

The Garden Marketing Limited

**FOR THE YEAR ENDED
30 APRIL 2013**

Registered No. 02376947



**Directors' Report and Accounts
2013**

The Garden Marketing Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 April 2013

The directors present their report and accounts for the year ended 30 April 2013

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the provision of marketing services

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year amounted to £91,525 (year ended 30 April 2012 £151,531) and has been transferred to reserves. The turnover for the year was £737,667 (year ended 30 April 2012 £1,010,327). The profit and loss account and the balance sheet are set out on pages 7 and 8.

There were no dividends paid during the year (year ended 30 April 2012 £Nil)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

On 14 June 2012, 49% of the voting shares were purchased by Communisis plc. Since acquisition the loss of a high value customer has adversely affected profits, however it is anticipated that with successful integration into the Communisis Group, this can be turned around in the forthcoming year.

On 30 June 2013, Communisis acquired the remaining 51%.

Investment has been made in creating a strong focused leadership team along with a change in the sales team profile and direction. In addition we are focusing on cross-group offerings which is seeing positive integration with other parts of the Communisis group (being the consolidated results of Communisis plc).

FINANCIAL KPIs

KEY PERFORMANCE INDICATORS

| | 2013 | 2012 |
|--------------------------------|-------------|-------------|
| Financial | | |
| Profit after taxation (£'000s) | 91.5 | 151.5 |
| Gross Margin (%) | 91.3 | 98.7 |
| Operating Margin (%) | 15.8 | 19.2 |

The Garden Marketing Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2013 (continued)

RISKS AND UNCERTAINTIES

The more significant risks and uncertainties faced by the Company which could cause the Company's actual results to vary materially from historical and expected results are set out below

Deterioration in the economic environment

Our business depends upon the level of marketing spend from our customers. In an economic environment of depressed consumer spending levels and defensive marketing strategies, there is a risk that marketing spend amongst our customers will be severely constrained. There is a risk that Company sales and profit levels would be materially affected if a prolonged, widespread and significant marketing spend reduction in excess of our expectations were to occur.

Market trends are monitored and factored into the Company's business planning, budgeting and management processes and long-term contractual relationships also give some insulation against this risk.

Competition and response to technological change

The Company operates in highly competitive markets and the Company's products and services are characterised by continually evolving industry standards and changing technology driven by the demands of customers. Failure to keep pace with technological, product and process change, may result in the Company experiencing delay or fail in introducing new or enhanced services, which may result in materially lower margins and loss of market share. The Company continues to invest in product development and new services to sustain and enhance the Company's competitive advantage and mitigate this risk.

Operations rely on uninterrupted IT systems

The Company's operations depend crucially on complex networks and systems and on the ability to access similar networks belonging to other parties. Failure to maintain a fully functional IT infrastructure could result in an inability to meet contractual service obligations exposing the Company to potential claims and loss of those customers. The Company maintains back-up and disaster recovery plans and continues to invest in IT infrastructure to mitigate this risk.

Safeguarding of client data

As our customers increasingly adopt data driven communications there is a risk that the confidentiality, integrity and availability of the information processed could be compromised by factors such as human error, systems failure, equipment malfunction or deliberate unauthorised action which may cause reputational damage and financial loss to the business.

The Company has in place established Information and Security policies and procedures which have been designed specifically to accommodate the business. These are subject to regular third party review and certification.

Customer concentration

The Company is dependent upon a small number of high value customers. If we were to lose one or more of these customers without replacing them this could result in a material adverse effect on the Company's sales and profitability. Business development activities continue to promote the Company's services in a broad range of market sectors.

The Garden Marketing Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 April 2013 (continued)

DIRECTORS

The following is a list of all persons who were directors of the Company at any time between 1 May 2012 and the date of this report

D Rushton (appointed 14 August 2012)
J Lee (resigned 14 June 2013)
G Lee (resigned 28 June 2013)
A Blundell (appointed 28 June 2013)

S Caddy was appointed as Company Secretary on 28 June 2013 Denis Connery was appointed as joint Company Secretary on 20 January 2014

EMPLOYEES

The Company gives full and fair consideration to applications for employment by disabled persons having regard to their particular aptitudes and abilities Every effort is made to continue the employment of employees who have become disabled during their employment with the Company Depending on their skills and abilities, disabled employees have the same career prospects and opportunities for promotion as other employees

The Company continues its practice of keeping all its employees informed on matters affecting them, through consultation and information on the general financial and economic factors affecting the Company's performance

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and Accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have elected to prepare the accounts 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 statement 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 those Accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 Accounts 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

The Garden Marketing Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 April 2013 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES(continued)

Each of the persons who is a director at the date of approval of this annual report confirms that

- in so far as they are aware there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006

