Alphanumeric Limited

Financial statements

For the year ended 31 March 2006

Grant Thornton

Company No. 3749871

Company information

Company registration number	3749871
Registered office	212 - 214 Kirkgate WAKEFIELD West Yorkshire WF1 1UF
Directors	J M Boddy A R Gardner C I Tate
Secretary	J M Boddy
Bankers	HSBC 17 Church Street SHEFFIELD S1 1HH
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 2 Broadfield Court SHEFFIELD S8 0XF

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

Principal activities and business review

The company is principally engaged in information strategy.

There was a profit for the year after taxation amounting to £1,130,835 (2005: £529,509).

Key performance indicators of the company include gross profit margin, net profit margin and value added which is effectively gross profit adding back labour costs. These are monitored and reviewed on a regular basis by the directors.

Results and dividends

The profit for the year, after taxation, amounted to £1,130,835. Particulars of dividends paid are detailed in note 9 to the financial statements.

Post balance sheet events

The directors have paid a dividend of £754,428.

On 28 April 2006, the issued share capital was increased via a bonus issue of 1,196,834 ordinary shares of £1 each.

On 28 April 2006 the company entered into a cross guarantee over all the debts of the companies within the group headed up by Alphanumeric Holdings Limited.

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are liquidity risk and currency risk. The directors review and agree policies for managing these risks and they are summarised below. The policies have remained unchanged from previous periods.

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. Primarily this is achieved through maintaining control over debtors and creditors. Short term flexibility is achieved by overdraft facilities.

Currency risk
The company is exposed to transaction and translation foreign exchange risk. This is not significant and not considered a major risk . Exchange rate movements are monitored on a regular basis and pricing contracts take into account potential fluctuations.

Report of the directors

Directors

The directors who served the company during the year were as follows:

J M Boddy
A R Gardner
C F Buddery (resigned 30 March 2006)
C I Tate

The interests of J M Boddy, A R Gardner and C I Tate, who are all directors of the parent undertaking, are disclosed in that company's financial statements. C F Buddery held no interest in the company at any time during the year.

Directors' responsibilities

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

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 and of the profit or loss of the company for that year. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the directors 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.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

J M Boddy
Secretary
8-6-06 2006

Grant Thornton

Report of the independent auditor to the members of Alphanumeric Limited

We have audited the financial statements of Alphanumeric Limited for the year ended 31 March 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 23. 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of 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.

Report of the independent auditor to the members of Alphanumeric Limited (continued)

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 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2006.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
8 June 2006

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year except for the adoption of FRS 25 'Financial Instruments: Disclosure and Presentation'. This accounting policy is mandatory for all companies for accounting periods beginning on or after 1 January 2005. Its adoption has had no material effect on the company, hence comparative figures have not been restated.

The company has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and not produced consolidated financial statements as it itself is a wholly owned subsidiary.

The company have also adopted FRS 21 "Events after the balance sheet date".

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has resulted in no prior year adjustment.

Cash flow statement

The company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated cash flow statement. Consequently, the company is exempt under the terms of FRS 1 "Cash Flow Statements" from publishing a cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services provided during the year, excluding VAT.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

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:

Fixtures & Fittings - 20-33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Principal accounting policies

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Profit and loss account

	Note	2006 £	2005 £
Turnover	1	**7,198,883**	5,410,045
Cost of sales		**4,320,437**	3,407,737
Gross profit		**2,878,446**	2,002,308
Other operating charges	2	**1,382,317**	1,128,742
Operating profit	3	**1,496,129**	873,566
Interest receivable		**21,236**	18,834
Amounts written off investments	6	**–**	(110,313)
Interest payable and similar charges	7	**(554)**	(578)
Profit on ordinary activities before taxation		**1,516,811**	781,509
Tax on profit on ordinary activities	8	**385,976**	252,000
Profit for the financial year	21	**1,130,835**	529,509

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	9	**142,937**	92,867
Investments	10	**99,344**	99,344
		242,281	192,211
Current assets			
Stocks	11	**4,389**	5,258
Debtors	12	**2,442,432**	1,097,093
Cash at bank and in hand		**913,440**	1,362,390
		3,360,261	2,464,741
Creditors: amounts falling due within one year	13	**1,498,908**	1,381,259
Net current assets		**1,861,353**	1,083,482
Total assets less current liabilities		**2,103,634**	1,275,693
Provisions for liabilities			
Deferred taxation	14	**4,000**	4,000
		2,099,634	1,271,693
Capital and reserves			
Called-up share capital	19	**100**	100
Profit and loss account	20	**2,099,534**	1,271,593
Shareholders' funds	21	**2,099,634**	1,271,693

These financial statements were approved by the directors on 2006 and are signed on their behalf by:

C I Tate Chris Tate **Director**
8-6-06

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2006	2005
	£	£
United Kingdom	**7,198,883**	5,410,045

2 Other operating charges

	2006	2005
	£	£
Administrative expenses	**1,382,317**	1,128,742

3 Operating profit

Operating profit is stated after charging:

	2006	2005
	£	£
Depreciation of owned fixed assets	**75,972**	52,867
Auditor's remuneration:		
Audit fees	**5,200**	4,750
Operating lease costs:		
Land and buildings	**16,500**	16,500

Notes to the financial statements

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2006 No	2005 No
Number of information strategists	**58**	45
Number of management and administration staff	**6**	6
	64	51

