		
UK Corporation tax	-	-
Deferred tax		
Origination and reversal of temporary differences	140,000	-
Taxation credit on loss on ordinary activities	140,000	-

	2010	2009
	£	£
Loss on ordinary activities before tax	(531,637)	(180,024)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 20%)	(148,858)	(36,005)
Effects of		
Disallowed expenses	5,405	6,774
Excess of depreciation over capital allowances	488	(7,065)
Other timing differences	22,480	-
Losses carried forward	128,787	36,296
Transfer pricing adjustment	(8,302)	
Current tax charge for year	-	-

7 Tangible assets

	Leasehold property £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 July 2009	36,845	29,035	38,090	525,382	629,352
Additions	-	-	-	47,314	47,314
At 30 June 2010	36,845	29,035	38,090	572,696	676,666
Depreciation					
At 1 July 2009	36,845	28,610	35,682	310,812	411,949
Charge for the year	-	135	1,861	96,229	98,225
At 30 June 2010	36,845	28,745	37,543	407,041	510,174
Net book value					
At 30 June 2010	-	290	547	165,655	166,492
At 30 June 2009	-	425	2,408	214,570	217,403

The net book value of computer equipment above includes an amount of £22,829 (2009 - £43,194) in respect of assets held under finance leases The related depreciation charge on these assets was £20,366 (2009 - £24,018)

8 Fixed asset investments

	Unlisted investments £
Cost and net book value	
At 1 July 2009 and 30 June 2010	19

The undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation	Proportion of voting rights held	Nature of business
Real Business Limited	UK	100%	Dormant
Real Deals Limited	UK	100%	Dormant
Real Finance Limited	UK	100%	Dormant
Real Business Events Limited	UK	100%	Dormant
Real Business Conferences Limited	UK	100%	Dormant
Caspian Conferences Limited	UK	100%	Dormant
Real IR Limited	UK	100%	Dormant
Real Investor Relations Limited	UK	100%	Dormant
Real Publishing Limited	UK	100%	Dormant
Real FD Limited	UK	100%	Dormant

9 Debtors

	2010 £	2009 £
Amounts due within one year		
Trade debtors	712,990	688,056
Other debtors	24,925	53,938
Deferred tax asset	140,000	-
Prepayments and accrued income	353,147	313,253
Amounts owed by group undertakings	498,000	1,400,000
	1,729,062	2,455,247
Amounts due after one year		
Amounts owed by group undertakings	672,006	1,007,760

Deferred tax asset

	£
At 1 July 2009	-
Credited to profit and loss account	140,000
At 30 June 2010	140,000

The above deferred tax asset relates to trading losses which has been recognised as the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	781,959	914,286
Bank overdraft	-	105,126
Other taxation and social security	122,617	73,336
Other creditors	108,299	105,745
Deferred income	808,121	765,041
Accrued expenses	206,971	237,949
Obligations under finance lease	6,708	19,288
	2,034,675	2,220,771

11 Creditors: amounts falling due after one year

	2010 £	2009 £
Obligations under finance lease	-	6,708

12 Loans

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year or on demand		
Obligations under finance lease	6,708	19,288
Amounts falling due between one and two years		
Obligations under finance lease	-	6,708

13 Provisions for liabilities

Group	**Dilapidations £**
At 1 July 2009	-
Charged to profit and loss account	80,000
At 30 June 2010	80,000

14 Share capital

	Authorised			
	2010 Number	**2009 Number**	**2010 £**	**2009 £**
Ordinary shares of £1 each	200,000	200,000	200,000	200,000

	Allotted, issued and fully paid			
	2010 Number	**2009 Number**	**2010 £**	**2009 £**
Ordinary shares of £1 each	131,756	131,756	131,756	131,756

15 Reserves

	Profit and loss account £	**Share premium £**	**Total £**
At 1 July 2009	949,642	410,338	1,359,980
Retained loss for year	(391,637)	-	(391,637)
At 30 June 2010	558,005	410,338	968,343

16 Commitments under operating leases

As at 30 June 2010, the company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings £ 2010	**Other £ 2010**	**Land and buildings £ 2009**	**Other £ 2009**
Operating leases which expire				
After more than one year	233,000	24,516	233,000	12,573

17 Reconciliation of movements in shareholders' funds

	2010 £	**2009 £**
Loss for the financial year	(391,637)	(180,024)
Net reduction of shareholders' funds	(391,637)	(180,024)
Opening shareholders' funds	1,491,736	1,671,760
Closing shareholders' funds	1,100,099	1,491,736

18 Contingent liabilities

There is a cross guarantee with Caspian Media Holdings Limited The debenture holders in Caspian Media Holdings Limited hold a fixed and floating charge over Caspian Media Limited's assets

19 Related parties

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Caspian Media Holdings Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

Revenue includes £33,513 (2009 - £56,939) of sales to Lloyds TSB Development Capital who hold more than 20% of the share capital of Caspian Media Holdings Limited The normal market price was charged on all transactions At the balance sheet date the amount due from Lloyds TSB Development Capital was £Nil (2009 - £Nil)

Expenditure includes a payment of £5,697 (2009 – £5,967) to Crownmex Consultants Limited which relates to a shareholder, Munir Samji The payment is for professional fees relating to the Asian Women of Achievement Awards event held by Caspian

20 Immediate and ultimate parent company

At 30 June 2010 the company's immediate and ultimate parent company was Caspian Media Holdings Limited, which is the parent of both the smallest and largest groups of which the company is a member

Copies of the consolidated financial statements of Caspian Media Holdings Limited are available from Companies House

The company is under immediate and ultimate control of Caspian Media Holdings Limited, a company incorporated in England and Wales

21 Post balance sheet event

On 1 March 2011 the company passed a special resolution changing the name from Caspian Publishing Limited to Caspian Media Limited