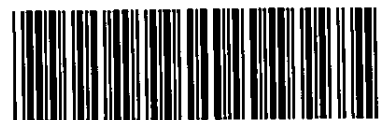


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PENTAGRAM DESIGN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Registration number 01599748

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PENTAGRAM DESIGN LIMITED

COMPANY INFORMATION

Directors	H Pearce J Oehler D Lippa D Weil J Rushworth A Hyland
Company secretary	J O'Hern
Registered office	11 Needham Road London W11 2RP
Solicitors	Ashfords LLP
Bankers	Barclays Bank plc
Auditors	MHI Audit LLP Chartered Certified Accountants and Registered Auditors Hamilton House 25 High Street Rickmansworth Hertfordshire WD3 1ET

PENTAGRAM DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and the financial statements for the year ended 30 September 2012

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors of the company

The directors who held office during the year were as follows:

L Apicella (resigned 22 October 2012)

H Pearce

J Oehler

D Lippa

D Weil

J Rushworth

A Hyland

Principal activity

The principal activity of the company is design and consultancy services through our main office in London and our European branch in Berlin, Germany.

PENTAGRAM DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2012

..... CONTINUED

Business review

Fair review of the business

The year to 30th September 2012, has shown the success of our multi-disciplinary growth strategy resulting in a strong year. Improved Turnover was generated through robust existing client relationships and the success of winning several new international projects.

In March 2012, Former Creative Director of Wolff Olins, Marina Willer, joined the London office. Soon after Willer's appointment at Pentagram, new work was won with Natura, Brazil's largest Cosmetics Company.

May signified an important time at Pentagram, marking 40 years in operation. The anniversary was a time for London to showcase the best work from the last four decades in addition to hosting a party to celebrate alongside staff and clients.

This year London was host of the 2012 Olympic Summer Games. Pentagram had two major projects that were commissioned by the Olympic Delivery Organisation. Harry Pearce and his team worked alongside renowned artists Ackroyd and Harvey to create 15 meter in diameter bronze and steel rings, inscribed with text revealing the history of the land on which it sits. Daniel Weil and his team also worked on a project for London 2012 which involved creating an installation, known as the E20 story that shows the Olympic Legacy and the development of the Lower Lea Valley post-Olympics. E20 Story has been exhibited at Hackney House and will be making rounds in various public spaces over the next year.

For ten years, architect William Russell has been working with Fashion retailer Alexander McQueen. This year marked the opening of the last store that Russell will be working on with the brand. To commemorate the decade long relationship, a video case study was produced where Russell spoke about his work with McQueen.

This year also saw the launch of the Royal Academy's new branding designed by Pentagram. As this was the Institution's first rebrand in 244 years, it garnered a significant amount of media attention and can be seen on several billboards and in underground stations in London.

In September Bob Gill came to the London office to share inspiration and company history, being one of the forerunners of Pentagram back in the early 1970s. Pentagram hosted the event inviting friends, acquaintances and colleagues.

Pentagram was awarded a Black Pencil from D&AD in September 2012, signifying being one of the most awarded design agency in D&AD's 50-year history. Pentagram was one of three recipients of this prestigious award.

Turnover

Revenue for the year was £8,031,205 (2011 £6,142,783), an increase of 31% year on year. Project wins in South America, Africa and the Middle East have enabled our average Turnover per client to increase by 28% to £69,439. This highlights the opportunities seized within a variety of international regions of growth.

Gross Profit

Gross profit for the year was £6,100,009 (2011 £5,104,911). The initial associated costs of supporting international clients has resulted in a reduction in our gross profit % to 76%, however, we anticipate many of these costs will be recouped through economies of scale as our client relationships strengthen.