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	**4,044,859**	3,218,072
Social security costs	**482,197**	396,326
	4,527,056	3,614,398

5 Directors

Remuneration in respect of directors was as follows:

	2006 £	2005 £
Emoluments receivable	**519,626**	483,754

Emoluments of highest paid director:

	2006 £	2005 £
Total emoluments	**241,500**	255,919

The number of directors who made contributions under company pension schemes was as follows:

	2006 No	2005 No
Money purchase schemes	**–**	–

6 Amounts written off investments

	2006 £	2005 £
Amount written off investments	**–**	110,313

Notes to the financial statements

7 Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	**554**	578

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	**450,000**	260,000
Adjustment in respect of prior year	**(64,024)**	–
Total current tax	**385,976**	260,000
Deferred tax:		
Origination and reversal of timing differences	–	(8,000)
Tax on profit on ordinary activities	**385,976**	252,000

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
Profit on ordinary activities before taxation	**1,516,811**	781,509
Profit/(loss) on ordinary activities by rate of tax	**455,043**	234,453
Expenses not deductible for tax purposes	**34**	29,580
Capital allowances for the period in excess of depreciation	**2,811**	8,057
Adjustments to tax charge in respect of previous periods	**(64,024)**	-
Group relief	**(10,168)**	(18,509)
Over provision in current year	**2,280**	6,419
Total current tax (note 8(a))	**385,976**	260,000

Notes to the financial statements

9 Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 April 2005	468,949
Additions	126,042
At 31 March 2006	594,991
Depreciation	
At 1 April 2005	376,082
Charge for the year	75,972
At 31 March 2006	452,054
Net book amount	
At 31 March 2006	**142,937**
At 31 March 2005	92,867

10 Investments

	Interests in subsidiary undertaking £
Cost	
At 1 April 2005 and 31 March 2006	**209,657**
Amounts written off	
At 1 April 2005	**110,313**
Written off in prior years	-
At 31 March 2006	**110,313**
Net book amount	
At 31 March 2006	**99,344**
At 31 March 2005	99,344

Notes to the financial statements

10 Investments (continued)

Interests in fixed asset investments

At 31 March 2006 the company had interests in the following fixed asset investments:

	Class of share capital	Proportion of shares held	Nature of business
Jaywing Central Limited	Ordinary shares	100%	Implementation of information strategy
ISIS Direct Limited	Ordinary shares	100%	Dormant company

11 Stocks

	2006 £	2005 £
Work in progress	**4,389**	5,258

12 Debtors

	2006 £	2005 £
Trade debtors	**962,507**	424,712
Amounts owed by group undertakings	**1,423,134**	633,975
Other debtors	**1,000**	1,000
Prepayments and accrued income	**55,791**	37,406
	2,442,432	1,097,093

13 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	**166,585**	136,672
Amounts owed to group undertakings	**–**	2,759
Corporation tax	**273,025**	284,313
Other taxation and social security	**491,812**	344,325
Accruals and deferred income	**567,486**	613,190
	1,498,908	1,381,259

Notes to the financial statements

14 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2006	2005
	£	£
Provision brought forward	**4,000**	12,000
Profit and loss account movement arising during the year	-	(8,000)
Provision carried forward	**4,000**	4,000

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	**4,000**	4,000

15 Derivatives

The company had no financial derivatives at 31 March 2006 or 31 March 2005.

16 Leasing commitments

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings	
	2006	2005
	£	£
Operating leases which expire:		
Within 2 to 5 years	**18,800**	16,500

17 Contingent liabilities

The company has given a cross guarantee in respect of the bank overdraft of other group companies.

The directors have confirmed that there were no other contingent liabilities which should be disclosed at 31 March 2006 or 31 March 2005.

18 Related party transactions

As a wholly owned subsidiary of Alphanumeric (Holdings) Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed up by Alphanumeric (Holdings) Limited on the grounds that the accounts are publicly available from Companies House.

Notes to the financial statements

19 Share capital

Authorised share capital:

	2006 £	2005 £
100 Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid:

	2006 No	2006 £	2005 No	2005 £
Ordinary shares of £1 each	**100**	**100**	100	100

20 Reserves

	Profit and loss account £
At 1 April 2005	**1,271,593**
Profit for the year	**1,130,835**
Dividends paid	**(302,894)**
At 31 March 2006	**2,099,534**

21 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	**1,130,835**	529,509
Dividends paid	**(302,894)**	(60,000)
Net addition to shareholders' funds	**827,941**	469,509
Opening shareholders' funds	**1,271,693**	802,184
Closing shareholders' funds	**2,099,634**	1,271,693

22 Ultimate parent undertaking

The ultimate parent undertaking of this company is its parent company, Alphanumeric (Holdings) Limited, which is also the company's controlling related party by virtue of its 100% ownership of the company's share capital.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Alphanumeric (Holdings) Limited. Copies of the group accounts can be obtained at 212 - 214 Kirkgate, Wakefield, West Yorkshire, WF1 1UF.

Notes to the financial statements

23 Post balance sheet event

The directors have paid a dividend of £754,428.

On 28 April 2006, the issued share capital was increased via a bonus issued of 1,196,834 ordinary shares of £1 each.

On 28 April 2006 the company entered into a cross guarantee over all the debts of the companies within the group headed up by Alphanumeric (Holdings) Limited.