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Registered no. 2841970

BOSTOCK MARKETING GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006



**MEAGER WOOD LOCKE & COMPANY
123 HAGLEY ROAD
EDGBASTON
BIRMINGHAM
B16 8LD**

BOSTOCK MARKETING GROUP LIMITED

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BOSTOCK MARKETING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and the financial statements of the company for the year ended 30 September 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

J P Bostock

D A Bostock

D Bostock

J Wiseman

W A Vickers (resigned 21st December 2006)

V Stait (resigned 31st December 2005)

D J Lewis

Secretary

W A Vickers (resigned 21st December 2006)

MWL Secretarial Services Limited (appointed 21st December 2006)

Registered Office

7 Holt Court North

Heneage Street West

Aston Science Park

Birmingham B7 4AX

Principal Activities

The principal activity of the company throughout the year was that of market research

Review of Business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

BMG Research was established in 1988 and serves both the social public sector and the commercial private sector, providing market and customer intelligence which is vital in the development of plans, the support of campaigns and the evaluation of performance.

Whilst turnover has not increased during the current financial year, with turnover falling slightly from £7,660,396 to £6,989,457, the company is anticipating a significant increase in turnover for the year to September 2007, with a healthy increase in gross margin and a return to the company's previous levels of profitability.

BOSTOCK MARKETING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

Although turnover has not increased during the year, the company has developed the customer base and has generated sales from new business

Staffing levels in 2005 were 219 increasing to 233 at the end of 2006. The increased staffing levels demonstrate the investment in people and in business development and have been planned to enable the company to meet the high levels of demand during 2007

As for many businesses of our size, the business environment in which we operate continues to be competitive. However, as a company we have invested in product development and thus strengthened our position as one of the major sources of UK social and market intelligence

With these risks and uncertainties in mind, we are aware that any plans for future expansion and development of the business may be subject to unforeseen future events outside of our control. Necessary adjustments and investment will be made to counteract any adverse business developments wherever possible

Future Developments

The directors believe that the prospects for continued growth are good and that the company is well placed to take advantage of market opportunities as they arise

Results and Dividends

The results of the year's trading and the financial position of the company are shown in the annexed accounts.

The company's loss for the year, after taxation, amounted to £8,917 (2005 - profit £398,740)

The directors also recommend that the interim dividend of £113,333 paid in respect of the redeemable shares be confirmed

Acquisition of own shares

During the year the company acquired 2,838 of its ordinary share capital. This represented 1% of the company's called up share capital and the shares were purchased for £35,986. The acquisition was at the request of a resigning director and the shares were cancelled after the purchase

Issue of Redeemable shares

During the year the company issued 42,838 1p redeemable shares. The shares were fully paid

Directors

The present directors are as shown above. All served on the board throughout the year

The company's Articles of Association do not require directors to retire by rotation

BOSTOCK MARKETING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

Directors' Interests

The interests of the directors in the shares of the company at the beginning and end of the year, were as follows

	30 September 2006	1 October 2005
J P Bostock		
Ordinary shares of £1 each	130,500	130,500
Redeemable shares of 1p each	6,250	0
D A Bostock		
Ordinary shares of £1 each	79,908	79,908
Redeemable shares of 1p each	6,250	0
D Bostock		
Ordinary shares of £1 each	12,500	12,500
Redeemable shares of 1p each	12,500	0
J Wiseman		
Ordinary shares of £1 each	12,500	12,500
Redeemable shares of 1p each	12,500	0
W A Vickers		
Ordinary shares of £1 each	2,838	2,838
Redeemable shares of 1p each	2,838	0
V Start (resigned 31 12 05)		
Ordinary shares of £1 each	0	2,838
D J Lewis		
Ordinary shares of £1 each	0	0
Redeemable shares of 1p each	1,250	0

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of this Annual Report as set out above each confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, Meager Wood Locke & Company, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985

ON BEHALF OF THE BOARD

MWL COMPANY SECRETARIAL SERVICES LIMITED - SECRETARY

Date 10th July 2007



BOSTOCK MARKETING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOSTOCK MARKETING GROUP LIMITED

We have audited the financial statements of Bostock Marketing Group Limited for the year ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.



Colin G Meager BSc (Econ) FCA
Christopher B Locke BA (Econ) FCA

Associates
Patsy Bond
Katrina Williams ACA CTA TEP



Meager Wood Locke
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Chartered Accountants
& Registered Auditors

BOSTOCK MARKETING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOSTOCK MARKETING GROUP LIMITED (CONT)

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 30 September 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The information given in the directors' report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Meager Wood Locke & Company', written over the company name.