PENTAGRAM DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2012

..... CONTINUED

The company's key financial and other performance indicators during the year were as follows

	Unit	2012	2011
Turnover - UK	%	34	52
Turnover - Europe	%	24	29
Turnover - USA	%	10	8
Turnover - Rest of the World	%	32	11
No of clients	no	115	113

Environmental policy

Pentagram is committed to environmental protection, as appropriate to our own environment and, to those created for our clients

Internally, waste management and environment protection systems are employed in our offices with for example, recycling procedures in place for all appropriate materials and environmentally sound adhesives and adhesive application systems used by all design teams

With regard to projects we attempt to be as environmentally responsible as possible in all design disciplines for example using recycled/recyclable materials in graphic projects, non-endangered materials in architecture and interior design projects etc

Moreover, we try to think beyond the specific needs of our staff and our clients and attempt to enhance the environment of the broader community wherever possible

Financial instruments

Objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

PENTAGRAM DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2012

..... CONTINUED

Price risk, credit risk, liquidity risk and cash flow risk

Currency risk

The company is exposed to translation and transaction foreign exchange risk

Approximately 1% of the company's purchases are from mainland USA and are transacted in US dollars

The company's financial liabilities in currencies other than sterling amount to £nil. Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account of the company

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios

Interest rate risk

The company finances its operations through retained profits and certain internal and external loans

The interest rate exposure of the financial assets and liabilities of the company as at 30 September 2012 is shown in the financial statements. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from trade debtors

In order to manage credit risk, management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history

Future developments

Next year, work will commence with new clients, including international Law Firm White and Case, where Pentagram will be assisting in both their graphic identity and their communication strategy. Partner Harry Pearce will be receiving an honour in late October from WITNESS, the human rights charity he has worked pro-bono for, for the past twenty years. WITNESS will be celebrating its 20th Anniversary

During this time of year Pentagram will be working on a series of seasonal projects including Holiday Ad campaigns for HongKong Land and Swarovski. Work will continue with existing clients, including World Chess, Akzo Nobel, Virgin Media, Grant Thornton and Cafe Royal

The Directors were delighted with the overall performance and feel they are well positioned to proceed into an exciting 2013

PENTAGRAM DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2012

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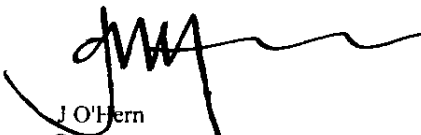
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

The auditors MHI Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on **25/2/13** and signed on its behalf by


J O'Hern
Company secretary

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PENTAGRAM DESIGN LIMITED

We have audited the financial statements of Pentagram Design Limited for the year ended 30 September 2012, set out on pages 9 to 21. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its 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.

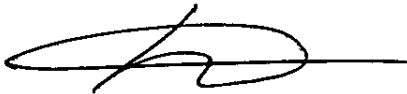
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTAGRAM DESIGN LIMITED**

..... **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Chris Bleach FCCA (Senior Statutory Auditor)
For and on behalf of MHI Audit LLP
Chartered Certified Accountants and Statutory Auditor

Hamilton House
25 High Street
Rickmansworth
Hertfordshire
WD3 1ET

Date 13/3/13

PENTAGRAM DESIGN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
Turnover	2	8,031,205	6,142,783
Cost of sales		<u>(1,931,196)</u>	<u>(1 037 872)</u>
Gross profit		6,100 009	5,104 911
Administrative expenses		(6 006,400)	(5 097 276)
Other operating income		<u>74 789</u>	<u>78,785</u>
Operating profit	3	168,398	86,420
Interest payable and similar charges	6	<u>(23 406)</u>	<u>(34,898)</u>
Profit on ordinary activities before taxation		144,992	51,522
Tax on profit on ordinary activities	7	<u>(36,926)</u>	<u>(23,385)</u>
Profit for the financial year	15	<u>108,066</u>	<u>28,137</u>

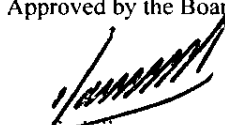
Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

PENTAGRAM DESIGN LIMITED (REGISTRATION NUMBER: 01599748)
BALANCE SHEET AT 30 SEPTEMBER 2012

		2012		2011	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	8		119,074		133,371
Investments	9		<u>2</u>		<u>2</u>
			119,076		133,373
Current assets					
Stocks	10	69,302		96,344	
Debtors	11	2,775,735		2,418,112	
Cash at bank and in hand		<u>1,396,217</u>		<u>945,621</u>	
		4,241,254		3,460,077	
Creditors. Amounts falling due within one year	12	<u>(2,861,984)</u>		<u>(2,209,470)</u>	
Net current assets			<u>1,379,270</u>		<u>1,250,607</u>
Total assets less current liabilities			1,498,346		1,383,980
Provisions for liabilities	13		<u>(11,500)</u>		<u>(5,200)</u>
Net assets			<u><u>1,486,846</u></u>		<u><u>1,378,780</u></u>
Capital and reserves					
Called up share capital	14	105,007		105,007	
Profit and loss account	15	<u>1,381,839</u>		<u>1,273,773</u>	
Shareholders' funds	16		<u><u>1,486,846</u></u>		<u><u>1,378,780</u></u>

