

**REGISTRAR OF
COMPANIES**

GOLLEY SLATER GROUP LIMITED

Report and Financial Statements

31 March 2008



REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Notes to the financial statements	10

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C C Lovell
A O Golley
S J Freethy
A J Tillard
S R Powell (appointed 24 June 2008)

SECRETARY

M&A Secretaries Limited

REGISTERED OFFICE

12 Margaret Street
London
W1W 8JQ

BANKERS

HSBC Bank Plc

AUDITORS

Deloitte LLP
Cardiff

DIRECTORS' REPORT

The directors present their report and the audited financial statements for 16 months ended 31 March 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is that of advertising agents and as a holding company of a group whose activities comprise advertising, marketing, public relations and recruitment consultancy. There have been no significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

In July 2007, Golley Slater Group acquired 100% of the ordinary share capital of GCDM Limited (trading as Green Cathedral) for a cash consideration. Green Cathedral is an industry-leading digital marketing consultancy with a broadly-based blue-chip client list. This business has now been merged with the group's existing digital marketing operations to provide an extended range of client services that is fully integrated with the rest of the group's business.

As shown in the consolidated profit and loss account on page 7, the gross profit increased pro-rata by 8% over the prior year. This is due to continuing investment in new products and income streams.

The company's key measurement of the effectiveness of its operations is the margin of operating profit, against gross profit. As shown in the consolidated profit and loss account, this has decreased from 16% in November 2006 to 7% in March 2008. Prior to the provisions charged, as disclosed in note 15, the operating margin was 10%.

The consolidated balance sheet on page 8 shows an increase in net assets of £1,347,276 at the period-end. The business has good credit controls in place and negotiates terms with suppliers to enable it to maintain a cash positive working capital position. There is also a £2,000,000 overdraft facility in place.

There have been no significant events since the balance sheet date other than those disclosed in the notes to the financial statements.

FUTURE PROSPECTS

The directors are satisfied with the results for the financial period and believe that the company and the group will continue to trade satisfactorily in the future.

RESULTS AND DIVIDENDS

The group profit for the financial period, after taxation and minority interest, was £1,094,576 (30 November 2006 - £2,047,620).

No final dividend is proposed by the directors for the financial period (30 November 2006 - £4,450,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market where there is an ongoing risk of losing clients to competitors. The company manages this risk by having in place comprehensive contracts with fixed terms and notice periods of three months or more wherever practical.

Credit risk with clients is addressed through credit checks and the risk of financial loss is mitigated through the group's credit insurance policy.

Financial risk on borrowings is limited to movements in interest rates.

DIRECTORS' REPORT (continued)

DIRECTORS

The current directors of the company, who served throughout the financial period unless stated otherwise, are as shown on page 1. G A Jones resigned as a director on 31 March 2008.

DONATIONS

During the financial period, the group made charitable donations of £7,553 (30 November 2006 - £5,219). No political donations were made during either period.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S R Powell
Director

Date..... 14th Jan 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLLEY SLATER GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Golley Slater Group Limited for the 16 months ended 31 March 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters 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

The directors' responsibilities for preparing the report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GOLLEY SLATER GROUP LIMITED (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's profit for the 16 months then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP.

Deloitte LLP

Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date *16 January 2009*

CONSOLIDATED PROFIT AND LOSS ACCOUNT
16 months ended 31 March 2008

	Note	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
TURNOVER	2	61,889,163	42,407,671
Cost of sales		(37,328,935)	(25,323,296)
Gross profit		24,560,228	17,084,375
Administrative expenses		(23,084,399)	(14,510,800)
Other operating income		226,265	140,167
OPERATING PROFIT before amortisation of goodwill		1,909,910	2,788,519
Amortisation of goodwill	9	(207,816)	(74,777)
OPERATING PROFIT		1,702,094	2,713,742
Interest receivable and similar income		39,862	38,576
Interest payable and similar charges	4	(54,087)	(19,927)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,687,869	2,732,391
Tax on profit on ordinary activities	6	(567,804)	(682,436)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,120,065	2,049,955
Minority interests		(25,489)	(2,335)
PROFIT FOR THE FINANCIAL PERIOD	17	1,094,576	2,047,620

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
16 months ended 31 March 2008

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Profit for the financial period	1,094,576	2,047,620
Actuarial gain/(loss) recognised in the pension scheme (refer to note 7)	252,700	(419,300)
Total gains recognised since last report and financial statements	1,347,276	1,628,320

