

The Marketing Organisation Limited

**Directors' Report and Consolidated
Financial Statements**

31 December 2000

Registered number 1445905



The Marketing Organisation Limited

Directors' Report and Consolidated Financial Statements

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The Marketing Organisation Limited

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal Activities

The company provides strategic marketing consultancy and a full range of marketing services, which integrate clients' customer and channel communications. This has proven attractive to major blue chip clients, who are increasingly amenable to outsourcing, as their companies seek to reduce directly employed headcount.

Our services include marketing consultancy, research, direct marketing, e-marketing and e-commerce, event management, creative services, incentives, performance improvement, strategic marketing and telemarketing. The company additionally has a 100% owned subsidiary trading as a travel agent.

Business Review

The profit for the year after taxation amounted to £1,080,750 (1999 - £664,660) on a turnover of £40,044,839 (1999 - £26,446,728). All the activities of the group grew during the year.

The increased profitability came about because the company transacted a greater volume of business with only a marginal increase in the number of staff. All segments of the business grew substantially, and interest received was unexpectedly high. These circumstances translated a 24% increase in gross profit into a 65% increase in profit before taxation.

The company continued to make progress in reducing debt by repaying £180,000 of bank loans in 2000. The company's banking facilities remain adequate and committed over the medium-term.

Dividends

A first interim dividend of 35 pence per ordinary share (1999 - 16.5 pence) was paid in October 2000. A second interim dividend of 40 pence per ordinary share (1999 - 5.5 pence) was paid in April 2001. The directors are recommending payment of a final dividend of 40 pence per ordinary share (1999 - 14 pence).

The Marketing Organisation Limited

Directors' Report (Continued)

Freehold Properties

The freehold property of the company and the group consisted of the group's offices at 1 Vantage Court, Tickford Street, Newport Pagnell. This was revalued during the year by an independent firm of chartered surveyors. The property is shown in the accounts at the revalued amount, less depreciation since the date of the revaluation. The directors are of the opinion that the value shown in the accounts of the company and the group's freehold property fairly reflects its market value (see note 10).

Directors and Directors' Interests

Mr D J Hackett, Mr C G Pouncey, Mr J G D Tonnison and Mr M J Wigmore held office throughout the year. Mr J D Smith resigned on 5 July 2000. The interests of the directors in the company's shares were as follows:-

	31 December 2000	31 December 1999
	Ordinary 10p Shares	Ordinary 10p Shares
	No.	No.
D J Hackett	212,985	212,985
J G D Tonnison	212,985	212,985
C G Pouncey	179,397	179,397
M J Wigmore	24,754	24,754

In addition to the interests set out above, The Marketing Organisation Limited Directors' Pension Scheme held 47,277 Ordinary 10p shares in the company at 31 December 2000 (1999 - 47,277). D J Hackett, C G Pouncey and J G D Tonnison have a joint interest as beneficiaries of the Pension Scheme. No share options were granted to any director during the year (1999 - Nil).

Political and Charitable Contributions

The group made donations to charities of £3,972 (1999 - £1,569) but made no political donations during the year (1999 - nil).

Liability Insurance

During the year the company maintained liability insurance for its officers.

The Marketing Organisation Limited

Directors' Report (Continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M J Wigmore
Secretary

1 Vantage Court
Tickford Street
Newport Pagnell
Bucks
MK16 9EZ

Date 8 May 2001



Norfolk House
Silbury Boulevard
Milton Keynes
MK9 2HA

Report of the auditors to the members of The Marketing Organisation Limited

We have audited the financial statements on pages 6 to 27.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

K. H. C.
Chartered Accountants
Registered Auditors

10 May 2001

The Marketing Organisation Limited

Consolidated Profit and Loss Account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	40,044,839	26,446,728
Cost of sales		<u>(32,007,912)</u>	<u>(19,973,122)</u>
Gross profit		8,036,927	6,473,606
Administrative expenses		<u>(6,523,010)</u>	<u>(5,478,364)</u>
Operating profit		1,513,917	995,242
Other interest receivable and similar income	6	146,346	44,768
Interest payable and similar charges	7	<u>(62,454)</u>	<u>(68,952)</u>
Profit on ordinary activities before taxation	3 - 5	1,597,809	971,058
Tax on profit on ordinary activities	8	<u>(517,059)</u>	<u>(306,398)</u>
Profit on ordinary activities after taxation		1,080,750	664,660
Dividends - on equity and non-equity shares	9	<u>(779,008)</u>	<u>(246,476)</u>
Retained profit for the year	19	<u>301,742</u>	<u>418,184</u>

In both the current and preceding years the above results relate wholly to continuing activities.