MEAGER WOOD LOCKE & COMPANY
Registered Auditors

Date 10th July 2007

123 HAGLEY ROAD
EDGBASTON
BIRMINGHAM
B16 8LD



Registered to carry on audit
work and regulated for a range
of investment business activities
by the Institute of Chartered
Accountants in England and Wales

BOSTOCK MARKETING GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	2006 £	2005 £
TURNOVER	2	6,989,457	7,660,396
Cost of sales		3 056,290	3,285,226
GROSS PROFIT		3,933,167	4,375 170
Net operating expenses	3	3,974,812	3,876,530
OPERATING (LOSS)/PROFIT	4	(41,645)	498,640
Other interest receivable and similar income		42,387	66,820
Interest payable and similar charges	7	(14,037)	(15,720)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,295)	549,740
Tax on (loss)/profit on ordinary activities	8	(4,378)	151,000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(8,917)	398,740

The company's turnover and expenses all relate to continuing operations
There are no recognised gains or losses other than the loss for the financial year shown above

The annexed notes form part of these financial statements

BOSTOCK MARKETING GROUP LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	10	208,416	260,915
Investments	11	4	4
		<u>208,420</u>	<u>260,919</u>
CURRENT ASSETS			
Work in progress	12	-	70,777
Debtors	13	2,371,413	2,747,748
Cash at bank and in hand		1,111,939	584,036
		<u>3,483,352</u>	<u>3,402,561</u>
CREDITORS			
Amounts falling due within one year	14	1,825,645	1,603,111
NET CURRENT ASSETS		<u>1,657,707</u>	<u>1,799,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,866,127</u>	<u>2,060,369</u>
CREDITORS			
Amounts falling due after more than one year	15	(43,393)	(79,828)
NET ASSETS		<u><u>1,822,734</u></u>	<u><u>1,980,541</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	238,674	241,084
Share premium account		7,528	7,528
Other reserves	17	218,055	215,217
Profit and loss account	18	1,358,477	1,516,712
SHAREHOLDERS' FUNDS	19	<u><u>1,822,734</u></u>	<u><u>1,980,541</u></u>
(including non-equity interests)			

These financial statements were approved by the board on 10th July 2007
ON BEHALF OF THE BOARD

J P BOSTOCK - DIRECTOR

The annexed notes form part of these financial statements

BOSTOCK MARKETING GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	2006 £	2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	861,256	(54,120)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	42,387	66,820	
Interest paid	(5,784)	(5,412)	
Interest element of finance lease rental payments	(8,253)	(10,308)	
		<u>28,350</u>	<u>51,100</u>
TAXATION		(195,275)	(181,570)
CAPITAL EXPENDITURE			
Payments to acquire fixed assets	(47,300)	(61,685)	
Receipts from sales of fixed assets	699	100	
		<u>(46,601)</u>	<u>(61,585)</u>
EQUITY DIVIDENDS PAID		(113,333)	-
		<u>534,397</u>	<u>(246,175)</u>
FINANCING			
Issue of shares	428	-	
Purchase of the company's own shares	(35,986)	(155,186)	
Capital element of finance lease repayments	(82,055)	(81,326)	
		<u>(117,613)</u>	<u>(236,512)</u>
INCREASE/(DECREASE) IN CASH	25	<u>416,784</u>	<u>(482,687)</u>

The annexed notes form part of these financial statements.

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied

Consolidation

The parent company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention

The effect of events in relation to the year ended 30 September 2006 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 September 2006 and of the results for the year ended on that date

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates

Computer equipment	- 33% per annum of cost
Fixtures and fittings	- 20% per annum of cost

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences

Research and Development

Expenditure on research and development is written off against profits for the year in which it is incurred

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension Costs

The company operates a pension scheme for the benefit of certain directors and employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid

Revenue Recognition

All income is project related and revenue is recognised incrementally as work progresses on each project. All costs directly attributable to each project are charged against profits as they are incurred

2 TURNOVER

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

3 NET OPERATING EXPENSES

	2006	2005
	£	£
Overhead expenses	3 974,812	3,876,530
	<u> </u>	<u> </u>

4 OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2006	2005
	£	£
Directors' emoluments	471,849	560,747
Directors' pension contributions in respect of money purchase benefits	28,886	29,609
Total directors' emoluments	<u>500,735</u>	<u>590,356</u>
Hire of plant and machinery - operating leases	104,205	101,889
Hire of other assets - operating leases	137,003	137,001
Depreciation and amortisation of owned assets	84,708	73,221
Depreciation of assets held under finance leases and hire purchase	55,353	74,684
Auditors' remuneration	5,482	5,352
Profit on sale of fixed assets	<u>(167)</u>	<u>(100)</u>

