

Company Registration No. 0648706

Carlson Marketing Group (UK) Limited

Report and Financial Statements

31 December 2009

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Carlson Marketing Group (UK) Limited

Report and financial statements 2009

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Carlson Marketing Group (UK) Limited

Report and financial statements 2009

Officers and professional advisers

Directors

J Harman
M Kitsantas
J Hiney
T Martin
K Pattison (appointed 4 April 2009)

Secretary

M Kitsantas

Registered Office

Carlson Court
116 Putney Bridge Road
London
SW15 2NQ

Bankers

Barclays Bank PLC
27 Soho Square
London
W1D 3QR

Auditors

Deloitte LLP
Chartered Accountants
London, United Kingdom

Carlson Marketing Group (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Business review and principal activities

The principal activity of Carlson Marketing Group (UK) Limited (the "Company") is the provision of marketing services. These include direct marketing, sales promotion and design services, digital marketing and the development and administration of customer loyalty programmes. We also have a limited number of travel clients for whom we organise conferences and incentive events around the world. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The year ended December 2009 is the last of the three year turnaround plan that was undertaken by the directors. Turnover is down on 2008 by 29.3% but this is as a direct result of a major reduction in pass-through costs from our travel and rewards clients. Whilst gross profit is also down on prior year, it is only by 4.9% and the operating expenses have been reduced by 18.8%. As such an operating loss of £1,627 thousand in 2008 has been successfully converted to an operating profit of £467 thousand.

It is now the directors' intention to grow the income level and further improve the quality of the service provided to clients, whilst continuing to manage the cost base of the business.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company, which could result in its losing sales to its key competitors. The Company manages this risk by providing value added services to its customers and by maintaining strong relationships with clients.

In addition, the current economic climate means that there is increasing pressure on client spend which could translate into there being less fee income available for the Company. To mitigate this, the Company continues to work with clients and their procurement teams to ensure that the Company represents a dynamic, cost effective offering. The Company also continues to explore alternative solutions for the client programs by utilising services from the existing portfolio of services that the Company provides. The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Carlson Marketing Group (UK) Limited

Directors' report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company relies on support from its parent company

Price and cash flow risk

The Company is not exposed to any material price or cash flow risks

Foreign exchange risk

As a principle the Company is not exposed to foreign exchange risk. Foreign exchange risk does arise on a limited number of contractual transactions. In these instances the Company mitigates this risk by ensuring costs and revenues are denominated in the same foreign currency where possible, thus creating a "natural hedge"

Environment

Carlson Marketing Group (UK) Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Dividends

The directors do not recommend the payment of a dividend for the year (2008 £nil)

Directors

The directors who served throughout the year and, except as noted, subsequently were as follows

J Harman

M Kitsantas

J Hiney

T Martin

K Pattison (appointed 4 April 2009)

Carlson Marketing Group (UK) Limited

Directors' report (continued)

Liability insurance for directors

The Company has maintained insurance cover for the directors against liability arising from negligence, default, breach of duty and breach of trust in relation to the Company

Going concern

The directors have considered the Company's ability to continue as a going concern and have concluded that the Company will continue to trade on a going concern basis. Further details regarding this can be found in Note 1 of the related notes to the accounts

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of payment. Trade creditors of the Company at 31 December 2009 were equivalent to 18 (2008 22) days' purchases, based on the average daily amount invoiced by suppliers during the year

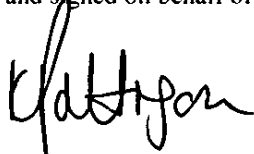
Auditors

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information 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 s418 of the Companies Act 2006

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



K Pattison
Director

18 January 2011

Carlson Marketing Group (UK) Limited

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). The financial statements are required by law to 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 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 to 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 Carlson Marketing Group (UK) Limited

We have audited the financial statements of Carlson Marketing Group (UK) Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 24. 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, 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.

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 31 December 2009 and of the company'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 Carlson Marketing Group (UK) Limited (continued)

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

Sarah Shillingford

Sarah Shillingford (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

18 January 2011

Carlson Marketing Group (UK) Limited

Profit and loss account Year ended 31 December 2009

	Notes	£	2009 £	£	2008 £
Turnover	2		21,516,073		30,412,097
Cost of sales			(9,254,619)		(17,521,761)
Gross profit			12,261,454		12,890,336
Operating expenses		(11,742,915)		(14,947,457)	
Foreign exchange (loss)/gain		(51,244)		430,233	
Total operating expenses	3		(11,794,159)		(14,517,224)
Operating profit/(loss)			467,295		(1,626,888)
Interest receivable and similar income	4		12,038		95,976
Interest payable and similar charges	5		(246,985)		(306,201)
Profit/(loss) on ordinary activities before taxation	6		232,348		(1,837,113)
Tax on profit/(loss) on ordinary activities	8		(12,600)		344,840
Profit/(loss) on ordinary activities after taxation			219,748		(1,492,273)

All operations of the Company are continuing throughout the year and the preceding year. The accompanying notes are an integral part of the profit and loss account.