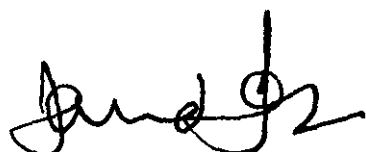
A statement of movement on reserves is given in Note 19.

The Marketing Organisation Limited

Consolidated Balance Sheet at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	10	<u>3,103,453</u>	<u>2,940,539</u>
Current assets			
Stocks and work in progress	12	99,546	197,868
Debtors	13	4,890,821	7,361,398
Cash at bank and in hand		<u>1,628,735</u>	<u>2,900,417</u>
		6,619,102	10,459,683
Creditors: amounts falling due within one year	14	<u>(5,680,928)</u>	<u>(9,748,227)</u>
Net current assets		<u>938,174</u>	<u>711,456</u>
Total assets less current liabilities		<u>4,041,627</u>	<u>3,651,995</u>
Creditors: amounts falling due after more than one year	15	<u>(483,686)</u>	<u>(670,635)</u>
Net assets		<u>3,557,941</u>	<u>2,981,360</u>
Capital and reserves			
Called up share capital	18	67,740	67,740
Share premium account	19	121,372	121,372
Capital redemption reserve	19	27,500	27,500
Revaluation reserve	19	274,839	-
Profit and loss account	19	<u>3,066,490</u>	<u>2,764,748</u>
Equity shareholders' funds	20	<u>3,557,941</u>	<u>2,981,360</u>

These financial statements were approved by the board of directors on 8 May 2001 and were signed on its behalf by:



J G D Tonnison
Director



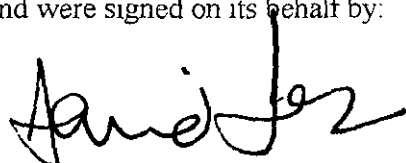
M J Wigmore
Director

The Marketing Organisation Limited

Company Balance Sheet at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	10	3,079,631	2,906,388
Investments	11	20,720	20,720
		<u>3,100,351</u>	<u>2,927,108</u>
Current assets			
Stock and work in progress	12	99,546	197,868
Debtors	13	4,471,272	6,794,022
Cash at bank and in hand		1,599,984	2,886,361
		<u>6,170,802</u>	<u>9,878,251</u>
Creditors: amounts falling due within one year	14	(5,561,758)	(9,443,668)
Net current assets		<u>609,044</u>	<u>434,583</u>
Total assets less current liabilities		<u>3,709,395</u>	<u>3,361,691</u>
Creditors: amounts falling due after more than one year	15	(483,686)	(670,635)
Net assets		<u>3,225,709</u>	<u>2,691,056</u>
Capital and reserves			
Called up share capital	18	67,740	67,740
Capital redemption reserve	19	27,500	27,500
Share premium account	19	121,372	121,372
Revaluation reserve	19	274,839	-
Profit and loss account	19	2,734,258	2,474,444
Equity shareholders' funds	20	<u>3,225,709</u>	<u>2,691,056</u>

These financial statements were approved by the board of directors on 8 May 2001 and were signed on its behalf by:



J G D Tonnison
Director



M J Wigmore
Director

The Marketing Organisation Limited

Consolidated Cash Flow Statement for the year ended 31 December 2000

	Notes	2000 £	1999 £
Cash flow from operating activities	23	(176,656)	2,826,421
Return on investment and servicing of finance	25	82,650	(27,932)
Taxation		(347,034)	(334,817)
Capital expenditure and financial investment	26	(297,009)	(486,607)
Equity dividends paid		(331,925)	(209,994)
Cash (outflow)/inflow before financing		(1,069,974)	1,767,071
Financing	27	(187,336)	(162,849)
(Decrease)/Increase in cash in the year		(1,257,310)	1,604,222

Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
(Decrease)/Increase in cash in the year	(1,257,310)	1,604,222
Cash outflow due to debt and HP repayments	187,336	135,349
Change in net debt due to cash flows	(1,069,974)	1,739,571
New hire purchase contracts taken out in year	-	(21,556)
Movement in net debt in the year	(1,069,974)	1,718,015
Net cash at start of year	1,883,292	165,277
Net funds at end of year	813,318	1,883,292

The Marketing Organisation Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2000

	Note	2000	1999
		£	£
Profit for the financial year after taxation	19	1,080,750	664,660
Unrealised surplus on revaluation of property	10	274,839	-
Total recognised gains for year		<u>1,355,589</u>	<u>664,660</u>

The Marketing Organisation Limited

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, modified to include the revaluation of land and buildings and in accordance with applicable Accounting Standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company's subsidiary undertakings, all of which are made up to 31 December.

Intra-group sales and profit are eliminated on consolidation and all sales and profit figures relate to external transactions only.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

In accordance with Section 230 (4) of the Companies Act 1985 The Marketing Organisation Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of The Marketing Organisation Limited is disclosed in note 19 to these financial statements.

Turnover

Turnover represents the total amount receivable by the company in the ordinary course of business with outside customers for services rendered, excluding value added tax.

Depreciation

Depreciation is calculated on a straight line basis to write down the cost or valuation of tangible fixed assets to their estimated residual values over their estimated useful economic lives.

The rates applicable are as follows:

Freehold property	2%
Computer equipment	33%
Motor cars	25%
Fixtures, fittings and equipment	5% - 20%

The Marketing Organisation Limited

Notes (Continued)

Foreign Currencies

Assets and liabilities are translated to sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising on trading during the year are included in the profit and loss account.

Research and Development Expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred, unless it is clear that future income will be derived from the expenditure in future years, when it is amortised over the anticipated period of benefit, or eight years, whichever is the shorter period.

Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements.

Provision is made for deferred taxation on the liability method, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a potential liability, if material.

Pension Scheme

The group operates a defined contribution pension scheme for directors. The assets of the scheme are held separately from those of the group in an independently administered fund. The group operates a defined contribution pension scheme for its staff, with pensions provided by an independent insurance company.

The amount charged against profit represents the contributions payable to both schemes in respect of the accounting period.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The Marketing Organisation Limited

Notes (Continued)

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Disaggregated Information

The group does not disclose profit or losses attributable to disaggregated classes of the group's business.

2. Turnover

	2000 £	1999 £
Event management and business travel activities	33,678,539	20,922,360
Marketing activities	6,366,300	5,524,368
	<hr/> 40,044,839	<hr/> 26,446,728

3. Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration:		
- audit - (company £30,550 (1999- £28,920))	33,615	31,800
- other services	26,970	31,690
Depreciation	418,625	375,184
(Profit) on sale of land and buildings	(7,387)	-
(Profit) on sale of plant and machinery	(2,304)	(12,707)
Exchange differences	(40,387)	39,860
Rentals payable under operating leases		
- plant and machinery	77,200	56,868
	<hr/>	<hr/>

The Marketing Organisation Limited

Notes (Continued)

4. Remuneration of directors

	2000	1999
	£	£
Directors' emoluments:		
Remuneration as executives	886,362	659,004
Pension costs	69,059	64,251
	<u>955,421</u>	<u>723,255</u>

The emoluments, excluding pension contributions, of the highest paid director were £251,596 (1999 - £179,050). The pension contributions of the highest paid director were £21,600 (1999 - £16,000).

Retirement benefits are accruing to four directors (1999 - five) under money purchase schemes.