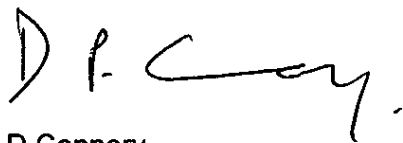
POLITICAL AND CHARITABLE DONATIONS

During the year, no political donations were paid (year ended 30 April 2012 £nil) and charitable donations of £nil(year ended 30 April 2012 £nil) were made

AUDITORS

In accordance with section 485 of the Companies Act 2006 a resolution is to be proposed at the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the ensuing year

By order of the Board



D Connery
Secretary
27 January 2014

REGISTERED OFFICE
c/o Communisis plc
Wakefield Road
Leeds
LS10 1DU

Registered number 02376947

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GARDEN MARKETING LIMITED

We have audited the financial statements of The Garden Marketing Limited for the year ended 30 April 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 and Accounts 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 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 April 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2000.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GARDEN MARKETING LIMITED (cont'd)

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

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

Ernst & Young LLP

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
27 January 2014

The Garden Marketing Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2013

| | Notes | Year ended 30 April 2013 £ | Year ended 30 April 2012 £ |
|--|-------|-------------------------------------|-------------------------------------|
| TURNOVER | 1 | 737,667 | 1,010,327 |
| Cost of sales | | (64,462) | (13,285) |
| GROSS PROFIT | | 673,205 | 997,042 |
| Administrative expenses | 2 | (556,501) | (803,250) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 116,704 | 193,792 |
| Interest receivable | | 31 | 125 |
| Interest payable | | (10) | (10) |
| | | 116,725 | 193,907 |
| Tax on profit on ordinary activities | 4 | (25,200) | (42,376) |
| PROFIT FOR THE FINANCIAL YEAR | | 91,525 | 151,531 |

There were no other recognised gains or losses in the year

All results are derived from continuing operations

The accompanying notes are an integral part of this Profit and Loss Account

The Garden Marketing Limited

BALANCE SHEET AS AT 30 APRIL 2013

| | Notes | 30 April 2013 £ | 30 April 2012 £ |
|--|-------|-----------------------|-----------------------|
| FIXED ASSETS | | | |
| Tangible assets | 5 | <u>7,599</u> | <u>16,312</u> |
| CURRENT ASSETS | | | |
| Debtors | 6 | 56,240 | 145,719 |
| Cash at bank | | <u>303,085</u> | <u>174,439</u> |
| | | 359,325 | 320,158 |
| CREDITORS amounts falling due within one year | 7 | (63,615) | (124,686) |
| NET CURRENT ASSETS | | <u>295,710</u> | <u>195,472</u> |
| NET ASSETS | | <u>303,309</u> | <u>211,784</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 10 | 3,000 | 3,000 |
| Profit and loss account | 11 | 300,309 | 208,784 |
| SHAREHOLDERS' FUNDS | | <u>303,309</u> | <u>211,784</u> |

The accompanying notes are an integral part of this Balance Sheet

The financial statements on pages 7 to 14 were approved by the Board on 27 January 2014 and signed on their behalf by



D Rushton
Director

1. ACCOUNTING POLICIES

Basis of preparation

The Accounts are prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention. The accounting policies of the Company have been consistently applied over both the current and preceding year. The Company has prepared the accounts in accordance with UK GAAP.

Revenue recognition

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and any provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------|---|----------------------|
| Plant & Machinery | - | 25% reducing balance |
| Fixtures & Fittings | - | 25% reducing balance |

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation

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

The Garden Marketing Limited

NOTES TO THE ACCOUNTS – 30 APRIL 2013

2. ADMINISTRATIVE EXPENSES

| | Year ended 30 April 2013 £ | Year ended 30 April 2012 £ |
|----------------------------------|---|---|
| Employee costs | 449,571 | 683,288 |
| Depreciation | 3,984 | 5,938 |
| Fixed asset impairment charge | 4,736 | - |
| Other operating charges | 98,210 | 114,024 |
| | 556,501 | 803,250 |
| | | |
| Other operating charges includes | | |
| Operating lease rentals – cars | 6,492 | 3,784 |

The audit fee of £5,000 (2012 £nil) was borne by another group company

3. EMPLOYEES' AND DIRECTORS' COSTS

| | Year ended 30 April 2013 £ | Year ended 30 April 2012 £ |
|--|---|---|
| Costs | | |
| Wages and salaries | 403,153 | 604,175 |
| Social security costs | 49,727 | 76,452 |
| Pensions and other costs (including reclaimed SMP) | (3,309) | 2,661 |
| | 449,571 | 683,288 |
| | | |
| | Number | Number |
| Average number of employees | 3 | 3 |

The Garden Marketing Limited

NOTES TO THE ACCOUNTS – 30 APRIL 2013(continued)

3. EMPLOYEES' AND DIRECTORS' COSTS (continued)

The total emoluments of the directors of the Company (including those paid through other Group Companies) were as follows

| | Year ended 30 April 2013 £ | Year ended 30 April 2012 £ |
|-----------------------|---|---|
| Salaries | 392,596 | 408,677 |
| Other benefits | 39,247 | 3,784 |
| Aggregate emoluments | <u>431,843</u> | <u>412,461</u> |
| Highest paid director | | |
| Aggregate emoluments | <u>213,566</u> | <u>208,123</u> |

