

Registered No 04470930

## **AD Promotions Limited**

### **Report and Financial Statements**

30 June 2011

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COMPANIES HOUSE

**Directors**

M J Newton  
P Norstrom

**Secretary**

H Doroszkiewicz

**Auditors**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester M2 3EY

**Bankers**

Barclays Bank plc  
3 Hardman St  
Spinningfields  
Manchester M3 3HF

**Solicitors**

DWF LLP  
1 Scott Place  
2 Hardman St  
Manchester M3 3AA

**Registered Office**

Unit 1200  
Daresbury Park  
Daresbury  
Warrington  
Cheshire WA4 4HS

## **Directors' report**

The directors present their report and financial statements for the year ended 30 June 2011

### **Results and dividends**

The loss for the year after taxation amounted to £56,656 (2010 – loss of £1,479) The directors do not recommend the payment of a dividend

### **Going concern**

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings plc ('the group')

On 18th October 2011, the group and the bank renegotiated the financing of the group and as a result agreed facilities repayable on demand, which do not expire until 31st March 2013

Based on the Directors' latest approved forecasts, the group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due including the facility repayments, for a period of not less than 12 months from the date of signature of these financial statements. Whilst acknowledging the uncertainties in the operating environment, the Directors have identified a number of opportunities to reduce costs, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions

The Directors' latest forecasts include a series of assumptions in relation to working capital management and further cost reductions. The key working capital management assumption is a stock reduction programme. Further cost reduction focuses on a broad spread of operational costs. Additional spend on certain further significant development activities will be dictated by available resources and future trading remaining in line with management expectations

Based on this assessment and the available ability to manage costs if necessary against further unprojected adverse trading conditions, the Directors consider it is appropriate to prepare the financial statements on the going concern basis

### **Principal activity and review of the business**

The principal activity of the company continued to be that of the hire of sports equipment for promotional activities

The results for the year and the financial position at the year end were considered satisfactory by the directors

### **Directors**

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

M J Newton  
P Norstrom

### **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 he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

## Directors' report

### Auditors

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

### Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

By order of the Board



Helen Doroszkiewicz  
Secretary

28<sup>th</sup> October 2011

## Directors' Responsibilities Statement

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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Independent auditors' report**

**to the members of AD Promotions Limited**

We have audited the financial statements of AD Promotions Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 13. 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 auditors' 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 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 (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. In addition, we read all the financial and non-financial information in the directors' report 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 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 AD Promotions 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Gary Harding (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
28<sup>th</sup> October 2011

## Profit and loss account

for the year ended 30 June 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	2,700,000	2,100,000
Cost of sales		(2,745,888)	(2,123,804)
<b>Gross loss</b>		(45,888)	(23,804)
Administrative expenses		(21,235)	(22,379)
Profit on disposal of fixed assets		–	10,457
<b>Loss on ordinary activities before taxation</b>	3	(67,123)	(35,726)
Tax	5	10,467	34,247
<b>Loss for the financial year</b>	10	(56,656)	(1,479)

All amounts above relate to continuing operations of the company

## Statement of total recognised gains and losses

for the year ended 30 June 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £56,656 in the year ended 30 June 2011 (2010 – loss of £1,479)



**Balance sheet**

at 30 June 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	199,080	229,045
<b>Current assets</b>			
Debtors	7	668,359	870,615
Cash at bank and in hand		846	76,081
		669,205	946,696
<b>Creditors: amounts falling due within one year</b>	8	(877,473)	(1,128,273)
<b>Net current liabilities</b>		(208,268)	(181,577)
<b>Net (liabilities)/assets</b>		(9,188)	47,468
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	(9,190)	47,466
<b>Shareholders' (deficit)/funds</b>	11	(9,188)	47,468

The financial statements were approved by the board of directors on 28<sup>th</sup> October 2011 and were signed on its behalf by



M J Newton

Director

28<sup>th</sup> October 2011

## Notes to the financial statements

at 30 June 2011

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards under the historical cost convention. The particular accounting policies adopted by the directors are described below. The accounting standards have been applied consistently throughout the year and the preceding year.

#### *Going concern*

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings plc ('the group').

A letter of support has been provided to the directors of the company from the directors of Anglo Design Holdings plc to confirm that the group will provide sufficient financial and other support to enable the company to discharge their liabilities as they fall due. Despite the net liabilities position of £9,188 (2010 Net assets of £47,468) at 30 June 2011 because the group has confirmed its intention to provide any necessary financial support to the company, the directors consider it appropriate to prepare the financial statements on the going concern basis.

On 18th October 2011, the group and the bank renegotiated the financing of the group and as a result agreed facilities repayable on demand, which do not expire until 31st March 2013.

Based on the Directors' latest approved forecasts, the group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due including the facility repayments, for a period of not less than 12 months from the date of signature of these financial statements. Whilst acknowledging the uncertainties in the operating environment, the Directors have identified a number of opportunities to reduce costs, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions.

The Directors' latest forecasts include a series of assumptions in relation to working capital management and further cost reductions. The key working capital management assumptions is a stock reduction programme. Further cost reduction focuses on a broad spread of operational costs. Additional spend on certain further significant development activities will be dictated by available resources and future trading remaining in line with management expectations.

Based on this assessment and the available ability to manage costs if necessary against further unprojected adverse trading conditions, the Directors consider it is appropriate to prepare the financial statements on the going concern basis.

#### *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### *Statement of cash flows*

Under FRS 1 'Statement of Cash Flows', the company is not required to prepare a statement of cash flows, being a wholly owned subsidiary of Anglo Design Holdings plc, whose group financial statements include a statement of cash flows.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

**Racing cars** The amount of depreciation charged is equivalent to the operating lease income receivable or based upon an impairment review carried out on an annual basis.

