

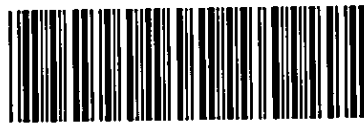
**Company Registration No. 02496207**

**Carat Insight Limited**

**Report and Financial Statements**

**31 December 2005**

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# **Carat Insight Limited**

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# **Carat Insight Limited**

## **Officers and professional advisers**

### **Directors**

A Drummond  
E S Eley (resigned 31 August 2006)  
J L Foster  
M J R Greenstreet  
N S Jones  
N Sharrocks  
J C Svendsen

### **Company secretary**

J L Foster

### **Registered Office**

Parker Tower  
43-49 Parker Street  
London WC2B 5PS

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Carat Insight Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

### **Results and dividends**

The profit on ordinary activities after taxation for the year was £24,739 (2004 loss of £11,620), which has been transferred to reserves. The directors do not propose the payment of a dividend (2004 £nil)

### **Review of business**

The principal activity of the company is to provide media research information, mainly to fellow group companies. The directors do not envisage any changes in the company's activities and anticipate an improvement in results in the coming years. The turnover of the company has decreased during the year by 17.3%, however the gross profit has increased by 4.8%.

The balance sheet on page 7 of the financial statements shows that the company's financial position at year end has increased in net asset terms.

There have been no significant events since the balance sheet date that require adjustment to, or disclosure in the financial statements.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### **Financial risk**

The directors consider that the only significant financial risks to the company are credit risk and liquidity risk. The company does not use derivative financial instruments in order to manage these risks or for speculative purposes.

#### *Credit risk*

The company's principal financial assets are trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

#### *Liquidity risk*

In order to maintain liquidity the company uses a financing facility made available to it by Aegis Media UK & Ireland Limited, a related party.

### **Payment of suppliers**

The company agrees terms and conditions for its business transactions with its suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

As at 31 December 2005, trade creditors were equivalent to 15 days of average purchases during the year (2004 28 days).

### **Directors and their interests**

The directors who served during the year, together with their beneficial interests and options in the share capital of the ultimate holding company, Aegis Group plc, at the beginning and end of the year are shown in Note 17 to the accounts.

### **Employment policies**

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort is made to provide continued employment.

The directors are committed to maintain and develop communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of the company. This is achieved through company wide and departmental meetings, by the use of e-mail and intranet, through publication of an internal magazine and during individual performance appraisals.

# **Carat Insight Limited**

## **Directors' report**

### **Auditors**

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting

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

J L Foster  
Director

A handwritten signature in black ink, appearing to be 'J L Foster', written over a horizontal line.

18 April 2007

# **Carat Insight Limited**

## **Statement of directors' responsibilities**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Carat Insight Limited**

## **Independent auditors' report to the members of Carat Insight Limited**

We have audited the financial statements of Carat Insight Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Deloitte + Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

19 April 2007

# Carat Insight Limited

## Profit and loss account

### Year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	2,415,786	2,923,178
Cost of sales		(597,826)	(1,189,626)
Gross profit		1,817,960	1,733,552
Administrative expenses		(1,774,424)	(1,766,436)
Operating profit/(loss)	3	43,536	(32,884)
Interest receivable and similar income	5	16,663	21,511
Interest payable and similar charges	6	(204)	(32)
Profit/(loss) on ordinary activities before taxation		59,995	(11,405)
Tax charge on profit/(loss) on ordinary activities	7	(35,256)	(215)
Retained profit/(loss) for the financial year	13	24,739	(11,620)

All amounts relate to continuing operations

There are no recognised gains or losses other than the retained profit for this year and the loss for the preceding year, accordingly, no statement of total recognised gains and losses is presented



# Carat Insight Limited


## Balance sheet

31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	8	75,457	92,207
<b>Current assets</b>			
Debtors	9	442,204	352,491
Cash at bank and in hand		125,694	170,790
		567,898	523,281
<b>Creditors: amounts falling due within one year</b>	10	(333,307)	(330,179)
<b>Net current assets</b>		234,591	193,102
<b>Total assets less current liabilities</b>		310,048	285,309
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	309,948	285,209
<b>Total equity shareholders' funds</b>	13	310,048	285,309

These financial statements were approved by the Board of Directors on 18 April 2007

Signed on behalf of the Board of Directors



J L Foster  
Director

# **Carat Insight Limited**

## **Notes to the accounts**

### **Year ended 31 December 2005**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both the current and preceding years. The financial statements have been prepared under the historical cost convention.

##### **Tangible fixed assets**

Tangible fixed assets are shown at original historical cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over their estimated useful lives at the following annual rates:

IT Hardware	33%
Furniture & Equipment	20%

##### **Taxation**

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the company's taxable income in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Turnover and recognition of income**

Turnover comprises the net value of billings, excluding value added taxes, for services provided in the normal course of business and reflects fees charged for research information.

##### **Operating leases**

The annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

##### **Pension costs**

The company contributes to individual personal pension arrangements. All such arrangements are defined contribution schemes. Contributions are charged to the profit and loss account in the year in which they arise.