Carlson Marketing Group (UK) Limited

Statement of total recognised gains and losses Year ended 31 December 2009

	Note	2009 £	2008 £
Actuarial (losses)/gains on defined benefit plans	22	(544,000)	78,000
Deferred tax on actuarial movements in defined benefit plans		152,320	(21,840)
Net (losses)/gains recognised directly in equity		(391,680)	56,160
Profit/(loss) for the year		219,748	(1,492,273)
Total recognised losses for the year		<u>(171,932)</u>	<u>(1,436,113)</u>

The accompanying notes are an integral part of the statement of total recognised gains and losses

Carlson Marketing Group (UK) Limited

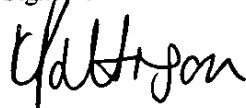
Balance sheet 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	11	195,689	241,655
		<u>195,689</u>	<u>241,655</u>
Current assets			
Stocks	13	398,115	736,268
Debtors			
- amounts falling due in less than one year	14	4,856,025	9,232,419
- amounts falling due in more than one year deferred tax	8	365,000	365,000
Cash at bank and in hand		2,991,514	5,028,769
		<u>8,610,654</u>	<u>15,362,456</u>
Creditors: amounts falling due within one year	15	(10,520,827)	(9,122,445)
Net current (liabilities)/assets		<u>(1,910,173)</u>	<u>6,240,011</u>
Total assets less current liabilities		<u>(1,714,484)</u>	<u>6,481,666</u>
Creditors: amounts falling due after more than one year	16	(1,069,849)	(9,083,083)
Provision for liabilities	17	(228,286)	(598,550)
Net liabilities excluding pension liability		<u>(3,012,619)</u>	<u>(3,199,967)</u>
Pension liability	22	(1,046,160)	(686,880)
Net liabilities including pension liability		<u>(4,058,779)</u>	<u>(3,886,847)</u>
Capital and reserves			
Called up share capital	18	4,012,500	4,012,500
Share premium	19	924,458	924,458
Capital contribution	19	1,074,029	1,074,029
Profit and loss account	19	(10,069,766)	(9,897,834)
Total shareholder's deficit	20	<u>(4,058,779)</u>	<u>(3,886,847)</u>

The accompanying notes are an integral part of this balance sheet

The financial statements of Carlson Marketing Group (UK) Limited, registration number 0648706, were approved by the board of directors and authorised for issue on 18 January 2011

Signed on behalf of the Board of Directors



K Pattison
Director

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies

The principal accounting policies are summarised below and have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with United Kingdom law and applicable accounting standards

Going concern

The directors have considered the Company's ability to continue as a going concern. Carlson Marketing Group (UK) Limited has received a legally binding letter of support from its ultimate parent company, Groupe Aeroplan Inc, and the directors are satisfied with Groupe Aeroplan Inc's ability to give that support if required. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised), the Company has not prepared a cash flow statement because its ultimate parent undertaking, Groupe Aeroplan Inc, which is incorporated in Canada, has prepared consolidated financial statements, including a consolidated cash flow statement, which are publicly available.

Intangible fixed assets

Goodwill in relation to acquisitions is included as an intangible fixed asset at cost and is amortised in equal instalments over five years for asset acquisitions and 15 years for company acquisitions, which the directors believe reflects their useful economic life. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	Over the term of the lease
Computer equipment	3 years
All other fixed assets	3 years

Fixed asset investments

Fixed asset investments are shown at cost less amounts written off for any impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value and comprise promotional material, work-in-progress and store vouchers. Work-in-progress is calculated as direct expenditure incurred less progress payments invoiced. Where amounts invoiced on account in respect of individual projects exceed the attributable costs incurred or net realisable value, if lower, the sum of the resulting net figures is included in accruals and deferred income.

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

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 by the balance sheet date

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. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Pension costs

The Company operates a defined benefit pension scheme. The difference between the fair value of the assets held in the Company's defined benefit scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Company's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than a cash contribution by the Company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS17.