CONSOLIDATED BALANCE SHEET
31 March 2008

	Note	31 March 2008 £	30 November 2006 £
FIXED ASSETS			
Intangible assets	9	4,034,812	723,351
Tangible assets	10	513,198	786,090
Investments	11	14,923	14,923
		<u>4,562,933</u>	<u>1,524,364</u>
CURRENT ASSETS			
Stocks and work-in-progress		194,814	380,371
Debtors	12	19,148,131	17,375,770
Cash at bank and in hand		232,971	2,345,720
		<u>19,575,916</u>	<u>20,101,861</u>
CREDITORS: amounts falling due within one year	14	<u>(12,021,983)</u>	<u>(11,183,044)</u>
NET CURRENT ASSETS		<u>7,553,933</u>	<u>8,918,817</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,116,866</u>	<u>10,443,181</u>
PROVISIONS FOR LIABILITIES	15	(646,271)	(342,300)
MINORITY INTERESTS		<u>(37,905)</u>	<u>(15,467)</u>
NET ASSETS		<u>11,432,690</u>	<u>10,085,414</u>
CAPITAL AND RESERVES			
Called up share capital	16	52,942	52,942
Share premium account	17	374,260	374,260
Capital redemption reserve	17	9,239	9,239
Merger reserve	17	72,000	72,000
Profit and loss account	17	10,924,249	9,576,973
SHAREHOLDERS' FUNDS	17	<u>11,432,690</u>	<u>10,085,414</u>

These financial statements were approved by the Board of Directors on 15 January 2009
Signed on behalf of the Board of Directors

C C Lovell



Director

S R Powell



Director

COMPANY BALANCE SHEET
31 March 2008

	Note	31 March 2008 £	30 November 2006 £
FIXED ASSETS			
Intangible assets	9	589,880	-
Tangible assets	10	513,198	786,090
Investments	11	<u>3,665,214</u>	<u>2,172,753</u>
		4,768,292	2,958,843
CURRENT ASSETS			
Stocks and work-in-progress		194,814	380,371
Debtors	12	18,550,707	16,845,531
Cash at bank and in hand		<u>239,150</u>	<u>2,345,720</u>
		18,984,671	19,571,622
CREDITORS: amounts falling due within one year	14	<u>(11,940,982)</u>	<u>(11,028,044)</u>
NET CURRENT ASSETS		<u>7,043,689</u>	<u>8,543,578</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,811,981	11,502,421
PROVISIONS FOR LIABILITIES	15	<u>(646,271)</u>	<u>(342,300)</u>
NET ASSETS		<u><u>11,165,710</u></u>	<u><u>11,160,121</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	52,942	52,942
Share premium account	17	374,260	374,260
Capital redemption reserve	17	9,239	9,239
Profit and loss account	17	<u>10,729,269</u>	<u>10,723,680</u>
SHAREHOLDERS' FUNDS	17	<u><u>11,165,710</u></u>	<u><u>11,160,121</u></u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

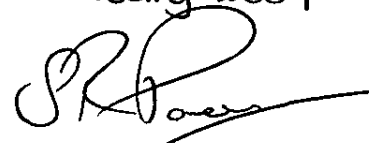
15 January 2009

C C Lovell



Director

S R Powell



Director

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current financial period and the prior financial year, are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Golley Slater Group Limited and its subsidiaries for the 16 months ended 31 March 2008.

(c) Acquisitions and goodwill

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and, prior to FRS 10 "Goodwill and intangible assets", was written off directly to reserves. This goodwill amounts to £460,544 (30 November 2006 - £460,544) and remains eliminated in reserves and will be charged or credited to the profit and loss account as appropriate on the subsequent disposal of the business to which it relates.

Following the issue of FRS 10, goodwill is capitalised as an intangible asset and written off in equal annual instalments over a useful life of twenty years.

(d) Tangible fixed assets

Tangible fixed assets are depreciated over their expected useful lives on a straight-line basis as follows:

Leasehold property, fixtures and fittings,	
and office equipment	- 10%-33 1/3% per annum
Motor vehicles	- 25% per annum

(e) Investments

Fixed asset investments are stated at cost less provision for impairment.

(f) Work-in-progress

Work-in-progress is valued at the lower of cost (being actual cost of direct materials) and estimated net realisable value. Progress payments received or receivable at the balance sheet date are deducted from work-in-progress.

