

**The Marketing Organisation Limited**

**Directors' Report and Consolidated  
Financial Statements**

**31 December 1998**

**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 1998.

### **Principal Activities**

The Marketing Organisation offers a comprehensive range of integrated marketing communications and event management services which may be deployed independently or in any combination, both strategically and tactically.

These activities include advertising, business travel, direct marketing, event management, incentive travel, market research, performance improvement, and strategic marketing.

### **Business Review**

The profit for the year after taxation amounted to £514,605 (1997 - £368,296) on a turnover of £22,370,528 (1997 - £20,755,802). Both the travel and marketing activities of the group grew during the year, and the increase in profitability came about through the successful implementation of our strategy of combining tight control of overheads, with the achievement of the planned growth in the marketing products.

In 1999, the company is investing in additional staff and a range of efficiency improvements and product enhancements with the objective of achieving further growth in all products over the medium term.

The company made substantial progress in reducing debt by repaying £292,500 of bank and unsecured loans in 1998. The company's banking facilities remain adequate and committed over the medium-term.

### **Dividends**

Dividends on the 9% cumulative redeemable preference shares have been paid in respect of the year ended 31 December 1998.

An interim dividend of 9 pence per ordinary share (1997 - Nil) was paid in December 1998. The directors are recommending payment of a final dividend of 9 pence per ordinary share (1997 - 10 pence).

### **Freehold Properties**

Included in the fixed assets of the company are freehold properties with a book value of £2,099,371 of which £2,040,242 relates to the company's freehold property at 1 Vantage Court, Tickford Street, Newport Pagnell. The directors are of the opinion that the book value of the company's freehold properties fairly reflects their market value.

# **The Marketing Organisation Limited**

## **Directors' Report (Continued)**

### **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 was appointed a director on 5 June 1998. The interests of the directors in the company's shares were as follows:-

	<b>31 December 1998 Ordinary 10p Shares No.</b>	<b>31 December 1997 Ordinary 10p Shares No.</b>
D J Hackett	170,234	170,234
J G D Tonnison	170,234	170,234
C G Pouncey	143,388	143,388
M J Wigmore	19,785	19,785
J D Smith	Nil	Nil (at 5 June 1998)

	<b>9% Cumulative Redeemable Preference £1 Shares No.</b>	<b>9% Cumulative Redeemable Preference £1 Shares No.</b>
M J Wigmore	27,500	27,500

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 1998 (1997 - 47,277). D J Hackett, C G Pouncey and J G D Tonnison have a joint interest together with a former director as beneficiaries of the Pension Scheme. No share options were granted to any director during the year (1997 - Nil).

### **Political and Charitable Contributions**

The group made donations to charities of £2,815 (1997 - £3,518) but made no political donations during the year (1997 - nil).

### **Liability Insurance**

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

# **The Marketing Organisation Limited**

## **Directors' Report (Continued)**

### **Proposed Redemption of Preference Shares**

The Board has voted to repay the Preference Shares on 1 July 1999. These will be redeemed at a premium of 5% over nominal value for a total cost to the company of £28,875.

### **Year 2000 Compliance**

The group has assessed the risks associated with the Millennium date change. Steps have been and are being taken to ensure that the business will continue to operate in the Year 2000. All critical systems are in the process of being tested, and corrective action has been implemented where systems have been identified as non-compliant. The group has contacted all major suppliers to ensure Year 2000 compliance for recent and future equipment and software purchases. The programme of assessment and testing has largely been completed. This has led to an increase in capital expenditure in 1998 compared with previous years. The costs of meeting compliance are not easily separable within the continuing programme of upgrading equipment and software.