The Company also operates various defined contribution pension schemes for certain of its employees and directors.

The assets of these funded schemes are held independently of the Company by trustees. The amount charged to the profit and loss account is the total of contributions payable in the year. Any difference between amounts charged to the profit and loss account and contributions paid to independent pension schemes is shown as a separately identifiable liability or asset in the balance sheet.

Foreign currencies

Normal trading transactions with third parties denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Marketing revenue is recognised in the month in which services are provided to customers. Revenue resulting from the arrangement of travel trips is recognised in the month in which the relevant trip takes place.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Rental income, excluding charges for services such as insurance and maintenance, is recognised on a straight-line basis over the lease term, even if payments are not made on such a basis.

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

2. Segmental information

The Company's turnover is derived from its principal activity and predominantly originated from within the United Kingdom

3. Operating expenses

	2009 £	2008 £
Distribution and selling costs	321,962	485,832
Administrative expenses	11,472,197	14,031,392
	<u>11,794,159</u>	<u>14,517,224</u>

4. Interest receivable and similar income

	2009 £	2008 £
Bank interest	<u>12,038</u>	<u>95,976</u>

5. Interest payable and similar charges

	2009 £	2008 £
Interest payable to Group undertaking	142,579	229,595
Bank interest	543	2,448
Finance cost – defined benefit scheme	89,000	52,000
Other finance cost – unwinding of provision	14,863	22,158
	<u>246,985</u>	<u>306,201</u>

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)

	2009 £	2008 £
Depreciation of owned tangible fixed assets	194,054	349,523
Amortisation and impairment of intangible fixed assets	-	246,833
Operating lease rentals		
- plant and machinery	13,101	13,696
- buildings	394,210	954,145
Operating lease income	-	(503,075)
Profit on disposal of subsidiary	-	(23,850)
Profit on disposal of fixed assets	(22,728)	(32,704)
	<u></u>	<u></u>

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

6. Profit/(loss) on ordinary activities before taxation (continued)

The analysis of auditors' remuneration is as follows

	2009 £	2008 £
Fees payable to the company's auditors for the audit of the company's annual accounts	149,095	109,260
Fees payable to the company's auditors and their associates for other services	24,000	43,000
Total fees	<u>173,095</u>	<u>152,260</u>
Fees payable to the company's auditors and their associates for other services		
- Tax services	16,100	35,000
- Other services	7,900	8,000
Total non audit fees	<u>24,000</u>	<u>43,000</u>

7. Staff costs

Particulars of employees (including executive directors) are as shown below

	2009 £	2008 £
Employee costs during the year amounted to		
Wages and salaries	6,609,830	7,482,458
Social security costs	700,826	801,058
Other pension costs (see note 22)	261,934	303,578
	<u>7,572,590</u>	<u>8,587,094</u>

The average monthly number of persons employed by the company during the year was as follows

	2009 Number	2008 Number
Production	93	108
Sales	37	41
Administration and management	10	17
	<u>140</u>	<u>166</u>

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

7. Staff costs (continued)

	2009 £	2008 £
Directors' remuneration:		
The remuneration of the directors was as follows		
Emoluments	1,285,241	714,509
Long term incentive schemes	-	61,111
Contributions to money purchase pension schemes	55,750	47,145
	<u>1,340,991</u>	<u>822,765</u>
Compensation for loss of office	-	52,000
	<u>1,340,991</u>	<u>874,765</u>

Pensions

The number of directors who were members of pension schemes was as follows

	Number	Number
Money purchase schemes	<u>3</u>	<u>3</u>

No retirement benefits were paid to directors or past directors in excess of the benefits to which they were entitled on the date retirement benefits first became payable (2008 £nil)

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2009 £	2008 £
Emoluments	642,811	387,712
Long term incentive schemes	-	61,111
Contributions to money purchase schemes	33,750	25,312
	<u>676,561</u>	<u>474,135</u>

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

8. Taxation

The tax charge is based on the profit/(loss) for the year and comprises

	2009 £	2008 £
UK corporation tax payable at 28% (2008 – 28.5%)	-	-
Adjustment of current taxation in respect of prior years	-	-
Total current tax	-	-
Deferred taxation		
- Recognition of deferred tax asset	-	(365,000)
- Deferred tax movement on pension liability	12,600	20,160
Total deferred tax	12,600	(344,840)
Total tax on profit/(loss) on ordinary activities	12,600	(344,840)