(g) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

(h) Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the period of the lease.

(i) Pensions

The group operates a defined benefit pension scheme for its employees, providing benefits based on final pensionable pay. The defined benefit scheme is contributory and contributions are assessed in accordance with the advice of a qualified actuary. The group's contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pension provisions over the employees' working lives with the group. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable. The adoption of FRS 17 in the prior year has meant that the scheme surplus as at 31 March 2008 has been incorporated into the group financial statements through the statement of total recognised gains and losses. The pension scheme assets and liabilities have been included in the group balance sheets for 2008 and 2006.

FRS 17 requires the assets of a defined benefit scheme to be measured at the market value at each balance sheet date and the liabilities to be measured using a specified valuation method and to be discounted using a corporate bond rate. FRS 17 also requires the surplus or deficit on the scheme to be recognised immediately on the balance sheet and any actual gains or losses arising to be recognised immediately in the statement of total recognised gains and losses, rather than progressively over time in the profit and loss account. In accordance with FRS 17, additional disclosures relating to the group's defined benefit scheme are given in note 7.

(j) Rental income

Rentals receivable are accounted for as operating lease income and credited to the profit and loss account on a straight-line basis over the lease term, with any rental increases recognised during the period to which they relate.

(k) Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised 1996) from preparing a cash flow statement, being a wholly-owned subsidiary of Golley Group Limited and included in its consolidated financial statements, which are publicly available.

(l) Revenue recognition

Group turnover consists of four main sources of revenue: advertising, marketing, public relations and recruitment, which is recognised in the period in which the service is performed.

Advertising and marketing production revenue is recognised as the work is completed.

Revenue from fees and services to be performed subject to a specific agreement is recognised when the service is performed in accordance with the terms of the contractual arrangement.

Recruitment revenue is recognised at the start date of the recruitment position.

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

2. TURNOVER

Group turnover represents sales by group companies to outside customers, excluding value added tax. All turnover is derived from within the United Kingdom.

Turnover has increased in the period partly as a result of the impact of the acquisition of Golley Slater Digital Limited (refer to note 9). On acquisition, the trade and assets of another subsidiary, Golley Slater New Media Limited, were hived up into the Golley Slater Digital Limited company and therefore it is not possible to determine the post acquisition impact of Golley Slater Digital Limited on turnover. The turnover of the combined entity, incorporating Golley Slater Digital Limited and Golley Slater New Media Limited, was £11,494,350, with a corresponding impact on operating profit of £267,202.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Directors – Group and company		
Emoluments (excluding pension contributions)	716,507	493,152
Pension contributions	33,500	22,000
	No.	No.
Number of directors who are members of a defined benefit pension scheme	1	1
	£	£
Highest paid director's remuneration		
Aggregate of emoluments (excluding pension contributions)	232,675	161,689

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Group		Company	
	16 months ended 31 March 2008 £	Year ended 30 November 2006 £	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Employee costs during the year				
Wages and salaries	14,264,683	9,352,812	3,404,670	2,212,644
Social security costs	1,265,515	829,033	340,519	182,857
Other pension costs	541,819	342,060	356,244	80,031
	<u>16,072,017</u>	<u>10,523,905</u>	<u>4,101,433</u>	<u>2,475,532</u>
Average number of persons employed	No.	No.	No.	No.
Production	70	62	2	2
Sales and account handling	189	161	39	28
Administration	55	60	34	33
	<u>314</u>	<u>283</u>	<u>75</u>	<u>63</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Bank interest and charges	54,087	12,095
Other	-	7,832
	<u>54,087</u>	<u>19,927</u>

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Profit on ordinary activities before taxation is after charging/(crediting)		
Amortisation of goodwill	207,816	74,777
Depreciation – owned assets	548,224	387,805
Auditors' remuneration:		
- group audit fees	29,500	29,950
- company audit fees	5,000	4,500
- other services – tax fees	14,500	7,250
Operating lease rentals		
- Machinery, equipment and vehicles	137,990	28,616
- Land and buildings	877,545	520,901
Rental income received under operating lease	(10,382)	(55,101)
Profit on disposal of fixed assets	(133,838)	(46,307)