### **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.*

# **The Marketing Organisation Limited**

## **Directors' Report (Continued)**

### **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 21 April 1999



Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
Buckinghamshire, MK9 2HA  
United Kingdom

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

We have audited the financial statements on pages 7 to 28.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **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 group'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 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

*Chartered Accountants  
Registered Auditors*

*21 April 1999*

# The Marketing Organisation Limited

## Consolidated Profit and Loss Account for the year ended 31 December 1998

	Note	1998 £	1997 £
<b>Turnover</b>	2	22,370,528	20,755,802
Cost of sales		<u>(16,856,981)</u>	<u>(15,718,162)</u>
<b>Gross profit</b>		5,513,547	5,037,640
Administrative expenses		<u>(4,711,950)</u>	<u>(4,378,782)</u>
<b>Operating profit</b>		801,597	658,858
Other interest receivable and similar income	6	72,229	50,995
Interest payable and similar charges	7	<u>(102,972)</u>	<u>(123,101)</u>
<b>Profit on ordinary activities before taxation</b>	3 - 5	770,854	586,752
Tax on profit on ordinary activities	8	<u>(256,249)</u>	<u>(218,456)</u>
<b>Profit on ordinary activities after taxation</b>		514,605	368,296
Dividends - on equity and non-equity shares	9	<u>(124,407)</u>	<u>(70,215)</u>
<b>Retained profit for the year</b>	20	<u>390,198</u>	<u>298,081</u>

In both the current and preceding years the above results relate wholly to continuing activities and the group had no recognised gains or losses other than those reported above.

A statement of movement on reserves is given in Note 20.

The notes on pages 11 to 28 form part of these financial statements.





# The Marketing Organisation Limited

## Consolidated Balance Sheet at 31 December 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	10	<u>2,794,853</u>	<u>2,628,039</u>
<b>Current assets</b>			
Stocks	12	2,725	9,506
Debtors	13	3,940,406	3,151,974
Cash at bank and in hand		<u>1,194,804</u>	<u>1,062,372</u>
		5,137,935	4,223,852
Creditors: amounts falling due within one year	14	<u>(4,561,160)</u>	<u>(3,679,649)</u>
<b>Net current assets</b>		<u>576,775</u>	<u>544,203</u>
<b>Total assets less current liabilities</b>		<u>3,371,628</u>	<u>3,172,242</u>
Creditors: amounts falling due after more than one year	15	<u>(780,952)</u>	<u>(971,764)</u>
<b>Net assets</b>		<u>2,590,676</u>	<u>2,200,478</u>
<b>Capital and reserves</b>			
Called up share capital	19	95,240	95,240
Share premium account	20	121,372	121,372
Capital reserve on acquisition	20	-	56,739
Profit and loss account	20	<u>2,374,064</u>	<u>1,927,127</u>
<b>Shareholders' funds</b> (including non-equity interests)	21	<u>2,590,676</u>	<u>2,200,478</u>

These financial statements were approved by the board of directors on 21 April 1999 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 1998**

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	10	2,751,592	2,615,099
Investments	11	20,720	20,720
		<u>2,772,312</u>	<u>2,635,819</u>
<b>Current assets</b>			
Stock and work in progress	12	2,725	9,506
Debtors	13	3,272,151	2,690,060
Cash at bank and in hand		1,194,501	1,035,701
		<u>4,469,377</u>	<u>3,735,267</u>
Creditors: amounts falling due within one year	14	(4,160,249)	(3,397,206)
<b>Net current assets</b>		<u>309,128</u>	<u>338,061</u>
<b>Total assets less current liabilities</b>		<u>3,081,440</u>	<u>2,973,880</u>
Creditors: amounts falling due after more than one year	15	(780,952)	(971,764)
<b>Net assets</b>		<u>2,300,488</u>	<u>2,002,116</u>
<b>Capital and reserves</b>			
Called up share capital	19	95,240	95,240
Share premium account	20	121,372	121,372
Profit and loss account	20	2,083,876	1,785,504
<b>Shareholders' funds</b> (including non-equity interests)	21	<u>2,300,488</u>	<u>2,002,116</u>

These financial statements were approved by the board of directors on 21 April 1999 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 1998

	Notes	1998 £	1997 £
Cash flow from operating activities	25	1,273,807	1,216,978
Return on investment and servicing of finance	27	(39,232)	(79,952)
Taxation		(254,533)	(123,935)
Capital expenditure and financial investment	28	(480,602)	(217,057)
Equity dividends paid		(128,706)	-
<b>Cash inflow before financing</b>		370,734	796,034
Financing	29	(306,325)	(324,288)
<b>Increase in cash in the year</b>		64,409	471,746