##### **Statement of cash flows**

The financial statements of Aegis Group plc for the year ended 31 December 2005 contain a consolidated statement of cash flows. Therefore the company has taken advantage of the exemption granted under FRS 1 (revised) whereby it is not required to publish its own statement of cash flows.

#### **2. Segmental information**

All turnover and profit on ordinary activities before taxation results from research activity in the United Kingdom.

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 3. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2005 £	2004 £
Depreciation of owned tangible fixed assets	25,219	24,044
Auditors' remuneration – audit services	6,000	6,500
Operating lease rentals – motor vehicles	17,461	13,435

#### 4. Staff costs

The aggregate remuneration of employees (including directors) is shown below

	2005 £	2004 £
Wages and salaries	1,093,612	1,138,157
Social security costs	121,003	125,137
Other pension costs	71,935	55,733
	<u>1,286,550</u>	<u>1,319,027</u>

The average weekly number of persons employed the company during the year was 23 (2004 21)

#### Directors' remuneration

The employee costs shown above include emoluments in respect of directors of the company as follows

	2005 £	2004 £
Emoluments	677,263	609,124
Pension contributions	45,448	44,365
Total remuneration	<u>722,711</u>	<u>653,489</u>

Pension contributions made during the year were in respect of 5 directors (2004 – 5)

The directors' remuneration included amounts paid to the highest paid director as follows

	2005 £	2004 £
Emoluments	179,986	185,090
Pension contributions	13,912	13,979
Total remuneration	<u>193,898</u>	<u>199,069</u>

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 5. Interest receivable and similar income

	2005 £	2004 £
Interest receivable from other group companies	16,663	21,511

#### 6. Interest payable and similar charges

	2005 £	2004 £
Other interest payable	204	32

#### 7 Tax charge on profit/(loss) on ordinary activities

	2005 £	2004 £
Corporation tax charge/(credit) at 30%	25,152	(3,604)
Deferred tax		-
Adjustment in respect of prior years	15,698	-
Origination and reversal of timing differences	(5,594)	3,819
Total tax charge	35,256	215

#### Factors affecting current tax charge/(credit)

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK 30% (2004 30%)

The differences are explained below

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	59,995	(11,405)
Tax charge/(credit) at 30% thereon	17,999	(3,421)
Expenses disallowed for tax purposes	4,572	3,636
Excess of capital allowances over depreciation	2,581	(3,819)
Current tax charge/(credit)	25,152	(3,604)

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 8. Tangible fixed assets

	IT hardware £	Furniture & equipment £	Total £
<b>Cost</b>			
At 1 January 2005	107,602	151,512	259,114
Additions	1,644	6,825	8,469
At 31 December 2005	109,246	158,337	267,583
<b>Depreciation</b>			
At 1 January 2005	102,582	64,325	166,907
Charge for the year	1,780	23,439	25,219
At 31 December 2005	104,362	87,764	192,126
<b>Net book value</b>			
At 31 December 2005	4,884	70,573	75,457
At 31 December 2004	5,020	87,187	92,207

#### 9. Debtors

	2005 £	2004 £
Trade debtors	13,160	137,982
Amounts owed by group companies	305,355	128,071
Other debtors	24,457	20,577
UK Corporation tax	35,256	42,882
Deferred tax asset	-	5,434
Prepayments and accrued income	63,976	17,545
	442,204	352,491

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

	2005 £	2004 £
Trade creditors	24,912	91,607
Amounts owed to other group companies	25,150	2,748
Other creditors	4,626	-
Value added tax payable	4,161	17,434
Accruals and deferred income	269,788	218,390
Deferred tax liability	4,670	-
	333,307	330,179

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

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

The Deferred tax liability/(asset), representing accelerated capital allowances, is analysed as follows

	2005 £	2004 £
At 1 January	5,434	9,253
Profit and loss account	(10,104)	(3,819)
At 31 December	<u>(4,670)</u>	<u>5,434</u>

#### 11. Called up share capital

	2005 £	2004 £
<b>Authorised:</b>		
1000 (2004 1000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called-up and fully paid</b>		
100 (2004 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 12. Profit and loss account

	£
At 1 January 2005	285,209
Retained profit for the financial year	<u>24,739</u>
At 31 December 2005	<u>309,948</u>

#### 13. Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Profit/(loss) attributable to equity shareholders	24,739	(11,620)
Equity shareholders' funds at beginning of year	<u>285,309</u>	<u>296,929</u>
Equity shareholders' funds at end of year	<u>310,048</u>	<u>285,309</u>

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 14. Guarantees and other financial commitments

##### Guarantees

The company is party to a composite cross guarantee with other group companies in order to secure banking facilities. Under the terms of this guarantee each company is jointly and severally liable for any liability to the group's bankers, which cannot be made by the company in whose name the liability exists. Details of the cross guarantee are included in the financial statements of Aegis Media UK & Ireland Limited.