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the period at 30% (30 November 2006 – 30%)	(518,810)	(755,913)
Adjustment in respect of prior years	(10,594)	116,751
Total current tax	<u>(529,404)</u>	<u>(639,162)</u>
Deferred taxation		
Origination and reversal of timing differences	(38,400)	(43,274)
	<u>(38,400)</u>	<u>(43,274)</u>
	<u>(567,804)</u>	<u>(682,436)</u>
The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
	£	£
Profit on ordinary activities before tax	<u>1,687,869</u>	<u>2,732,391</u>
Tax on profit on ordinary activities before tax at 30% (30 November 2006 – 30%)	(506,361)	(819,717)
Factors affecting charge for the period		
Expenses not deductible for tax purposes	(187,461)	(1,356)
Goodwill amortised	(42,531)	(22,433)
Depreciation for the period in excess of capital allowances	(4,870)	(10,426)
Rate differences on current tax	11,030	21,384
Profit on disposal of non-qualifying assets	29,517	13,892
Capital gains	(44,250)	-
Adjustment in respect of prior years	(10,594)	116,751
Utilisation of losses from holding company	219,746	75,840
Other	6,370	(13,097)
Current tax charge for the period	<u>(529,404)</u>	<u>(639,162)</u>

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

7. PENSION SCHEME

The group operates a defined benefit pension scheme for qualifying employees.

The assets of the scheme are held separately from those of the group, being held in a trustee-administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives within the group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent full actuarial valuation of the defined benefit scheme was at 2 December 2005 and this was updated to 31 March 2008.

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The main assumptions which have the most significant effect on the results of the valuation are those relating to the rates of return on investments and the rates of increase in salaries and in pensions payment.

The major assumptions used by the actuary were:

	Valuation at 31 March 2008	Valuation at 30 November 2006	Valuation at 30 November 2005
Discount rate	6.9% pa	4.9% pa	4.9% pa
Inflation	3.6% pa	3.2% pa	2.85% pa
Salary increases	5.1% pa	4.2% pa	3.85% pa
Increases to pensions in payment in line with RPI up to a maximum of 5% pa	3.2% pa	2.8% pa	2.5% pa

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

7. PENSION SCHEME (continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2008	Value of assets at 31 March 2008 £	Long-term rate of return expected at 30 November 2006	Value of assets at 30 November 2006 £	Long-term rate of return expected at 30 November 2005	Value of assets at 30 November 2005 £
Cash accumulation policy	7.25% pa	4,577,000	6.80% pa	5,424,000	6.60% pa	4,709,000
Secured annuities	6.90% pa	180,000	4.90% pa	216,000	4.90% pa	223,000
		<u>4,757,000</u>		<u>5,640,000</u>		<u>4,932,000</u>
Total market value of assets		4,757,000		5,640,000		4,932,000
Present value of scheme liabilities		<u>(3,990,000)</u>		<u>(6,129,000)</u>		<u>(5,588,000)</u>
Surplus/(deficit) in the scheme		767,000		(489,000)		(656,000)
Deferred tax (liability)/asset		<u>(230,100)</u>		<u>146,700</u>		<u>196,800</u>
Net surplus/(deficit) in the scheme		<u>536,900</u>		<u>(342,300)</u>		<u>(459,200)</u>

The surplus in the scheme in the current period has not been recognised; due to the uncertainty in the current market which impacts investment valuations, the directors believe that recognition is not appropriate.

Analysis of the amount charged to operating profit

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Current service cost and operating charge	<u>224,000</u>	<u>153,000</u>

The total current service cost represents the cost of the pension rights accrued in the period (net of employee contributions) and the death-in-service insurance premiums paid.

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

7. PENSION SCHEME (continued)

Analysis of the amount credited to other income

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Expected return on assets	472,000	332,000
Pension scheme expenses	(12,000)	(18,000)
Interest cost	(378,000)	(275,000)
Net return	<u>82,000</u>	<u>39,000</u>

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Actual return less expected return on assets	(241,000)	230,000
Experience gains arising on the scheme liabilities	119,000	37,000
Changes in basis	1,250,000	(210,000)
Adjustment to change in basis	(536,900)	-
Deferred tax adjustment	(338,400)	(17,100)
Actuarial gain recognised in STRGL	<u>252,700</u>	<u>39,900</u>

Movement in deficit during the period

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Deficit in scheme at beginning of the period	(489,000)	(656,000)
Movement in the period		
Current service cost	(224,000)	(153,000)
Employer contributions	270,000	224,000
Other finance income	82,000	39,000
Actuarial gain	361,000	57,000
Deficit in scheme at end of the period	<u>-</u>	<u>(489,000)</u>

The actuarial gain above has been adjusted to take account of the non-recognition of the surplus in the scheme.