5. Staff Numbers and Costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of Employees	
	2000	1999
Sales	34	30
Event management	41	41
Marketing	18	15
Travel agency	13	14
Other activities and central function	24	25
	<u>130</u>	<u>125</u>

The aggregate payroll costs of those persons were as follows:

	2000	1999
	£	£
Wages and salaries	3,826,648	3,269,131
Social security costs	523,329	355,343
Other pension costs	139,084	130,558
	<u>4,489,061</u>	<u>3,755,032</u>

The Marketing Organisation Limited

Notes (Continued)

6. Interest Receivable and Similar Income

	2000	1999
	£	£
Bank deposit interest	146,346	44,768

7. Interest Payable and Similar Charges

	2000	1999
	£	£
On bank loans and overdrafts	60,810	67,520
On other loans	-	526
Finance charges payable in respect of finance leases and hire purchase contracts	1,644	906
	62,454	68,952

8. Taxation

	2000	1999
	£	£
UK corporation tax at 30 % (1999 - 30.25%)	514,109	290,129
Adjustment relating to an earlier year	2,950	16,269
	517,059	306,398

9. Dividends

	2000	1999
	£	£
Non-equity shares:		
Interim paid	-	1,237
Premium on redemption	-	1,375
Equity shares		
Interims paid	237,089	149,028
Interim and final proposed	541,919	94,836
	779,008	246,476

The Marketing Organisation Limited

Notes (Continued)

10. Tangible fixed assets

	Land and Buildings	Motor Cars	Fixtures Fittings and Equipment	Computer Equipment	Total
Group	£	£	£	£	£
Cost					
At beginning of year	2,475,463	517,054	658,765	928,563	4,579,845
Revaluation	(143,559)	-	-	-	(143,559)
Additions	-	83,310	123,816	204,703	411,829
Disposals	(83,904)	(146,252)	(201)	(51,956)	(282,313)
At end of year	2,248,000	454,112	782,380	1,081,310	4,565,802
Depreciation					
At beginning of year	416,102	185,037	385,159	653,008	1,639,306
Revaluation	(418,398)	-	-	-	(418,398)
Charge for year	40,931	111,200	86,647	179,847	418,625
Disposals	(27,291)	(107,188)	(201)	(42,504)	(177,184)
At end of year	11,344	189,049	471,605	790,351	1,462,349
Net book value					
At 31 December 2000	2,236,656	265,063	310,775	290,959	3,103,453
At 31 December 1999	2,059,361	332,017	273,606	275,555	2,940,539

The Marketing Organisation Limited

Notes (Continued)

10. Tangible fixed assets

	Freehold Land and Buildings	Motor Cars	Fixtures Fittings and Equipment	Computer Equipment	Total
Company	£	£	£	£	£
Cost					
At beginning of year	2,475,463	476,249	650,746	900,938	4,503,396
Revaluation	(143,559)	-	-	-	(143,559)
Additions	-	83,311	123,816	203,021	410,148
Transfers from subsidiary	-	12,412	-	-	12,412
Transfers to subsidiary	-	(16,126)	-	-	(16,126)
Disposals	(83,904)	(129,573)	(201)	(51,956)	(265,634)
At end of year	2,248,000	426,273	774,361	1,052,003	4,500,637
Depreciation					
At beginning of year	416,102	169,506	378,418	632,982	1,597,008
Revaluation	(418,398)	-	-	-	(418,398)
Charge for year	40,931	103,483	86,005	175,860	406,279
Transfers from subsidiary	-	5,946	-	-	5,946
Transfers to subsidiary	-	(1,680)	-	-	(1,680)
Disposals	(27,291)	(98,154)	(201)	(42,503)	(168,149)
At end of year	11,344	179,101	464,222	766,339	1,421,006
Net book value					
At 31 December 2000	2,236,656	247,172	310,139	285,664	3,079,631
At 31 December 1999	2,059,361	306,743	272,328	267,956	2,906,388

The freehold land and building at 1, Vantage Court, Tickford Street, Newport Pagnell was revalued on 2 October 2000 to £2,248,000. The comparable amount determined according to the historical cost accounting rules at the date of revaluation was £1,973,161. The valuation was carried out by an independent firm of Chartered Surveyors, Kirkby and Diamond. The valuation was based upon the Open Market value as defined in the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

The Marketing Organisation Limited

Notes (Continued)

10. Tangible fixed assets (continued)

The historical cost of revalued assets is £2,391,559. The historical net book value of revalued assets is £1,963,579.

The total freehold property valuation includes land amounting to £446,487 (1999 - £475,000), which is not depreciated.

The group and the company's investment property was sold during the year. At 31 December 1999, that investment property had a book value of £57,451, and the directors had been of the opinion that the open market value of that property had amounted to approximately £64,000.