5 DIRECTORS' REMUNERATION

	2006	2005
	£	£
Highest paid director		
Emoluments	120,516	131,083
Pension contributions in respect of money purchase benefits	<u>7,980</u>	<u>7,980</u>

There are 6 directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying services (2005 - 7)

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

6 STAFF COSTS

The average number of persons employed by the company including directors, during the year was as follows

	2006	2005
	Number	Number
Operations	177	165
Research	30	29
Management and administration	26	25
	<u>233</u>	<u>219</u>

The aggregate payroll costs of these persons were as follows

	2006	2005
	£	£
Wages and salaries	3,898,888	3,659,159
Social security	352,200	331,045
Other pension costs	90,275	86,888
	<u>4,341,363</u>	<u>4,077,092</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Other loans	5,784	5,412
Finance charges payable - finance leases and hire purchase	8,253	10,308
	<u>14,037</u>	<u>15,720</u>

8 TAXATION

Analysis of charge in period	2006	2005
	£	£
Current tax		
UK corporation tax on (losses)/profits of the year	6,770	151,000
Adjustments in respect of prior periods	(11,148)	-
	<u>(4,378)</u>	<u>151,000</u>
Tax on (loss)/profit on ordinary activities		

9 DIVIDENDS

	2006	2005
	£	£
Interim dividends paid in respect of redeemable shares at £2.65 per share	<u>113,333</u>	<u>-</u>

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

10 TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2005	509,537	239,641	749,178
Additions	72,190	15,905	88,095
Disposals	(23,971)	(5,704)	(29,675)
	<u>557,756</u>	<u>249,842</u>	<u>807,598</u>
At 30 September 2006			
Depreciation			
At 1 October 2005	364,821	123,443	488,264
Charge for the year	101,417	38,644	140,061
Eliminated on disposals	(23,439)	(5,704)	(29,143)
	<u>442,799</u>	<u>156,383</u>	<u>599,182</u>
At 30 September 2006			
Net book value			
At 30 September 2006	<u>114,957</u>	<u>93,459</u>	<u>208,416</u>
	<u>114,957</u>	<u>93,459</u>	<u>208,416</u>
At 30 September 2005	<u>144,717</u>	<u>116,198</u>	<u>260,915</u>
	<u>144,717</u>	<u>116,198</u>	<u>260,915</u>

Included in the total net book value of tangible fixed assets held at 30 September 2006 was £80,823 in respect of assets held under finance leases and hire purchase contracts

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

11 INVESTMENTS

Participating interests

	2006 £
Cost	
At 1 October 2005	4
Additions	-
	<hr/>
At 30 September 2006	4
	<hr/>
Provision	
At 1 October 2005	-
During the year	-
	<hr/>
At 30 September 2006	-
	<hr/>
Net cost	4
	<hr/> <hr/>

The company owns more than 20% of the issued share capital of the following companies

Name	Nature of business	Country of registration	Shares held, class/percentage
Bostock Marketing International Limited	Dormant	England	Ordinary 100%
People Matters Network Limited	Dormant	England	Ordinary 100%

12 STOCKS AND WORK IN PROGRESS

	2006 £	2005 £
Work in progress	-	70,777
	<hr/>	<hr/>

13 DEBTORS

Receivable within one year:

	2006 £	2005 £
Trade debtors	2,224,125	2,648,639
Prepayments and accrued income	147,288	99,109
	<hr/>	<hr/>
	2,371,413	2,747,748
	<hr/> <hr/>	<hr/> <hr/>

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

14 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans and overdrafts	111,119	-
Obligations under finance leases and hire purchase contracts	67,070	71,897
Trade creditors	1,033,445	585,624
Social security and other taxes	459,384	413,499
Other creditors	37,517	172,129
Corporation tax payable	6,770	206,423
Accruals and deferred income	110,340	153,539
	<u>1,825,645</u>	<u>1,603,111</u>

15. CREDITORS - AMOUNTS DUE AFTER ONE YEAR

	2006	2005
	£	£
Obligations under finance leases and hire purchase contracts	43,389	79,824
Amounts owed to group undertakings	4	4
	<u>43,393</u>	<u>79,828</u>

Obligations under finance leases and hire purchase contracts are secured by related assets

Obligations under finance leases and hire purchase contracts

	2006	2005
	£	£
Amounts payable		
Within two to five years	43,389	79,824
	<u>43,389</u>	<u>79,824</u>

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

16 SHARE CAPITAL

	2006	2005
	£	£
Authorised		
500 000 ordinary shares of £1 each	500 000	500,000
200 000 redeemable preference shares of £1 each	200,000	200,000
43,000 redeemable shares of 1 pence each	430	-
	<u>700,430</u>	<u>700,000</u>
 Allotted, called up and fully paid		
238,246 ordinary shares of £1 each	238,246	241,084
42,838 redeemable shares of 1 pence each	428	-
	<u>238 674</u>	<u>241,084</u>

On 6th June 2006 the company issued 42 838 redeemable shares of 1p each. The shares were fully paid. There are no voting rights or rights to dividends attached to the shares. The shares are redeemable at either the holder's or the company's option, with one months notice in writing any time after 6th June 2009. There is no premium due on redemption.