Approved by the Board on **25/2/13** and signed on its behalf by


D. Weil
Director

PENTAGRAM DESIGN LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2012****Reconciliation of operating profit to net cash flow from operating activities**

	2012	2011
	£	£
Operating profit	168,398	86,420
Depreciation, amortisation and impairment charges	70,519	85,321
Loss on disposal of fixed assets	594	-
Decrease/(increase) in stocks	27,042	(30 773)
Increase in debtors	(357,623)	(190,460)
Increase in creditors	1 038,600	503,510
Net cash inflow from operating activities	<u>947 530</u>	<u>454,018</u>

Cash flow statement

	2012	2011
	£	£
Net cash inflow from operating activities	<u>947,530</u>	<u>454,018</u>
Returns on investments and servicing of finance		
Interest paid	<u>(23,406)</u>	<u>(34,898)</u>
Taxation paid	<u>(16,712)</u>	<u>(35,000)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(57,410)	(102,630)
Sale of tangible fixed assets	<u>594</u>	<u>-</u>
	<u>(56,816)</u>	<u>(102 630)</u>
Net cash inflow before management of liquid resources and financing	<u>850,596</u>	<u>281,490</u>
Financing		
Value of new loans obtained during the period	-	400,000
Repayment of loans and borrowings	<u>(400,000)</u>	<u>-</u>
	<u>(400,000)</u>	<u>400,000</u>
Increase in cash	<u>450,596</u>	<u>681,490</u>

PENTAGRAM DESIGN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2012

..... CONTINUED

Reconciliation of net cash flow to movement in net debt

	Note	2012 £	2011 £
Increase in cash		450,596	681,490
Cash inflow from increase in loans		-	(400 000)
Cash outflow from repayment of loans		400 000	-
Change in net debt resulting from cash flows	18	<u>850 596</u>	<u>281 490</u>
 Movement in net debt	18	850,596	281 490
Net funds at 1 October	18	<u>545 621</u>	<u>264 131</u>
Net funds at 30 September	18	<u><u>1 396,217</u></u>	<u><u>545 621</u></u>

PENTAGRAM DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30

SEPTEMBER 2012

1 Accounting policies

Basis of preparation

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

Exemption from preparing group accounts

The company has taken advantage of the exemption provided by Section 402 of the Companies Act 2006 and has not prepared group accounts on the grounds that the inclusion of the subsidiary (which is dormant) is not material for the purposes of giving a true and fair view

Turnover

Turnover represents invoiced sales in respect of fees for services rendered and direct costs recovered as agreed with each client excluding VAT

Revenue is recognised when a service has been completed in accordance with the terms of agreement with the client. Where the provision of a service remains incomplete at the end of a period, a proportion of the income pertaining to the level of the service performed is accrued and is part of the debtors balance.

Where clients have invoiced in advance for services to be delivered at a future date, the income is deferred and becomes part of the creditors balance.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Short leasehold improvements	Over the unexpired term of the lease
Fixtures, fittings and computer equipment	25%-33% on cost

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Work in progress

Work in progress has been valued at the lower of cost and net realisable value. The valuation of costs comprises direct charges less any provision for anticipated non-recoverable costs.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

PENTAGRAM DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30

SEPTEMBER 2012

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2 Turnover

Turnover all derives in respect of the company's principal activity

An analysis of turnover by geographical location is given in the Directors' Report accompanying these financial statements

3 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Operating leases - plant and machinery	40,080	38,725
Operating leases - other assets	390,000	390,000
Auditor's remuneration - The audit of the company's annual accounts	11,000	11,000
Auditor's remuneration - Tax services	2,000	2,000
Auditors' remuneration - non audit work	1,800	1,800
Foreign currency losses/(gains)	63,259	(3,472)
Loss on sale of tangible fixed assets	594	-
Depreciation of owned assets	<u>70,519</u>	<u>85,321</u>