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

7. PENSION SCHEME (continued)

History of experience gains and losses	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Difference between the actual and expected return on scheme assets		
Amount	(241,000)	230,000
Percentage of scheme assets	(5.1%)	4.1%
Experience gains and losses on scheme liabilities		
Amount	119,000	37,000
Percentage of scheme liabilities	3.0%	0.6%
Total amount recognised in STRGL (before deferred tax adjustment)		
Amount	-	57,000
Percentage of scheme liabilities	0%	0.9%

8. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £892,160 (30 November 2006 profit - £2,109,406).

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

9. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 December 2006	1,818,312
Additions	3,519,277
	<u>5,337,589</u>
At 31 March 2008	<u>5,337,589</u>
Accumulated amortisation	
At 1 December 2006	1,094,961
Charge for the period	207,816
	<u>1,302,777</u>
At 31 March 2008	<u>1,302,777</u>
Net book value	
At 31 March 2008	4,034,812
	<u>4,034,812</u>
At 30 November 2006	<u>723,351</u>

Additions relate to the purchase of shares in an existing subsidiary, Golley Slater New Media Limited, of £26,532, and the acquisition of Golley Slater Digital Limited (formerly GCDM Limited) and subsidiaries on 1 July 2007, which resulted in goodwill of £3,492,745.

GOLLEY SLATER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS 16 months ended 31 March 2008

9. INTANGIBLE FIXED ASSETS (continued)

The net assets acquired with the acquisition of Golley Slater Digital Limited are summarised below:

	Book value £	Adjustments to book value £	Fair value £
Tangible fixed assets	64,066	-	64,066
Investments	33	-	33
Debtors	2,084,869	(46,756)	2,038,113
Inter-company debtor	67,739	(67,739)	-
Overdraft	(55,757)	-	(55,757)
Creditors	(2,281,095)	-	(2,281,095)
	<u>(120,145)</u>	<u>(114,495)</u>	<u>(234,640)</u>
Goodwill			3,492,745
Purchase consideration			<u>3,258,105</u>
Satisfied by:			
Cash			<u>3,258,105</u>
			<u>3,258,105</u>

The fair value adjustments above were to write down debtor balances not deemed recoverable post acquisition.

The loss after taxation of Golley Slater Digital Limited (formerly GCDM Limited) for the period from 1 January 2007 to 30 June 2007 was £38,586. The loss after taxation for the previous financial year was £143,140.

In the period since the acquisition of Golley Slater Digital Limited, the group has been notified of a legal claim in respect of work done by a subsidiary of Golley Slater Digital Limited in the period prior to acquisition. The group is confident that there is no valid basis to this claim but nevertheless is striving to resolve the matter amicably via discussion with the claimant. Any potential liability arising via this claim is covered by a potential counter-claim under the warranty provisions within the Sale and Purchase Agreement pertaining to the acquisition of Golley Slater Digital Limited.

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

9. INTANGIBLE FIXED ASSETS (continued)

Company	Goodwill £
Cost	
At 1 December 2006	-
Additions	655,923
At 31 March 2008	655,923
Accumulated amortisation	
At 1 December 2006	-
Charge for the year	66,043
At 31 March 2008	66,043
Net book value	
At 31 March 2008	589,880
At 30 November 2006	-

On 1 December 2006, the trade and assets and liabilities of a number of subsidiary entities were hived up into Golley Slater Group Limited at their book value which equates to their fair value. The hive up resulted in a movement in the cost of investments balance of £1,795,194, with an increase in goodwill in Golley Slater Group of £655,923.

	Investment held by Golley Slater Group at 30 November 2006 £	Net assets at 30 November 2006 £	Decrease/ (increase) in investment on hive up £	Goodwill increase/ (decrease) on hive up £
Golley Slater & Partners Limited	1,170	2,567	(1,397)	14,140
Golley Slater Recruitment Limited	35,075	4,930	30,145	-
Golley Slater Public Relations Limited	22,575	6,849	15,726	-
Golley Slater Contact Management Limited	200	6,156	(5,956)	(615)
Golley Slater & Partners (London) Limited	1,066,050	47,146	1,018,904	-
Golley Slater & Partners (Midlands) Limited	3,111	287	2,824	(232)
Golley Slater Public Relations (Western) Limited	11,950	6,070	5,880	1,876
Golley Slater Public Relations (North) Limited	1,007,500	278,432	729,068	640,754
	<u>2,147,631</u>	<u>352,437</u>	<u>1,795,194</u>	<u>655,923</u>