At 31 December 2000, the motor cars of the company and the group included £13,785 (1999 - £18,989) of motor cars held under hire purchase contracts. Depreciation on these motor cars in the year amounted to £5,504 (1999 - £5,501).

At 31 December 2000, the computer equipment of the company and the group included £nil (1999 - £3,062) of computer equipment held under hire purchase contracts. Depreciation on this computer equipment in the year amounted to £3,062 (1999 - £12,243).

11. Fixed Asset Investments

Company	£
Shares in group undertakings	
Cost	
At beginning and end of year	<u>20,720</u>
Net book value	
At 31 December 2000 and 1999	<u>20,720</u>

The Marketing Organisation Limited

Notes (Continued)

11. Fixed Asset Investments

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Travel For Business Limited	England & Wales	Specialist Travel	Ordinary 100%
Motivation Strategy Limited	England & Wales	Dormant	Ordinary 100%
The Design Umbrella Limited	England & Wales	Dormant	Ordinary 100%
Creative Event Management Limited	England & Wales	Dormant	Ordinary 100%
Club Excel Limited	England & Wales	Dormant	Ordinary 100%
Successcard Limited	England & Wales	Dormant	Ordinary 100%
Chequercard Limited	England & Wales	Dormant	Ordinary 100%
The Travel Organisation Limited	England & Wales	Dormant	Ordinary 100%
Tmo Limited	England & Wales	Dormant	Ordinary 100%
Venue Videos Limited	England & Wales	Dormant	Ordinary 100%

12. Stocks and Work in Progress

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Store vouchers	2,506	2,593	2,506	2,593
Work in progress	97,040	195,275	97,040	195,275
	<hr/> 99,546	<hr/> 197,868	<hr/> 99,546	<hr/> 197,868

The Marketing Organisation Limited

Notes (Continued)

13. Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due within one year				
Trade debtors	4,015,578	3,583,336	3,410,224	2,896,141
Deposits paid to suppliers	753,238	3,619,375	753,238	3,619,375
Amounts owed by group undertakings	-	-	188,092	121,875
Other debtors	28,152	42,887	28,152	42,887
Prepayments and accrued income	93,853	115,800	91,566	113,744
	<u>4,890,821</u>	<u>7,361,398</u>	<u>4,471,272</u>	<u>6,794,022</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdraft	324,782	339,154	324,782	339,154
Obligations under finance leases and hire purchase contracts	6,949	7,336	6,949	7,336
Deposits received from Customers	1,300,248	6,428,311	1,300,248	6,428,311
Trade Creditors	1,799,908	1,700,629	1,665,734	1,359,760
Amounts owed to group undertakings	-	-	65,489	65,489
Other creditors including taxation and social security:				
Corporation Tax	379,164	209,139	361,829	196,439
VAT	145,734	177,609	147,884	178,195
Social security	247,855	164,500	247,855	164,500
Other creditors	10,526	7,792	9,945	7,410
Accruals and deferred income	923,843	618,921	889,124	602,238
Dividend proposed	541,919	94,836	541,919	94,836
	<u>5,680,928</u>	<u>9,748,227</u>	<u>5,561,758</u>	<u>9,443,668</u>

The Marketing Organisation Limited

Notes (Continued)

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

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans	480,000	660,000	480,000	660,000
Obligations under finance leases and hire purchase contracts	<u>3,686</u>	<u>10,635</u>	<u>3,686</u>	<u>10,635</u>
	<u>483,686</u>	<u>670,635</u>	<u>483,686</u>	<u>670,635</u>

16. Bank loans and overdrafts

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due within one year				
Repayable other than by instalments: bank overdraft	204,782	219,154	204,782	219,154
Repayable by instalments				
Premier Term loan	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
	<u>324,782</u>	<u>339,154</u>	<u>324,782</u>	<u>339,154</u>
Amounts falling due After more than one Year				
Repayable by instalments:				
Premier Term Loan	<u>480,000</u>	<u>660,000</u>	<u>480,000</u>	<u>660,000</u>

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Instalments falling due in more than five years				
Premier Term Loan	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>

The Marketing Organisation Limited

Notes (Continued)

Premier Term Loan

The Premier Term Loan from Lloyds TSB Bank plc is secured by a standard Lloyds TSB Bank debenture over the company's assets. Repayment is by half-yearly instalments of £60,000, with the last repayment due on 3 December 2005. Interest is calculated by reference to six month LIBOR or Bank base rate (at the company's option) with a margin of 1.8% plus PLA costs. The rate of interest payable at 31 December 2000 was 7.8442% (1999 - 7.9375%).