4 Particulars of employees

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

	2012 No	2011 No
Administration and support	23	20
Production	<u>36</u>	<u>36</u>
	<u>59</u>	<u>56</u>

PENTAGRAM DESIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2012

The aggregate payroll costs were as follows

	2012	2011
	£	£
Wages and salaries	3,695,800	3 056 543
Social security costs	403,102	297,323
	<u>4,098,902</u>	<u>3 353 866</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2012	2011
	£	£
Remuneration (including benefits in kind)	<u>1 691,916</u>	<u>1 193 408</u>

In respect of the highest paid director

	2012	2011
	£	£
Remuneration	<u>327,698</u>	<u>208,511</u>

6 Interest payable and similar charges

	2012	2011
	£	£
Interest on other borrowings	<u>23,406</u>	<u>34,898</u>
	<u>23,406</u>	<u>34,898</u>

7 Taxation

Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax		
Corporation tax charge	38,265	18,000
Adjustments in respect of previous years	<u>(7 639)</u>	<u>-</u>
UK Corporation tax	30,626	18,000
Deferred tax		
Origination and reversal of timing differences	<u>6,300</u>	<u>5,385</u>
Total tax on profit on ordinary activities	<u>36,926</u>	<u>23,385</u>

PENTAGRAM DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2012****Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 27%)

The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>144,992</u>	<u>51 522</u>
Corporation tax at standard rate	28,998	13 911
Capital allowances for the period in excess of depreciation	(4,633)	(4 773)
Other timing differences	(78)	121
Expenses not deductible for tax purposes	<u>6,339</u>	<u>8 741</u>
Total current tax	<u><u>30,626</u></u>	<u><u>18 000</u></u>

8 Tangible fixed assets

	Short leasehold land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 October 2011	780 027	786,947	1 566,974
Additions	-	57,410	57 410
Disposals	<u>-</u>	<u>(4,411)</u>	<u>(4 411)</u>
At 30 September 2012	<u>780,027</u>	<u>839,946</u>	<u>1 619 973</u>
Depreciation			
At 1 October 2011	780,027	653,576	1,433 603
Charge for the year	-	70,519	70 519
Eliminated on disposals	<u>-</u>	<u>(3,223)</u>	<u>(3,223)</u>
At 30 September 2012	<u>780,027</u>	<u>720,872</u>	<u>1,500,899</u>
Net book value			
At 30 September 2012	<u>-</u>	<u>119,074</u>	<u>119 074</u>
At 30 September 2011	<u>-</u>	<u>133,371</u>	<u>133 371</u>

9 Investments held as fixed assets

	2012 £	2011 £
Shares in group undertakings and participating interests	<u>2</u>	<u>2</u>

PENTAGRAM DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30****SEPTEMBER 2012****Shares in group undertakings and participating interests**

	Subsidiary undertakings £	Total £
Cost		
At 1 October 2011	2	2
At 30 September 2012	2	2
Net book value		
At 30 September 2012	2	2
At 30 September 2011	2	2

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Pentagram Design Services Limited	Ordinary	100%	Dormant

10 Stocks

	2012 £	2011 £
Work in progress	69,302	96,344

11 Debtors

	2012 £	2011 £
Trade debtors	2,385,342	1,837,370
Amounts owed by group undertakings	44,118	157,902
Other debtors	58,379	90,486
Directors' current accounts	5,448	180,131
Prepayments and accrued income	282,448	152,223
	<u>2,775,735</u>	<u>2 418 112</u>

PENTAGRAM DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30****SEPTEMBER 2012****12 Creditors Amounts falling due within one year**

	2012	2011
	£	£
Other loans	-	400,000
Trade creditors	400 540	335,284
Amounts owed to group undertakings	498 021	644 777
Corporation tax	31,914	18,000
Other taxes and social security	162,940	125,776
Other creditors	28 153	-
Directors' current accounts	77,572	-
Accruals and deferred income	<u>1 662,844</u>	<u>685,633</u>
	<u>2 861 984</u>	<u>2,209 470</u>

The company's bank holds a debenture on the assets of the company as security for any indebtedness to them