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

10. TANGIBLE FIXED ASSETS

Group and Company	Leasehold property, fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 December 2006	829,564	1,497,013	661,473	2,988,050
Additions	103,998	390,237	23,950	518,185
Disposals	(260,000)	(174,002)	(250,779)	(684,781)
At 31 March 2008	<u>673,562</u>	<u>1,713,248</u>	<u>434,644</u>	<u>2,821,454</u>
Depreciation				
At 1 December 2006	446,413	1,267,836	487,711	2,201,960
Charge for the period	93,829	341,517	112,878	548,224
Disposals	(23,392)	(170,602)	(247,934)	(441,928)
At 31 March 2008	<u>516,850</u>	<u>1,438,751</u>	<u>352,655</u>	<u>2,308,256</u>
Net book value				
At 31 March 2008	<u>156,712</u>	<u>274,497</u>	<u>81,989</u>	<u>513,198</u>
At 30 November 2006	<u>383,151</u>	<u>229,177</u>	<u>173,762</u>	<u>786,090</u>

NOTES TO THE FINANCIAL STATEMENTS
16 months ended 31 March 2008

11. INVESTMENTS HELD AS FIXED ASSETS

Group	Unlisted investments £	Investment in shares of group companies £	Total £
Cost and net book value			
At 31 March 2008 and 30 November 2006	14,923	-	14,923
Company			
	£	£	£
Cost			
At 1 December 2006	14,923	2,157,830	2,172,753
Additions	-	3,287,655	3,287,655
Disposal on hive up (see note 9)	-	(1,795,194)	(1,795,194)
At 31 March 2008	14,923	3,650,291	3,665,214

The increase in investments in shares of group companies comprises subsidiary undertakings as summarised below:

	Additions in the period £
Cost and net book value	
Golley Slater New Media Limited (note 20)	29,550
Golley Slater Digital Limited (formerly GCDM Limited) (note 20)	3,258,105
	3,287,655

Refer to note 9 for details of the impacts on investments from the hive up in the period of a number of subsidiary entities.

12. DEBTORS

	Group		Company	
	16 months ended 31 March 2008 £	Year ended 30 November 2006 £	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Trade debtors	10,551,624	7,621,984	10,551,624	7,621,984
Amounts owed by group undertakings	7,958,792	9,438,324	7,361,368	8,908,085
Other debtors	485,488	166,773	485,488	166,773
Deferred tax asset (note 13)	152,227	148,689	152,227	148,689
	19,148,131	17,375,770	18,550,707	16,845,531

GOLLEY SLATER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS 16 months ended 31 March 2008

13. DEFERRED TAX ASSET

	Group £	Company £
Balance at 1 December 2006	148,689	148,689
Movement in the year	3,538	3,538
Balance at 31 March 2008	<u>152,227</u>	<u>152,227</u>

The amount of deferred tax asset recognised in the financial statements is in respect of:

	Group 31 March 2008 £	Group 30 November 2006 £	Company 31 March 2008 £	Company 30 November 2006 £
Depreciation in excess of capital allowances	<u>152,227</u>	<u>148,689</u>	<u>152,227</u>	<u>148,689</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 March 2008 £	Group 30 November 2006 £	Company 31 March 2008 £	Company 30 November 2006 £
Trade creditors	7,590,242	6,197,564	7,590,242	6,197,564
Taxation and social security	1,269,969	1,220,097	1,269,969	1,220,097
Corporation tax	109,916	430,914	28,916	275,913
Other creditors	1,877,842	1,713,715	1,877,841	1,713,716
Accruals and deferred income	<u>1,174,014</u>	<u>1,620,754</u>	<u>1,174,014</u>	<u>1,620,754</u>
	<u>12,021,983</u>	<u>11,183,044</u>	<u>11,940,982</u>	<u>11,028,044</u>

15. PROVISIONS FOR LIABILITIES

	31 March 2008 £	30 November 2006 £
Group and company		
Pensions deficit (see note 7)	-	342,300
Provisions relating to leases	<u>646,271</u>	<u>-</u>
	<u>646,271</u>	<u>342,300</u>

The provisions relating to leases include an amount in respect of onerous leases of £422,565 and amounts relating to a rent-free period and dilapidations on a lease of £223,707.