### Reconciliation of net cash flow to movement in net debt

	Notes	1998 £	1997 £
Increase in cash in the year		64,409	471,746
Cash outflow due to debt and HP repayments	29	306,325	324,288
<b>Change in net debt due to cash flows</b>		370,734	796,034
New hire purchase contracts taken out in year		-	(36,730)
<b>Movement in net debt in the year</b>		370,734	759,304
Net debt at start of year		(205,457)	(964,761)
<b>Net cash/(debt) at end of year</b>		165,277	(205,457)

# **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 convention 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 20 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 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 a 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

	1998 £	1997 £
Travel activities	18,801,317	18,146,724
Marketing activities	3,569,211	2,609,078
	<hr/> 22,370,528	<hr/> 20,755,802

#### 3. Profit on ordinary activities before taxation

	1998 £	1997 £
<b>Profit on ordinary activities before taxation is stated after charging/(crediting)</b>		
Auditors' remuneration:		
- audit - (company £30,520 (1997 - £28,991))	33,720	32,200
- other services	14,480	21,008
Depreciation	309,871	323,739
Loss/(Profit) on sale of fixed assets	3,917	(23,370)
Exchange differences	18,578	7,455
Rentals payable under operating leases		
- plant and machinery	105,438	104,024
	<hr/>	<hr/>

# The Marketing Organisation Limited

## Notes (Continued)

### 4. Remuneration of directors

	1998	1997
	£	£
Directors' emoluments:		
Remuneration as executives	556,134	464,311
Pension costs	53,983	45,491
	<u>610,117</u>	<u>509,802</u>

The emoluments, excluding pension contributions, of the highest paid director were £182,858 (1997 - £156,305). The pension contributions of the highest paid director were £14,740 (1997 - £13,161).

Retirement benefits are accruing to five directors (1997 - four) 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	
	1998	1997
Sales department	29	26
Group travel operations	37	39
Marketing operations	10	9
Travel agency	12	11
Other activities and central function	24	22
	<u>112</u>	<u>107</u>

The aggregate payroll costs of those persons were as follows:

	1998	1997
	£	£
Wages and salaries	2,798,345	2,564,074
Social security costs	288,689	269,749
Other pension costs	108,684	97,145
	<u>3,195,718</u>	<u>2,930,968</u>

# The Marketing Organisation Limited

## Notes (Continued)

### 6. Interest Receivable and Similar Income

	1998 £	1997 £
Bank deposit interest	<u>72,229</u>	<u>50,995</u>

### 7. Interest Payable and Similar Charges

	1998 £	1997 £
On bank loans, and overdrafts	98,143	99,827
On other loans	2,223	18,006
Finance charges payable in respect of finance leases and hire purchase contracts	<u>2,606</u>	<u>5,268</u>
	<u>102,972</u>	<u>123,101</u>

### 8. Taxation

	1998 £	1997 £
UK corporation tax at 31% (1997 - 31.7%)	254,802	220,291
Adjustment relating to an earlier year	<u>1,447</u>	<u>(1,835)</u>
	<u>256,249</u>	<u>218,456</u>

### 9. Dividends

	1998 £	1997 £
Non-equity shares:		
Interim paid	1,238	1,238
Final paid	1,237	1,237
Equity shares		
Interim paid	60,966	-
Final proposed	<u>60,966</u>	<u>67,740</u>
	<u>124,407</u>	<u>70,215</u>