The differences 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

	2009 £	2008 £
Company profit/(loss) on ordinary activities before tax	232,348	(1,837,113)
Tax on Company profit on ordinary activities at standard UK corporation tax rate of 28% (2008 – 28.5%)	65,058	(523,577)
Effects of		
Expenses not deductible for tax purposes	4,820	77,547
Depreciation in excess of allowances	38,898	79,475
Tax losses (utilised)/ carried forward	(165,629)	355,756
Other timing differences	56,853	10,799
Company current tax for the year	-	-

Owing to the Company's return to profitability a deferred tax asset of £365,000 has been recognised (2008 – £365,000). Deferred tax assets not recognised are £1,824,874 (2008 – £1,968,011). This will be the case until the directors are sufficiently certain of the ability to utilise this remaining asset.

9 Dividends paid and proposed

No dividends were paid or proposed during the year or in the preceding year.

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

10. Intangible fixed assets – goodwill

	Company £
Cost	
At 1 January 2009	2,606,655
Disposals	(2,606,655)
At 31 December 2009	-
Amortisation	
At 1 January 2009	2,606,655
Disposals	(2,606,655)
At 31 December 2009	-
Net book value	
At 31 December 2009	-
At 31 December 2008	-

11. Tangible fixed assets

	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Computer software £	Total £
Cost					
At 1 January 2009	466,688	1,262,299	18,355	120,085	1,867,427
Additions	68,428	50,537	-	48,240	167,205
Disposals	(54,064)	(92,153)	(18,355)	(21,473)	(186,045)
At 31 December 2009	481,052	1,220,683	-	146,852	1,848,587
Depreciation					
At 1 January 2009	443,919	1,073,490	18,355	90,008	1,625,772
Charge	23,401	150,079	-	20,574	194,054
Disposals	(54,064)	(73,036)	(18,355)	(21,473)	(166,928)
At 31 December 2009	413,256	1,150,533	-	89,109	1,652,898
Net book value					
At 31 December 2009	67,796	70,150	-	57,743	195,689
At 31 December 2008	22,769	188,809	-	30,077	241,655

The Company holds no assets under finance leases or hire purchase contracts

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

12. Fixed asset investments

	Total £
Cost	
At 1 January 2009	1,044,654
Disposal of subsidiaries	(1,044,654)
	<hr/>
At 31 December 2009	-
	<hr/>
Provisions	
At 1 January 2009	1,044,654
Disposal of subsidiaries	(1,044,654)
	<hr/>
At 31 December 2009	-
	<hr/>
Net book value	
At 31 December 2009	-
	<hr/>
At 31 December 2008	-
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	Portion of ordinary share capital held
Brewer Blackler Limited	100%
Soler Communications Limited	100%
Brewer Blackler Creative Services Limited	100%
Aegis Motivation Limited	100%
Jervis Read Limited	100%
Media Connect Limited	100%
Smith Bundy Carlson Limited	100%

All of these subsidiaries were dormant until 15 June 2009 at which point they were liquidated

13. Stocks

	2009 £	2008 £
Work-in-progress	396,434	463,701
Finished goods and goods for resale	1,681	272,567
	<hr/>	<hr/>
	398,115	736,268
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In the directors' opinion, there are no material differences between the carrying value and the replacement cost of stocks

Carlson Marketing Group (UK) Limited

Notes to the accounts Year ended 31 December 2009

14. Debtors: amounts falling due within one year

	2009 £	2008 £
Trade debtors	2,558,301	4,350,839
Amounts owed by parent or other Group companies	1,379,334	3,737,084
Other debtors	29,785	61,851
Prepayments and accrued income	888,605	1,082,645
	<u>4,856,025</u>	<u>9,232,419</u>

15. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	696,131	1,188,915
Amounts owed to parent or other Group companies	4,263,234	2,242,289
Other creditors	1,066,243	1,020,439
Social security and other taxes	434,879	537,510
Accruals and deferred income	4,060,340	4,133,292
	<u>10,520,827</u>	<u>9,122,445</u>

16. Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to other Group companies	1,019,068	8,987,972
Other creditors	50,781	95,111
	<u>1,069,849</u>	<u>9,083,083</u>

The long term amounts owed to other Group undertakings are non-interest bearing and are repayable within 2-5 years

17. Provision for liabilities

	2009 £
Balance as at January 2009	598,550
Utilised	(415,127)
Created	30,000
Unwinding of discount in prior year provision	14,863
	<u>228,286</u>