17 OTHER RESERVES

	2006
	£
Capital redemption reserve	
At 1 October 2005	215,217
Transfer from profit and loss account	2,838
	<u>218,055</u>
At 30 September 2006	<u>218,055</u>

18 PROFIT AND LOSS ACCOUNT

	2006
	£
At 1 October 2005	1,516,713
Retained loss for the financial year	(8,917)
Dividends paid	(113,333)
Purchase of own shares	(35,986)
	<u>1,358,477</u>
At 30 September 2006	<u>1,358,477</u>

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss)/profit for the financial year	(8,917)	398,740
Dividends	113,333	-
	<hr/>	<hr/>
New share capital subscribed	(122,250)	398,740
Purchase of own shares	428	-
	(35,986)	(155,186)
	<hr/>	<hr/>
Net addition to shareholders' funds	(157,807)	243,554
Opening shareholders' funds	1,980,541	1,736,987
	<hr/>	<hr/>
Closing shareholders' funds	1,822,734	1,980,541
	<hr/>	<hr/>

20 LEASING COMMITMENTS

At 30 September 2006 the company had annual commitments under non-cancellable operating leases as detailed below

		2006		2005
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	48,000	5,020	-	30,100
Within two to five years	-	133,938	192,029	75,869
	<u>48,000</u>	<u>138,958</u>	<u>192,029</u>	<u>105,969</u>

After the year end the company entered into a new lease agreement for 3 years commencing on 15th December 2006. The annual commitments under the new lease are £207,000 per annum.

21 PENSION COSTS

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £90,275 (2005 - £86,888). There were no outstanding premiums at the year end.

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

22 TRANSACTIONS WITH DIRECTORS

Transactions with Directors

During the year the company paid £1,804 (2005 - £5,412) in respect of interest on a loan from a director at a rate of 5% per annum

During the year the company purchased its own shares from a director, V Stait 2,838 ordinary shares of £1 each were purchased at a premium of £11.68. The total consideration was £35,986. The transaction was completed during the year and no monies were outstanding at the year end

Directors' share options

	Number of ordinary shares	Cost of Option	Exercise Price	Dates Exercisable
J Wiseman				
At 1 October 2005 and 30 September 2006	1,689	£1.00	£4.00 each	31.05.01 to 31.05.11
	<u>1,689</u>			
D Bostock				
At 1 October 2005 and 30 September 2006	1,689	£1.00	£4.00 each	31.05.01 to 31.05.11
	<u>1,689</u>			

23 CONTROLLING PARTY

The company is controlled by J P Bostock by virtue of his shareholding as described in the directors' report

24 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating (loss)/profit	(41,645)	498,640
Depreciation charge	140,061	147,905
Profit on sale of fixed assets	(167)	(100)
Decrease/(increase) in work in progress	70,777	(6,569)
Decrease/(increase) in debtors	376,335	(615,142)
Increase/(decrease) in creditors	315,895	(78,854)
Net cash inflow from operating activities	<u>861,256</u>	<u>(54,120)</u>

BOSTOCK MARKETING GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006 (CONT)

25 ANALYSIS OF NET FUNDS

	2005	Cash flow	Other changes	2006
	£	£	£	£
Cash at bank and in hand	584,036	527,903	-	1,111,939
Overdraft	-	(111,119)	-	(111,119)
		<u>416,784</u>		
Finance leases	(151,721)	82,055	(40,793)	(110,459)
Total	<u>432,315</u>	<u>498,839</u>	<u>(40,793)</u>	<u>890,361</u>

26 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	2005
	£	£
Increase/(decrease) in cash in the year	416,784	(482,687)
Cash outflow from decrease in lease financing	82,055	81,326
Change in net funds resulting from cash flows	<u>498,839</u>	<u>(401,361)</u>
New finance leases	(40,793)	(78,930)
Movement in net funds in the year	<u>458,046</u>	<u>(480,291)</u>
Net funds at 1 October 2005	432,315	912,606
Net funds at 30 September 2006	<u>890,361</u>	<u>432,315</u>

27 NON-CASH TRANSACTIONS

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £40,795 (2005 - £78,930)