13 Provisions

	Deferred tax	Total
	£	£
At 1 October 2011	5 200	5,200
Charged to the profit and loss account	<u>6 300</u>	<u>6,300</u>
At 30 September 2012	<u>11 500</u>	<u>11 500</u>

Analysis of deferred tax

	2012	2011
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>11 500</u>	<u>5,200</u>

14 Share capital**Allotted, called up and fully paid shares**

	2012		2011	
	No.	£	No	£
Ordinary of £1 each	<u>105,007</u>	<u>105,007</u>	<u>105,007</u>	<u>105,007</u>

PENTAGRAM DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30

SEPTEMBER 2012

15 Reserves

	Profit and loss account £	Total £
At 1 October 2011	1 273,773	1,273,773
Profit for the year	<u>108,066</u>	<u>108,066</u>
At 30 September 2012	<u>1 381,839</u>	<u>1 381 839</u>

16 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit attributable to the members of the company	<u>108 066</u>	<u>28 137</u>
Net addition to shareholders' funds	108,066	28,137
Shareholders' funds at 1 October	<u>1 378 780</u>	<u>1 350,643</u>
Shareholders' funds at 30 September	<u>1 486,846</u>	<u>1,378,780</u>

17 Commitments

Operating lease commitments

As at 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £	2011 £
Land and buildings		
Over five years	<u>390,000</u>	<u>390,000</u>
Other		
Within one year	-	1,140
Within two and five years	<u>41,117</u>	<u>40 863</u>
	<u>41,117</u>	<u>42,003</u>

PENTAGRAM DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30****SEPTEMBER 2012****18 Analysis of net debt**

	At 1 October 2011 £	Cash flow £	At 30 September 2012 £
Cash at bank and in hand	945,621	450,596	1,396 217
Debt due within one year	(400,000)	400,000	-
Net funds	<u>545 621</u>	<u>850 596</u>	<u>1 396 217</u>

19 Related party transactions**Directors' advances and credits**

	2012 Advance/ Credit £	2012 Repaid £	2011 Advance/ Credit £	2011 Repaid £
A Hyland				
Amounts owed to/(from) director	<u>16,521</u>	<u>45,321</u>	<u>(28,800)</u>	<u>-</u>
J Rushworth				
Amounts owed to/(from) director	<u>17,703</u>	<u>66,806</u>	<u>(49 103)</u>	<u>-</u>
H Pearce				
Amounts owed to/(from) director	<u>(5,448)</u>	<u>18,349</u>	<u>(23 797)</u>	<u>-</u>
D Lipka				
Amounts owed to/(from) director	<u>22 176</u>	<u>48,435</u>	<u>(26 259)</u>	<u>-</u>
D Weil				
Amounts owed to/(from) director	<u>18 262</u>	<u>48,306</u>	<u>(30 044)</u>	<u>-</u>
L Apicella				
Amounts owed to/(from) director	<u>-</u>	<u>22,128</u>	<u>(22 128)</u>	<u>-</u>
J Oehler				
Amounts owed to/(from) director	<u>2,909</u>	<u>(2 909)</u>	<u>-</u>	<u>-</u>

PENTAGRAM DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

The directors loans outstanding are interest-free with no fixed date of repayment

Other related party transactions

During the year the company made the following related party transactions

the directors

The company leases its UK business premises from joint owners who include some directors. The total rent paid during the year amounted to £390,000 (2011 - £390,000). The directors have provided security over the bank borrowings of the company by virtue of a legal charge over property owned by them, in favour of Barclays Bank Plc.

Six of the company's directors have also provided a personal cross-guarantee in respect of the company's borrowings of £nil (2011 - £400,000) from an unconnected third party which is included in the financial statements as other loans due within one year. At the balance sheet date the amount due to the directors in respect of this personal cross-guarantee, was £nil (2011 - £nil).

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

20 Control

The company is controlled by Pentagram Design AG, a company incorporated in Switzerland. This company is the controlling and ultimate controlling related party by virtue of its controlling shareholdings in Pentagram Design Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Pentagram Design AG, incorporated in Switzerland. Copies of the group accounts can be obtained at the registered office of Pentagram Design AG, Untermuhl 7 Postfach 4440 CH-6304 Zug Switzerland.