# The Marketing Organisation Limited

## Notes (Continued)

### 10. Tangible fixed assets

	Land and Buildings	Motor Cars	Fixtures Fittings and Equipment	Computer Equipment	Total
Group	£	£	£	£	£
<b>Cost</b>					
At beginning of year	2,475,463	345,558	446,677	1,004,176	4,271,874
Additions	-	180,314	216,458	132,123	528,895
Disposals	-	(95,497)	(73,425)	(44,705)	(213,627)
<b>At end of year</b>	<b>2,475,463</b>	<b>430,375</b>	<b>589,710</b>	<b>1,091,594</b>	<b>4,587,142</b>
<b>Depreciation</b>					
At beginning of year	336,083	148,655	347,419	811,678	1,643,835
Charge for year	40,009	89,415	49,051	131,396	309,871
Disposals	-	(72,393)	(44,319)	(44,705)	(161,417)
<b>At end of year</b>	<b>376,092</b>	<b>165,677</b>	<b>352,151</b>	<b>898,369</b>	<b>1,792,289</b>
<b>Net book value</b>					
<b>At 31 December 1998</b>	<b>2,099,371</b>	<b>264,698</b>	<b>237,559</b>	<b>193,225</b>	<b>2,794,853</b>
<b>At 31 December 1997</b>	<b>2,139,380</b>	<b>196,903</b>	<b>99,258</b>	<b>192,498</b>	<b>2,628,039</b>

Included in the net book value of motor cars is £2,744 (1997 - £27,303) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets was £14,036 (1997 - £34,653).

Included in the net book value of computer equipment is £15,305 (1997 - £27,548) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets was £12,243 (1997 - £15,730).

# The Marketing Organisation Limited

## Notes (Continued)

### 10. Tangible fixed assets

	Freehold Land and Buildings	Motor Cars	Fixtures Fittings and Equipment	Computer Equipment	Total
Company	£	£	£	£	£
<b>Cost</b>					
At beginning of year	2,475,463	324,834	440,171	981,006	4,221,474
Additions	-	139,510	215,514	127,815	482,839
Disposals	-	(74,774)	(73,425)	(39,305)	(187,504)
<b>At end of year</b>	<b>2,475,463</b>	<b>389,570</b>	<b>582,260</b>	<b>1,069,516</b>	<b>4,516,809</b>
<b>Depreciation</b>					
At beginning of year	336,083	136,143	343,279	790,870	1,606,375
Charge for year	40,009	81,572	48,091	130,162	299,834
Disposals	-	(57,368)	(44,319)	(39,305)	(140,992)
<b>At end of year</b>	<b>376,092</b>	<b>160,347</b>	<b>347,051</b>	<b>881,727</b>	<b>1,765,217</b>
<b>Net book value</b>					
<b>At 31 December 1998</b>	<b>2,099,371</b>	<b>229,223</b>	<b>235,209</b>	<b>187,789</b>	<b>2,751,592</b>
At 31 December 1997	2,139,380	188,691	96,892	190,136	2,615,099

The freehold properties of the company and the group consist of two buildings. The freehold property at 1 Vantage Court, Tickford Street, Newport Pagnell is wholly used for the operations of the business, and has a book value of £2,040,242. The directors are of the opinion that the book value of the company and group's main property fairly reflects its market value.

Freehold land and buildings of the group and company also include £59,129 (1997: £60,807) in respect of an investment property. The directors do not consider that it is material in the context of Statement of Standard Accounting Practice 19.

The directors are of the opinion that the open market value of the investment property at 31 December 1998 amounted to approximately £70,000 (1997: £70,000)

Included in the total Freehold property cost of £2,475,463 is land amounting to £475,000 which is not depreciated.

# The Marketing Organisation Limited

## Notes (Continued)

### 10. Tangible fixed assets (continued)

At 31 December 1998, the motor cars of the company included £2,744 (1997 - £23,873) of motor cars held under hire purchase contracts. Depreciation on these motor cars in the year amounted to £14,036 (1997 - £32,081).

At 31 December 1998, the computer equipment of the company included £15,305 (1997 - £27,548) of computer equipment held under hire purchase contracts. Depreciation on this computer equipment in the year amounted to £12,243 (1997 - £15,730).

Computer equipment of the group and company also include the following capitalised development costs relating to databases developed for customers. These costs are to be amortised over the period of database use.