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | Year ended 30 April 2013 £ | Year ended 30 April 2012 £ |
|---|---|---|
| Taxation | | |
| The charge based on the profit for the year comprises | | |
| Current tax | | |
| UK corporation tax at 20% (2012 20%) | 25,200 | 42,376 |
| Adjustments in respect of prior periods | - | - |
| Tax on profit on ordinary activities | <u>25,200</u> | <u>42,376</u> |

Reconciliation of current tax charge

The UK standard rate of corporation tax for the year is 20% (year ended 30 April 2012 20%) The actual tax charge for the current year is higher (prior year higher) than the standard rate for the reasons set out in the following reconciliation

| | | |
|---|----------------|----------------|
| Profit on ordinary activities before taxation | <u>116,725</u> | <u>193,907</u> |
| Tax on profit on ordinary activities at UK standard rate of corporation tax of 20% (year ended 30 April 2012 20%) | 23,345 | 38,781 |
| Factors affecting the charge for the year | | |
| Capital allowances in excess of depreciation | 344 | 667 |
| Disallowable expenses (including ineligible depreciation) | 1,511 | 2,928 |
| Total current tax charge for the year | <u>25,200</u> | <u>42,376</u> |

The Garden Marketing Limited

NOTES TO THE ACCOUNTS – 30 APRIL 2013 (continued)

5. TANGIBLE FIXED ASSETS

| | Plant & Machinery £ | Fixtures & Fittings £ | Total £ |
|-------------------------|--|--|--------------------|
| Cost | | | |
| At 1 May 2012 | 49,081 | 41,868 | 90,949 |
| Fixed asset impairment | (24,308) | (41,868) | (66,176) |
| At 30 April 2013 | 24,773 | - | 24,773 |
| Depreciation | | | |
| At 1 May 2012 | 34,386 | 40,251 | 74,637 |
| Fixed asset impairment | (20,827) | (40,620) | (61,447) |
| Charge for the period | 3,615 | 369 | 3,984 |
| At 30 April 2013 | 17,174 | - | 17,174 |
| Net book value | | | |
| At 30 April 2013 | 7,599 | - | 7,599 |
| At 30 April 2012 | 14,695 | 1,617 | 16,312 |

There are no assets subject to finance leases and hire purchase contracts included in the above figures

6. DEBTORS

| | 30 April 2013 £ | 30 April 2012 £ |
|--------------------------------|------------------------------------|------------------------------------|
| Trade debtors | 38,856 | 118,373 |
| Other debtors | 2,629 | 18,524 |
| Prepayments and accrued income | 14,755 | 8,822 |
| | 56,240 | 145,719 |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30 April 2013 £ | 30 April 2012 £ |
|------------------------------------|------------------------------------|------------------------------------|
| Trade creditors | 19,529 | 8,546 |
| Corporation tax | 25,204 | 42,376 |
| Other taxation and social security | 15,132 | 70,078 |
| Accruals and deferred income | 3,750 | 3,686 |
| | 63,615 | 124,686 |

The Garden Marketing Limited

NOTES TO THE ACCOUNTS – 30 APRIL 2013 (continued)

8. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2013 the company had aggregate annual commitments under non-cancellable operating leases as set out below

| | Cars | |
|--|----------------------|----------------------|
| | 30 April 2013 | 30 April 2012 |
| | £ | £ |
| Operating leases which expire - in one to two years | 6,492 | - |
| Operating leases which expire - in two to five years | - | 6,487 |

9. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are wholly-owned subsidiaries of the Communisis plc Group or investees of the Communisis plc Group

10. SHARE CAPITAL

Allotted, called up and fully paid:

| | 30 April 2013 | | 30 April 2012 | |
|----------------------------|----------------------|----------|----------------------|----------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 3,000 | 3,000 | 3,000 | 3,000 |

11. PROFIT AND LOSS ACCOUNT

| | Year ended 30 April 2013 | Year ended 30 April 2012 |
|---------------------------------|---------------------------------|---------------------------------|
| | £ | £ |
| At 1 May 2012 | 208,784 | 57,253 |
| Profit for the financial period | 91,525 | 151,531 |
| At 30 April 2013 | 300,309 | 208,784 |

12. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Communisis plc and is included in the consolidated accounts of Communisis plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a Cash Flow Statement under the terms of FRS1 (revised 1996)

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Communisis plc, a company registered in England which prepares Group accounts. The immediate parent company is Communisis UK, also a company registered in England. The only group into which the results of the Company are consolidated is that headed by Communisis plc. Copies of the Group accounts of Communisis plc can be obtained by writing to

The Secretary
Communisis plc
Wakefield Road
Leeds
LS10 1DU