##### Operating leases – annual commitments

	2005 Motor vehicles £	2004 Motor vehicles £
Expiring within one year	1,787	1,787
Expiring between two and five years	14,784	13,245
	<u>16,571</u>	<u>15,032</u>

#### 15. Ultimate parent undertaking

The company is a direct subsidiary of Aegis Media UK & Ireland Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Aegis Group plc, the ultimate parent company and controlling entity, which is also incorporated in Great Britain and registered in England and Wales. The smallest group in which they are consolidated is that headed by Aegis Media UK & Ireland Limited.

The consolidated accounts of Aegis Group plc are available to the public and may be obtained from Aegis Group plc, 43-45 Portman Square, London W1H 6TH.

#### 16. Related party transactions

The company has taken advantage of the exemption available to 90% owned subsidiaries not to disclose related party transactions with other group companies. There were no other related party transactions during the current or prior year.

#### 17. Directors' interests

None of the directors hold shares or have any interests in the company at the beginning or end of the year.

The interests of the directors in the 5 pence ordinary shares of the ultimate holding company, Aegis Group plc, at the beginning and end of the year are shown below.

##### Shares

No Director held any shares in Aegis Group plc at the beginning or the end of the year.

The middle market price of the shares at 31 December 2005 was 122 pence and the range during 2005 was 93 pence to 145 pence (2004 – 78 to 115 pence).

##### Beneficial Interests

Ordinary shares of 5 pence each in Aegis Group plc for which the Directors have beneficial options to subscribe are shown below. The Aegis Group plc Register of Directors' interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

# Carat Insight Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 17. Directors' interests (continued)

	Options held at start of year	Granted during year	Lapsed/ exercised during year	Options held at end of year	Exercise price	Date from which exercisable	Expiry date
A Drummond	20,000	-	-	20,000	119 75p	23 03 2004	22 03 2011
	4,926	-	-	4,926	94 00p	18 06 2005	17 06 2012
	10,000	-	-	10,000	77 75p	25 06 2006	24 06 2013
	15,000	-	-	15,000	95 75p	17 03 2007	17 03 2014
E S Eley	50,104	-	-	50,104	119,75p	23 03 2004	22 03 2011
	18,425	-	-	18,425	94 00p	18 06 2005	17 06 2012
	40,000	-	-	40,000	77 75p	25 06 2006	24 06 2013
	40,000	-	-	40,000	95 75p	17 03 2007	17 03 2014
M J R Greenstreet	25,000	-	-	25,000	98 75p	02 06 2001	01 06 2008
	25,000	-	-	25,000	121 50p	17 03 2002	16 03 2009
	25,000	-	-	25,000	145 00p	18 04 2003	17 04 2010
	20,000	-	-	20,000	119 75p	23 03 2004	22 03 2011
	6,840	-	-	6,840	94 00p	18 06 2005	17 06 2012
	18,000	-	-	18,000	77 75p	25 06 2006	24 06 2013
	15,000	-	-	15,000	95 75p	17 03 2007	17 03 2014
N S Jones	30,000	-	-	30,000	63 75p	08 07 2000	07 07 2007
	20,000	-	-	20,000	52 00p	02 07 2001	01 07 2006
	50,000	-	-	50,000	98 75p	02 06 2001	01 06 2008
	50,000	-	-	50,000	121 50p	17 03 2002	16 03 2009
	46,551	-	-	46,551	145 00p	18 04 2003	17 04 2010
	60,543	-	-	60,543	119 75p	23 03 2004	22 03 2011
	19,099	-	-	19,099	94 00p	18 06 2005	17 06 2012
	60,000	-	-	60,000	77 75p	25 06 2006	24 06 2013
	50,000	-	-	50,000	95 75p	17 03 2007	17 03 2014
J C Svendsen	25,000	-	-	25,000	121 50p	17 03 2002	16 03 2009
	25,000	-	-	25,000	145 00p	18 04 2003	17 04 2010
	20,000	-	-	20,000	119 75p	23 03 2004	22 03 2011
	5,769	-	-	5,769	94 00p	18 06 2005	17 06 2012
	10,000	-	-	10,000	77 75p	25 06 2006	24 06 2013
	15,000	-	-	15,000	95 75p	17 03 2007	17 03 2014



# **Carat Insight Limited**

## **Notes to the accounts**

### **Year ended 31 December 2005**

#### **17. Directors' interests (continued)**

##### **Restricted Share Plan**

	Conditional shares at 01 Jan 2005	Awarded during year	Conditional shares at 31 Dec 2005	Vesting Date
A Drummond	-	5,000	5,000	24 06 2008
E S Eley	-	20,000	20,000	24 06 2008
M J R Greenstreet	-	6,500	6,500	24 06 2008
N S Jones	-	180,000	180,000	24 06 2008
J C Svendsen	-	5,000	5,000	24 06 2008

The number of shares shown represent the maximum number of shares which are capable of vesting at the end of the performance period, if the performance conditions are satisfied to the fullest extent

J L Foster and N Sharrocks are also directors of Aegis Media UK and Ireland Limited and the details of their interests in the shares of Aegis Group Plc are disclosed in the financial statements of this entity