	£
<b>Cost</b>	
At beginning of year	254,336
Additions in year	28,158
	<hr/>
At end of year	282,494
	<hr/>
<b>Depreciation</b>	
At beginning of year	211,816
Charged in year	28,809
	<hr/>
At end of year	240,625
	<hr/>
<b>Net book value</b>	
At 31 December 1998	41,869
	<hr/>
At 31 December 1997	42,520
	<hr/>

# The Marketing Organisation Limited

## Notes (Continued)

### 11. Fixed Asset Investments

<b>Company</b>	<b>£</b>
<b>Shares in group undertakings</b>	
<b>Cost</b>	
At beginning and end of year	<u>20,720</u>
<b>Net book value</b>	
At 31 December 1998 and 1997	<u>20,720</u>

<b>Subsidiary undertaking</b>	<b>Country of registration or incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
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	England & Wales	Dormant	Ordinary 100%
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%
Venue Videos Limited	England & Wales	Dormant	Ordinary 100%

### 12. Stocks and Work in Progress

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Store vouchers	1,325	2,130	1,325	2,130
Work in progress	<u>1,400</u>	<u>7,376</u>	<u>1,400</u>	<u>7,376</u>
	<u>2,725</u>	<u>9,506</u>	<u>2,275</u>	<u>9,506</u>

# The Marketing Organisation Limited

## Notes (Continued)

### 13. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>				
Trade debtors	2,792,570	2,289,030	2,125,735	1,764,365
Deposits paid to suppliers	994,978	726,922	994,978	726,922
Amounts owed by group undertakings	-	-	-	66,333
Other debtors	60,836	27,416	60,836	27,416
Prepayments and accrued income	92,022	108,606	90,602	105,024
	<u>3,940,406</u>	<u>3,151,974</u>	<u>3,272,151</u>	<u>2,690,060</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdraft	237,763	169,740	233,685	169,740
Other loans	-	112,500	-	112,500
Obligations under finance leases and hire purchase contracts	10,812	13,825	10,812	12,864
Deposits received from customers	2,062,822	1,428,297	2,062,822	1,428,297
Trade Creditors	1,163,162	1,014,216	726,935	712,220
Amounts owed to group undertakings	-	-	155,160	65,489
Other creditors including taxation and social security:				
Corporation Tax	222,007	220,291	199,337	204,257
Other taxes	89,988	105,302	89,441	109,049
Social security	155,978	97,088	155,978	97,088
Other creditors	9,751	15,286	9,751	15,286
Accruals and deferred income	547,911	435,364	455,362	402,676
Dividend proposed	60,966	67,740	60,966	67,740
	<u>4,561,160</u>	<u>3,679,649</u>	<u>4,160,249</u>	<u>3,397,206</u>

# The Marketing Organisation Limited

## Notes (Continued)

### 14. Creditors: amounts falling due within one year (continued)

#### Other taxes comprise:-

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
VAT	74,437	105,302	73,890	109,049
Advanced corporation tax	15,551	-	15,551	-
	<u>89,988</u>	<u>105,302</u>	<u>89,441</u>	<u>109,049</u>

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

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans	780,000	960,000	780,000	960,000
Obligations under finance leases and hire purchase contracts	<u>952</u>	<u>11,764</u>	<u>952</u>	<u>11,764</u>
	<u>780,952</u>	<u>971,764</u>	<u>780,952</u>	<u>971,764</u>

### 16. Bank loans and overdrafts

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
<b>Amounts falling due within one year</b>				
Repayable other than by instalments: bank overdraft	117,763	49,740	113,685	49,740
Repayable by instalments Premier Term loan	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
	<u>237,763</u>	<u>169,740</u>	<u>233,685</u>	<u>169,740</u>
<b>Amounts falling due after more than one year</b>				
Repayable by instalments: Premier Term Loan	<u>780,000</u>	<u>960,000</u>	<u>780,000</u>	<u>960,000</u>

# The Marketing Organisation Limited

## Notes (Continued)

### 16. Bank Loans and Overdrafts (continued)

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
<b>Instalments falling due in more than five years</b>				
Premier Term Loan	<u>300,000</u>	<u>480,000</u>	<u>300,000</u>	<u>480,000</u>

#### Premier Term Loan

The Premier Term Loan from Lloyds Bank plc is secured by a standard Lloyds Bank debenture over the company assets. Repayment is by half-yearly instalments of £60,000, with the last repayment due on 3 June 2006. 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 1998 was 8.4431% (1997 - 9.74375%).