Carlson Marketing Group (UK) Limited

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Year ended 31 December 2009

17. Provision for liabilities (continued)

Provision is carried forward for the Bristol property which is partly vacant and for dilapidations

The Bristol provision has been calculated for the period to the lease termination date (30 June 2012) based on current rental and related costs to the company and has been discounted using a discount factor of 10% Included within this provision is a sum for dilapidations of £25,000

A dilapidation provision of £30,000 for the Isleworth property was created during the year The lease for this property terminates on 29 September 2011

18. Called up equity share capital

	2009 £	2008 £
Authorised:		
12,500 (2008 – 12,500) ordinary shares of £1 each	12,500	12,500
4,000,000 (2008 – 4,000,000) 'A' ordinary shares of £1 each	4,000,000	4,000,000
	<u>4,012,500</u>	<u>4,012,500</u>
Allotted, called up and fully paid:		
12,500 (2008 – 12,500) ordinary shares of £1 each	12,500	12,500
4,000,000 (2008 – 4,000,000) 'A' ordinary shares of £1 each	4,000,000	4,000,000
	<u>4,012,500</u>	<u>4,012,500</u>

The ordinary shares and the 'A' ordinary shares rank pari passu with each other in all respects

19. Reserves

	Capital contribution £	Profit and loss account £	Share premium account £	Total £
Company				
At 1 January 2009	1,074,029	(9,897,834)	924,458	(7,899,347)
Retained profit for the year	-	219,748	-	219,748
Other recognised gains and losses in the year	-	(391,680)	-	(391,680)
	<u>1,074,029</u>	<u>(10,069,766)</u>	<u>924,458</u>	<u>(8,071,279)</u>
At 31 December 2009	1,074,029	(10,069,766)	924,458	(8,071,279)

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20. Reconciliation of movement in shareholder's deficit

	2009 £	2008 £
Profit/(loss) on ordinary activities after taxation	219,748	(1,492,273)
Other recognised gains and losses relating to the year	(391,680)	56,160
Net reduction to shareholders	(171,932)	(1,436,113)
Opening shareholder's deficit	(3,886,847)	(2,450,734)
Net reduction to shareholders	(171,932)	(1,436,113)
Closing shareholder's deficit	(4,058,779)	(3,886,847)

21. Guarantees and other financial commitments

(a) Capital commitments

There were no capital commitments contracted for as at 31 December 2009 (2008 – £nil)

(b) Lease commitments

The minimum annual commitments under non-cancellable operating leases are as follows

	Buildings	
	2009 £	2008 £
Operating leases which expire		
- within one year	-	275,925
- within two to five years	533,426	366,929
- after five years	-	-
	533,426	622,854

(c) Contingent liabilities

In 2008 and 2009 the Company had a counter indemnity bond with the Civil Aviation Authority for £1,350,000. This bond was cancelled in May 2010.

22. Pension costs

The Company operates a pension scheme providing benefits to certain permanent employees based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with Clerical Medical Investment Group ("Clerical Medical").

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary, employed by Clerical Medical, on the basis of triennial valuations using the attained age funding method.

The most recent valuation was at 31 January 2010 and used the Projected Accrued Benefit method. The valuation showed that the market value of the scheme's assets was £3,694,100.

The asset distribution of the scheme's assets as at 31 December 2009 was as follows:

Fixed interest securities	36.0%
Equity investments	44.0%
Property	12.0%
Other	8.0%

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22. Pension costs (continued)

The actuarial report continues to recommend that the Trustees request an Employer's contribution rate of 28.6% of Pensionable Salaries and £10,450 per month

The contributions paid in the year were as follows

Employers' contributions	28.6% of pensionable salary plus £10,450 per month
Members' contributions	5.0% of pensionable salary

The actuarial valuation described above has been updated at 31 December 2009 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were

	2009 £	2008 £	2007 £
Rate of increase in salaries	4.3%	4.3%	4.9%
Rate of increase in pensions payment where fixed	5.0%	5.0%	5.0%
where subject to RPI max 2.5%	2.5%	2.5%	n/a
Discount rate	5.7%	6.0%	5.7%
Inflation assumption	3.8%	2.8%	3.4%
Mortality age	87	87	85