17. Hire Purchase Contracts

The maturity of obligations under hire purchase contracts are as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Within one year	6,949	7,336	6,949	7,336
In the second to fifth years	3,686	10,635	3,686	952
	<u>10,635</u>	<u>17,971</u>	<u>10,635</u>	<u>17,971</u>

18. Called up Share Capital

	2000	1999
	£	£
Authorised		
1,000,000 Ordinary shares of 10p each	100,000	100,000
100,000 9% Cumulative redeemable Preference shares of £1 each	<u>100,000</u>	<u>100,000</u>
	<u>200,000</u>	<u>200,000</u>
	2000	1999
	£	£
Allotted, called up and fully paid		
677,398 Ordinary shares of 10p each	67,740	67,740
27,500 9% Cumulative redeemable preference shares of £1 each	<u>-</u>	<u>-</u>
	<u>67,740</u>	<u>67,740</u>

The Marketing Organisation Limited

Notes (Continued)

18. Called up Share Capital

The 9% Cumulative Redeemable Preference shares are redeemable at any date between 1 January 1999 and 31 December 2001 at the option of either the holder or the company. In any event the company must redeem any Preference shares in issue on or before 31 December 2001. A premium of 5 % would be payable upon redemption. The preference shares have no voting rights unless payment of the preference dividend is in arrears. All the Preference shares in issue were redeemed on 1 July 1999.

19. Share premium and reserves

	Revaluation reserve £	Share premium account £	Capital redemption reserve £	Profit and loss account £
Group				
At beginning of year	-	121,372	27,500	2,764,748
Retained profit for year	-	-	-	301,742
Revaluation reserve	274,839	-	-	-
At end of year	274,839	121,372	27,500	3,066,490

	Revaluation reserve £	Share premium account £	Capital redemption reserve £	Profit and loss account £
Company				
At beginning of year	-	121,372	27,500	2,474,444
Retained profit for year	-	-	-	259,814
Revaluation reserve	274,839	-	-	-
At end of year	274,839	121,372	27,500	2,734,258

The consolidated profit after taxation attributable to the group includes a profit of £1,038,822 (1999: £664,544), which has been dealt with in the accounts of The Marketing Organisation Limited.

The capital redemption reserve represents the nominal amount of the Preference shares redeemed in full on 1 July 1999.

The Marketing Organisation Limited

Notes (Continued)

20. Reconciliation of movements in and analysis of group shareholders' funds

	2000	1999
	£	£
Profit for the financial year	1,080,750	664,660
Dividends	(779,008)	(246,476)
Increase in value of freehold property	274,839	-
Redemption of preference shares	-	(27,500)
Net addition to shareholders' funds	576,581	390,684
Opening shareholders' funds	2,981,360	2,590,676
Closing shareholders' funds	3,557,941	2,981,360

21. Contingent liabilities

The following contingent liabilities existed at the balance sheet date:-

- Financial institutions have provided, on behalf of The Marketing Organisation Limited, bonds of £1,585,000 (1999 - £1,520,000) to the Civil Aviation Authority. In the event that a claim was made against these bonds, the company would be liable to reimburse the financial institutions for the cost of the claim.
- Financial institutions have provided, on behalf of The Marketing Organisation Limited, bonds of £300,000 (1999 - £300,000) to the Association of Bonded Travel Organisers Trust Limited. In the event that a claim was made against these bonds, the company would be liable to reimburse the financial institutions for the cost of the claim.
- The company has guaranteed bonds given by a subsidiary undertaking's banker, Lloyds TSB Bank plc. In the event of a claim against the bond and the subsidiary failing to reimburse the bank, the company would be liable to pay a maximum of £139,959 (1999 - £139,959).
- Financial institutions have provided on behalf of The Marketing Organisation Limited, various bonds and guarantees amounting to £3,000 (1999 - £3,500).
- The company has guaranteed to the Civil Aviation Authority that as a condition of its subsidiary undertaking, Travel for Business Limited, being granted an Air Travel Organisers Licence by the Civil Aviation Authority that the company would ensure that Travel for Business Limited fulfilled its obligations.
- The company's bankers, Lloyds TSB Bank plc, have the right at any time, without notice, to combine or consolidate all its existing accounts with those of its subsidiaries, Travel For Business Limited and Motivation Strategy Limited. Travel For Business Limited did not have a bank overdraft at either 31 December 2000 or 31 December 1999. Motivation Strategy Limited is dormant and does not have a bank account.