### 17. Other loans

The company had other loans amounting to £112,500 outstanding at 31 December 1997. These loans were repaid in full on 9 March 1998. Interest was calculated at 3% p.a. over Lloyds Bank base rate. The rate of interest which had been payable at 31 December 1997 was 10.25%. The other loans, of which a total of £112,500 had been outstanding at 31 December 1997 had comprised £100,000 due to The Marketing Organisation Directors' Pension Scheme, and £12,500 due to a director, Mr M J Wigmore. All the members and trustees of The Marketing Organisation Directors' Pension Scheme consented in writing to the loan being made to the company.

### 18. Hire Purchase Contracts

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

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Within one year	10,812	13,825	10,812	12,864
In the second to fifth years	<u>952</u>	<u>11,764</u>	<u>952</u>	<u>11,764</u>
	<u>11,764</u>	<u>25,589</u>	<u>11,764</u>	<u>24,628</u>

# The Marketing Organisation Limited

## Notes (Continued)

### 19. Called up Share Capital

	1998 £	1997 £
<b>Authorised</b>		
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>
	200,000	200,000
	<u>          </u>	<u>          </u>
	1998 £	1997 £
<b>Allotted, called up and fully paid</b>		
677,398 Ordinary shares of 10p each	67,740	67,740
27,500 9% cumulative redeemable preference shares of £1 each	<u>27,500</u>	<u>27,500</u>
	95,240	95,240
	<u>          </u>	<u>          </u>

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 the Preference shares on or before 31 December 2001. A premium of 5 % is payable upon redemption. The preference shares have no voting rights unless payment of the preference dividend is in arrears.

### 20. Share premium and reserves

	Share Premium account £	Capital reserve £	Profit and loss account £
At beginning of year	121,372	56,739	1,927,127
Retained profit for year	-	-	390,198
Transfer to profit and loss account	<u>-</u>	<u>(56,739)</u>	<u>56,739</u>
At end of year	<u>121,372</u>	<u>-</u>	<u>2,374,064</u>



# The Marketing Organisation Limited

## Notes (Continued)

### 20. Share premium and reserves (Continued)

	Share premium account £	Profit and loss account £
<b>Company</b>		
At beginning of year	121,372	1,785,504
Retained profit for year	-	298,372
	<hr/>	<hr/>
At end of year	121,372	2,083,876
	<hr/>	<hr/>

The consolidated profit after taxation attributable to the group includes a profit of £422,779 (1997: £317,092), which has been dealt with in the accounts of The Marketing Organisation Limited.

The capital reserve represents the difference between the value of net assets acquired and the purchase price paid when Motivation Strategy Limited became a subsidiary undertaking of The Marketing Organisation Limited.

On the introduction of FRS 10, Goodwill and Intangible Assets, the capital reserve has been transferred to the profit and loss account. No prior year adjustment has been proposed on the grounds that the amount involved is not material.

### 21. Reconciliation of movements in and analysis of group shareholders' funds

	1998 £	1997 £
Profit for the financial year	514,605	368,296
Dividends	(124,407)	(70,215)
	<hr/>	<hr/>
Net addition to shareholders' funds	390,198	298,081
Opening shareholders' funds	2,200,478	1,902,397
	<hr/>	<hr/>
Closing shareholders' funds	2,590,676	2,200,478
	<hr/>	<hr/>

# The Marketing Organisation Limited

## Notes (Continued)

### 21. Reconciliation of movements in and analysis of group shareholders' funds (continued)

Shareholders' funds can be analysed between equity and non-equity interests as follows:

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Equity	2,563,176	2,172,978	2,272,988	1,974,616
Non-equity	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>
	<u>2,590,676</u>	<u>2,200,478</u>	<u>2,300,488</u>	<u>2,002,116</u>

### 22. Contingent liabilities

The following contingent liabilities existed at the balance sheet date in respect of the parent undertaking:-