## Notes to the financial statements

at 30 June 2011

### 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 exception

- 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

#### *Accounting reference date*

The company's accounting reference date is 30 June. As permitted by the Companies Act, the Directors have chosen to draw up the financial statements to the 3 July 2011 (2010 to 4 July 2010)

## Notes to the financial statements

at 30 June 2011

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. Turnover is recognised on a straight line basis over the period of the lease.

### 3. Operating loss

This is stated after

	2011 £	2010 £
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	3,000	3,000
	<u>          </u>	<u>          </u>
There has been no charge for non-audit services within the company during the current year or prior year		
Depreciation of tangible fixed assets	79,481	88,113
	<u>          </u>	<u>          </u>

### 4. Staff costs

There were no employees during the year apart from the directors.

There was no remuneration paid to the directors in the current year or prior year from the company. The directors are remunerated via Anglo Design Holdings plc and their remuneration is disclosed within that entity.

### 5. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2011 £	2010 £
<i>Current tax</i>		
UK corporation on the result for the year	—	—
Adjustment in respect of prior period	—	—
Total current tax (note 5(b))	<u>          </u>	<u>          </u>
<i>Deferred tax</i>		
Originating and reversal of timing differences	(22,255)	(34,247)
Adjustment in respect of prior period	5,208	—
Effect of decreased tax rate	6,580	—
Total deferred tax	<u>(10,467)</u>	<u>(34,247)</u>
Tax on loss on ordinary activities	<u>(10,467)</u>	<u>(34,247)</u>

## Notes to the financial statements

at 30 June 2011

### 5. 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 27.5% (2010 – 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	(67,123)	(35,726)
Charge on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.5% (2010 – 28%)	(18,459)	(10,003)
<i>Effects of</i>		
Non deductible expenses	79,611	74,676
Depreciation in excess of capital allowances	21,857	12,984
Group relief	(83,009)	(77,657)
Current tax for the year (note 5(a))	–	–

#### (c) Deferred tax

	£
Balance at 1 July 2010	(75,066)
Provided to profit and loss account (note 6(a))	(15,676)
Adjustment in respect of prior year	5,208
Balance at 30 June 2011	(85,534)

The deferred tax asset is analysed as follows

	2011 £	2010 £
Accelerated capital allowances	(85,534)	(75,066)
	(85,534)	(75,066)

## Notes to the financial statements

at 30 June 2011

### 5. Tax (continued)

#### (d) Factors affecting future tax charge

In the budget of 23 March 2011, reductions in the rate of UK corporation tax were proposed which, if enacted in the proposed manner, may significantly impact on the company's future tax position. However, as at 30 June 2011, the tax changes announced in the budget, reducing the main rate of corporation tax from 26% to 23%, are not yet regarded as "substantively enacted". As such, these changes have not been reflected in the company's financial statements as at 30 June 2011.

The budget proposed a decrease in the rate of UK corporation tax to be enacted annually from April 2012, from 26% to 23% by 1% each year. The effect of the reduction in the tax rate to 23% on the company's deferred tax asset would be to reduce it by approximately £9,869. The rate change will also impact the amount of future cash tax payment to be made by the company.

The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

### 6. Tangible fixed assets

	<i>Racing cars</i>
	<i>£</i>
Cost	
At 1 July 2010	1,077,624
Additions	49,516
At 30 June 2011	1,127,140
Depreciation	
At 1 July 2010	848,579
Charge for the year	79,481
At 30 June 2011	928,060
Net book value	
At 30 June 2011	199,080
At 1 July 2010	229,045

### 7. Debtors

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Trade debtors	19,781	80,226
Other debtors	-	129,774
Prepayments and accrued income	311,213	585,549
Deferred tax	85,534	75,066
Taxes and social security	251,831	-
	668,359	870,615

## Notes to the financial statements

at 30 June 2011

### 8. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	564,366	906,205
Amounts due to group undertakings	225,115	162,906
Corporation tax	-	3,037
Accruals and deferred income	87,992	56,125
	<u>877,473</u>	<u>1,128,273</u>

### 9. Issued share capital

	No	2011	No	2010
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2
		<u>2</u>		<u>2</u>

### 10. Movements on reserves

	<i>Profit and loss account</i>
	£
At 1 July 2010	47,466
Retained loss for the year	(56,656)
At 30 June 2011	<u>(9,190)</u>

### 11. Reconciliation of shareholders' (deficit)/funds

	2011	2010
	£	£
Opening shareholders' funds	47,468	48,947
Loss for the financial year	(56,656)	(1,479)
Closing shareholders' (deficit)/funds	<u>(9,188)</u>	<u>47,468</u>

### 12. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 - Related Party Disclosures in not disclosing details of transactions with other group companies

During the year the company used the services of Ray Mallock Limited, a related party Mr M J Newton, the controlling party of Anglo Design Holdings plc holds more than 20% of the voting rights of Ray Mallock Limited and is a Director of the company

During the ordinary course of business, AD Promotions Limited used services from Ray Mallock Limited at a cost of £1,478,530 (2010 - £1,451,020) The balance due to Ray Mallock Limited at the year end was £504,000 (2010 - £852,192)

## Notes to the financial statements

at 30 June 2011

### 13. Ultimate parent undertaking and controlling party

The ultimate parent company is Anglo Design Holdings plc, a company registered in England and Wales

Anglo Design Holdings plc prepares group financial statements and copies can be obtained from Unit 1200 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4HS

The controlling party is Mr M J Newton by virtue of his shareholding in Anglo Design Holdings plc