The Marketing Organisation Limited

Notes (Continued)

22. Commitments

Capital Commitments

Company and Group

The following expenditure has been approved and contracted for but not provided in these financial statements at 31 December 2000

	2000 £	1999 £
Computer software	-	21,556
Furniture Fixtures and Equipment	196,683	-
	<u>196,683</u>	<u>21,556</u>

Operating leases

The group has commitments during the next financial year in respect of non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2000 £	1999 £	2000 £	1999 £
Operating leases which expire				
Within one year	-	-	13,662	13,669
Between 2 and 5 years	-	-	39,476	39,028
	<u>-</u>	<u>-</u>	<u>53,138</u>	<u>52,697</u>

The company has commitments during the next financial year in respect of non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2000 £	1999 £	2000 £	1999 £
Operating leases which expire				
Within one year	-	-	8,370	11,377
Between 2 and 5 years	-	-	27,046	26,198
	<u>-</u>	<u>-</u>	<u>35,416</u>	<u>37,575</u>

The Marketing Organisation Limited

Notes (Continued)

23. Reconciliation of operating profit to operating cash flows

	2000	1999
	£	£
Operating profit	1,513,917	995,242
Depreciation charge	418,625	375,184
(Profit) on sale of tangible fixed assets	(9,691)	(12,707)
Decrease/(increase) in stocks and work in progress	98,322	(195,143)
Decrease/(increase) in debtors	2,470,577	(3,420,992)
(Decrease)/increase in creditors	(4,668,406)	5,084,837
	<hr/>	<hr/>
Operating cash flow	(176,656)	2,826,421
	<hr/>	<hr/>

24. Analysis of net funds

	At start of year	Cash flow	Other non-cash changes	At end of year
	£	£	£	£
Cash in hand at bank	2,900,417	(1,271,682)	-	1,628,735
Overdrafts	(219,154)	14,372	-	(204,782)
Net cash	<hr/> 2,681,263	<hr/> (1,257,310)	<hr/> -	<hr/> 1,423,953
Debt due after one year	(660,000)	60,000	120,000	(480,000)
Debt due within one year	(120,000)	120,000	(120,000)	(120,000)
HP contracts	<hr/> (17,971)	<hr/> 7,336	<hr/> -	<hr/> (10,635)
Total	<hr/> 1,883,292	<hr/> (1,069,974)	<hr/> -	<hr/> 813,318

25. Returns on investment and servicing of finance

	2000	1999
	£	£
Interest received	146,346	44,768
Interest paid	(63,696)	(70,088)
Non-equity dividends paid	-	(1,237)
Premium on redemption of preference shares paid	<hr/> -	<hr/> (1,375)
	<hr/> 82,650	<hr/> (27,932)

The Marketing Organisation Limited

Notes (Continued)

26. Capital expenditure and financial investment

	2000	1999
	£	£
Purchase of tangible fixed assets	(411,829)	(556,274)
Sale of fixed assets	114,820	48,111
New H.P. Finance	-	21,556
	<u>(297,009)</u>	<u>(486,607)</u>

27. Financing

	2000	1999
	£	£
Debt due within one year		
Repayment of secured loan	(120,000)	(120,000)
Repayment of unsecured loan	-	-
Debt due after more than one year		
Repayment of secured loan	(60,000)	-
Redemption of preference shares	-	(27,500)
Capital element of HP payments	<u>(7,336)</u>	<u>(15,349)</u>
	<u>(187,336)</u>	<u>(162,849)</u>