	2009 %	2009 £	2008 %	2008 £	2007 %	2007 £
Cash and other net assets	4.5	11,000	3.8	(4,000)	4.5	(174,000)
Company pension contract	5.0	2,851,000	5.0	3,067,000	5.8	3,505,000
Total fair value of assets		2,862,000		3,063,000		3,331,000
Present value of scheme liabilities		(4,315,000)		(4,017,000)		(4,435,000)
Deficit in the scheme		(1,453,000)		(954,000)		(1,104,000)
Related deferred tax asset		406,840		267,120		309,120
Net pension liability		(1,046,160)		(686,880)		(794,880)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were

Analysis of the amounts that have been charged to operating profit under FRS 17

	2009 £	2008 £
Current service cost (excluding insured death in service benefits)	19,000	35,000
Total operating charge	19,000	35,000

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22. Pension costs (continued)

Analysis of the amounts that have been charged to interest payable and similar charges

	2009 £	2008 £
Expected return on the assets	145,000	200,000
Interest on pension scheme liabilities	(226,000)	(252,000)
Net finance cost	(81,000)	(52,000)

Analysis of the actuarial (loss)/gain that has been recognised in the statement of total recognised gains and losses

	2009 £	2008 £
The movement in deficit during the year is as follows		
Deficit in scheme at 1 January	(954,000)	(1,104,000)
Movement in the year		
Current service cost	(19,000)	(35,000)
Contributions	145,000	159,000
Finance costs	(81,000)	(52,000)
Actuarial (loss)/gain	(544,000)	78,000
Deficit in scheme at 31 December	(1,453,000)	(954,000)

History of experience gains and losses

	2009 £	2008 £	2007 £	2006 £	2005 £
Difference between the expected and actual return on scheme assets:					
Amount (£)	(2,000)	(633,000)	(122,000)	146,000	228,000
Percentage of scheme assets	(0.1%)	(20.7%)	(3.7%)	4.4%	8.0%
Experience gains and losses on scheme liabilities:					
Amount (£)	46,000	330,000	144,000	45,000	20,000
Percentage of the present value of scheme liabilities	1.1%	8.2%	3.2%	1.0%	0.4%
Total actuarial gain in the statement of total recognised gains and losses:					
Amount (£)	(544,000)	78,000	60,000	591,000	(281,000)
Percentage of the present value of scheme liabilities	(12.6%)	1.9%	1.4%	13.0%	(6.0%)

The Company also operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £215,897 (2008 £268,578)

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Year ended 31 December 2009

23. Parent company and ultimate controlling party

As at 31 December 2009 the immediate parent company is Carlson Companies (UK) Limited. The smallest and largest group in which the results of Carlson Marketing Group (UK) Limited are consolidated is the group headed by Groupe Aeroplan Inc, the ultimate parent company, incorporated in Canada. The consolidated accounts of this group are available from www.groupeaeroplan.com

On 7 December 2009 Groupe Aeroplan Inc acquired 100% share capital of Carlson Marketing Worldwide Inc, an intermediary group company and former parent company of Carlson Marketing Group (UK) Limited. On 8 December 2009 100% of the share capital of Carlson Companies Europe Limited (being a parent company of Carlson Marketing Group (UK) Limited) was acquired by Aeroplan Foreign Holdings UK Limited, a subsidiary of Groupe Aeroplan Inc.

24. Related party transactions

Amounts owed by and to parent or other sister companies are disclosed in notes 15, 16 and 17. The terms of any loans are also disclosed in these notes.

During the year the Company carried out a number of transactions with related parties, in the normal course of business and on an arm's length basis.

The following transactions were undertaken with such related parties during the year

	2009		2008	
	Value of transactions/ receivable/ (payable) £	Receivable/ (payable) at year end £	Value of transactions/ receivable/ (payable) £	Receivable/ (payable) at year end £
- Carlson Marketing Worldwide Inc	4,011,806	(3,234,745)	(740,887)	(7,246,551)
- Carlson Companies Europe Limited	-	(73,482)	-	(73,482)
- Carlson Companies (UK) Limited	86,500	(945,586)	6,440	(1,032,086)
- CMG Australia	-	998	(37,905)	998
- CMG Belgium	(144,703)	(131,725)	12,743	12,978
- CMG Holland	(893,922)	(896,462)	8,859	(2,540)
- CMG Singapore	(1,346)	797,668	26,754	799,014
- CMG Canada	(13,666)	-	13,666	13,666
- CMG Kuwait	47,217	20,126	(27,091)	(27,091)
- CMG Abu Dhabi	65,738	126,754	61,016	61,016
- CMG Dubai	433,788	433,788	-	-
	<u>3,591,412</u>	<u>(3,902,666)</u>	<u>(676,405)</u>	<u>(7,494,078)</u>