- a) Financial institutions have provided, on behalf of The Marketing Organisation Limited, bonds of £1,120,000 (1997 - £1,080,000) 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.
- b) Financial institutions have provided, on behalf of The Marketing Organisation Limited, bonds of £300,000 (1997- £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.
- c) The company has guaranteed bonds given by a subsidiary undertaking's banker, Lloyds 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 £27,434 (1997 - £27,434).
- d) Financial institutions have provided on behalf of The Marketing Organisation, Limited, various bonds and guarantees amounting to £8,500 (1997 - £9,000).
- e) The company's bankers, Lloyds 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. At 31 December 1998 Travel For Business Limited had a bank overdraft of £4,079 (1997 - £Nil). Motivation Strategy Limited is dormant and does not have a bank account.

# The Marketing Organisation Limited

## Notes (Continued)

### 23. 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 1998

	1998 £	1997 £
Motor vehicles	-	16,500
	<hr/>	<hr/>

#### 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	
	1998 £	1997 £	1998 £	1997 £
<b>Operating leases which expire</b>				
Within one year	-	-	4,270	7,595
Between 2 and 5 years	<hr/> -	<hr/> -	<hr/> 57,572	<hr/> 53,423
	<hr/> -	<hr/> -	<hr/> 61,842	<hr/> 61,018

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

	Land and buildings		Plant and machinery	
	1998 £	1997 £	1998 £	1997 £
<b>Operating leases which expire</b>				
Within one year	-	-	1,094	7,506
Between 2 and 5 years	<hr/> -	<hr/> -	<hr/> 49,112	<hr/> 53,423
	<hr/> -	<hr/> -	<hr/> 50,206	<hr/> 60,929

# The Marketing Organisation Limited

## Notes (Continued)

### 24. Post Balance Sheet Event

The Board has voted to repay the Preference Shares on 1 July 1999. These will be redeemed at a premium of 5% over the nominal value for a total cost to the company of £28,875.

### 25. Reconciliation of operating profit to operating cash flows

	1998 £	1997 £
Operating profit	801,597	658,858
Depreciation charge	309,871	323,739
Loss/(Profit) on sale of tangible fixed assets	3,917	(23,370)
Decrease in stocks	6,781	34,233
(Increase)/decrease in debtors	(788,432)	788,129
Increase/(decrease) in creditors	940,073	(564,611)
	<hr/>	<hr/>
Operating cash flow	1,273,807	1,216,978
	<hr/>	<hr/>

### 26. Analysis of net debt

	At start of year £	Cash flow £	Other non-cash changes £	At end of year £
Cash in hand at bank	1,062,372	132,432	-	1,194,804
Overdrafts	(49,740)	(68,023)	-	(117,763)
Net cash	1,012,632	64,409	-	1,077,041
Debt due after one year	(960,000)	60,000	120,000	(780,000)
Debt due within one year	(232,500)	232,500	(120,000)	(120,000)
HP contracts	(25,589)	13,825	-	(11,764)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(205,457)	370,734	-	165,277
	<hr/>	<hr/>	<hr/>	<hr/>

### 27. Returns on investment and servicing of finance

	1998 £	1997 £
Interest received	72,229	50,995
Interest paid	(108,986)	(125,997)
Non-equity dividends paid	(2,475)	(4,950)
	<hr/>	<hr/>
	(39,232)	(79,952)
	<hr/>	<hr/>

# The Marketing Organisation Limited

## Notes (Continued)

### 28. Capital expenditure and financial investment

	1998 £	1997 £
Purchase of tangible fixed assets	(528,895)	(265,665)
Sale of plant and machinery	48,293	48,608
	<u>(480,602)</u>	<u>(217,057)</u>

### 29. Financing

	1998 £	1997 £
Debt due within one year		
Repayment of secured loan	(120,000)	(120,000)
Repayment of unsecured loan	(112,500)	(62,500)
Debt due after more than one year		
Repayment of secured loan	(60,000)	-
Repayment of unsecured loan	-	(87,500)
Capital element of HP payments	(13,825)	(54,288)
	<u>(306,325)</u>	<u>(324,288)</u>