GOLLEY SLATER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

16. CALLED UP SHARE CAPITAL

	31 March 2008 £	30 November 2006 £
Authorised		
Ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
Ordinary shares of £1 each	52,942	52,942

17. COMBINED STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £	Share premium account £	Capital redemption reserve £	Merger reserve £	Profit and loss account £	Total 31 March 2008 £	Total 30 November 2006 £
Group							
Balance brought forward	52,942	374,260	9,239	72,000	9,576,973	10,085,414	12,447,894
Profit for the period	-	-	-	-	1,094,576	1,094,576	2,047,620
Dividends	-	-	-	-	-	-	(4,450,000)
Actuarial gain	-	-	-	-	252,700	252,700	39,900
Balance carried forward	52,942	374,260	9,239	72,000	10,924,249	11,432,690	10,085,414
Company							
Balance brought forward	52,942	374,260	9,239	-	10,723,680	11,160,121	13,460,815
Profit for the period	-	-	-	-	892,160	892,160	2,109,406
Goodwill taken to reserves	-	-	-	-	(1,139,271)	(1,139,271)	-
Dividends	-	-	-	-	-	-	(4,450,000)
Actuarial gain	-	-	-	-	252,700	252,700	39,900
Balance carried forward	52,942	374,260	9,239	-	10,729,269	11,165,710	11,160,121

GOLLEY SLATER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS 16 months ended 31 March 2008

18. DIVIDENDS

	16 months ended 31 March 2008 £	Year ended 30 November 2006 £
Ordinary shares		
Final paid - £nil (30 November 2006 - £84.05) per ordinary share	-	4,450,000

19. OPERATING LEASE COMMITMENTS

At 31 March 2008 and 30 November 2006, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 31 March 2008 £	Other 31 March 2008 £	Land and buildings 30 November 2006 £	Other 30 November 2006 £
Leases which expire:				
Within one year	114,421	2,104	94,397	1,367
Between two and five years	328,994	100,331	171,960	29,784
After five years	364,137	-	297,000	-
	<u>807,552</u>	<u>102,435</u>	<u>563,357</u>	<u>31,151</u>

NOTES TO THE FINANCIAL STATEMENTS

16 months ended 31 March 2008

20. ADDITIONAL INFORMATION ON SUBSIDIARIES

At 31 March 2008, the company had the following subsidiaries:

Subsidiary	Principal activity	Portion of ordinary shares held	Country of registration and operation
Advertising agencies			
Golley Slater Direct Limited	Direct marketing	80%	UK
Golley Slater Promotional Marketing Limited	Promotional marketing	80%	UK
Golley Slater North Limited	Advertising agents	80%	UK
Golley Slater Digital Limited (formerly GCDM Limited)	Digital marketing	100%	UK
Golley Slater Recruitment Advertising Limited	Recruitment agents	100%	UK
Golley Slater New Media Limited (formerly Golley Slater Digital Limited)	Digital marketing	100%	UK
Dormant companies			
Golley Slater & Partners Limited	Advertising agents	100%	UK
Golley Slater Public Relations Limited	Public relations consultants	100%	UK
Golley Slater Recruitment Limited	Recruitment agents	100%	UK
Golley Slater Public Relations (Western) Limited	Public relations consultants	100%	UK
Golley Slater & Partners (Midlands) Limited	Advertising agents	100%	UK
Golley Slater Contact Management Limited	Telephone marketing	100%	UK
Golley Slater & Partners (London) Limited	Advertising agents	100%	UK
Golley Slater Public Relations (North) Limited	Public relations consultants	100%	UK
Golley Slater Public Relations (London) Limited	Public relations consultants	100%	UK
Golley Slater Public Relations (Midlands) Limited	Public relations consultants	100%	UK
Golley Slater Results Marketing Limited	Results marketing	100%	UK
GC Interactive Limited	Digital marketing	100%	UK
Allied Media Services Limited	Advertising agents	100%	UK
Golley Slater Trustee Limited	Dormant	100%	UK

21. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with group companies, where 90% or more of the voting rights of the subsidiary company are controlled within the group.

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Golley Group Limited, a company registered in England and Wales.

Golley Group Limited is both the largest and smallest group into which Golley Slater Group is consolidated.

Copies of the financial statements of Golley Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.