COMPANIES HOUSE

Alphanumeric Limited

Financial statements

For the year ended 31 March 2007

Grant Thornton

SATURDAY

A0RGXR8D

A08 14/07/2007 173

COMPANIES HOUSE

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:	Barclays Bank plc 1 Princes Street IPSWICH IP1 1PB
Auditor:	Grant Thornton UK LLP Registered Auditors Chartered Accountants 2 Broadfield Court SHEFFIELD S8 0XF

Index to the financial statements

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2007

Principal activities and business review

The company is principally engaged in information strategy

There was a profit for the year after taxation amounting to £1,323,354 (2006 £1,130,835)

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, and the company has performed to expected levels during the year

The company have paid dividends amounting to £924,428 (2006 £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 1 November 2006 the company hived up the trade and assets of its subsidiary undertaking Jaywing Central Limited At the date of hive up the net assets amounted to £323,645 Further details are disclosed in note 26 to the accounts

Future developments

The company was acquired by Digital Marketing Group plc during the year The directors expect this to provide the company with further growth potential in the coming years

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

Directors

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

J M Boddy
A R Gardner
C I Tate

Report of the directors

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 auditor in accordance with section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD

Chris Tate

C I Tate
Director
26 June 2007

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 31March 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 26 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

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

Grant Thornton

Report of the independent auditor to the members of Alphanumeric Limited

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 2007 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 2007

GT UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
26 June 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom accounting standards and 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

Consolidated financial statements

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 is itself a wholly owned subsidiary

These financial statements present information about the individual undertaking and not about its group

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
Equipment	-	33% straight line

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

Principal accounting policies

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 exception

- 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

Investments

Investments are included at cost less amounts written off

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

Share based payments

The fair value at the date of grant of share based remuneration, principally share options, is calculated using a binomial pricing model and charged to the income statement on a straight line basis over the vesting period of the award The charge to the income statement takes account of the estimated number of shares that will vest All share based remuneration is equity settled

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	Continuing operations 2007 £	From hive up of subsidiary undertaking 2007 £	Total 2007 £	2006 £
Turnover	1	8,935,733	1,929,307	10,865,040	7,198,883
Cost of sales		4,515,059	1,349,182	5,864,241	4,320,437
Gross profit		4,420,674	580,125	5,000,799	2,878,446
Administrative expenses before onerous lease provision		2,475,909	357,948	2,833,857	1,382,317
Onerous lease provision	16	77,616	-	77,616	-
Total administrative expenses	2	2,533,525	357,948	2,911,473	1,382,317
Operating profit	3	1,867,149	222,177	2,089,326	1,496,129
Amounts written off investments	11			(99,344)	-
Interest receivable				24,919	21,236
Interest payable and similar charges	6			(121,866)	(554)
Profit on ordinary activities before taxation				1,893,035	1,516,811
Tax on profit on ordinary activities	7			569,681	385,976
Profit for the financial year	20			1,323,354	1,130,835

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	2007 £	2006 £
Fixed assets			
Intangible assets	9	**54,660**	-
Tangible assets	10	**205,728**	142,937
Investments	11	**9,400**	99,344
		269,788	242,281
Current assets			
Stocks	12	**4,000**	4,389
Debtors	13	**5,321,575**	2,442,432
Cash at bank and in hand		**1,534,032**	913,440
		6,859,607	3,360,261
Creditors amounts falling due within one year	14	**4,549,219**	1,498,908
Net current assets		**2,310,388**	1,861,353
Total assets less current liabilities		**2,580,176**	2,103,634
Deferred taxation	15	**4,000**	4,000
Provisions for liabilities	16	**77,616**	-
Total net assets		**2,498,560**	2,099,634
Capital and reserves			
Called up share capital	19	**1,196,934**	100
Profit and loss account	20	**1,301,626**	2,099,534
Shareholders' funds	21	**2,498,560**	2,099,634

These financial statements were approved by the directors on 26 June 2007 and are signed on their behalf by

Chris Tate

C I Tate **Director**

The accompanying accounting policies and notes form an integral part of these financial statements

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

	2007	2006
	£	£
United Kingdom	10,865,040	7,198,883

2 Other operating charges

	2007	2006
	£	£
Administration expenses including onerous lease provision	2,911,473	1,382,317

3 Operating profit

Operating profit is stated after charging	2007	2006
	£	£
Depreciation of owned fixed assets	106,153	75,972
Auditors' remuneration		
Audit fees	13,670	5,200
Non audit services	29,375	-
Amortisation of goodwill	20,833	-
Operating lease costs		
Land and buildings	59,646	16,500

4 Directors and employees

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

	2007	2006
	Number	Number
Number of information strategists	71	58
Number of management and administration staff	9	6
	80	64

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	4,880,905	4,044,859
Social security costs	496,389	482,197
	5,377,294	4,527,056

Notes to the financial statements

5 Directors

Remuneration in respect of directors was as follows

	2007	2006
	£	£
Emoluments receivable	**389,200**	519,626

Emoluments of highest paid director

	2007	2006
	£	£
Total emoluments	**159,663**	241,500

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

	2007	2006
	Number	Number
Money purchase schemes	**-**	-

6 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	**121,866**	554

7 Tax on ordinary activities

(a) Analysis of charge in the year

Current tax	2007	2006
	£	£
In respect of the year		
UK corporation tax based on the results for the year at 30% (2006 - 30%)	**675,000**	450,000
Adjustment in respect of the prior year	**(105,319)**	(64,024)
Total current tax	**569,681**	385,976
Deferred tax		
Origination and reversal of timing differences	**-**	-
Tax on profit on ordinary activities	**569,681**	385,976

Notes to the financial statements

7 Tax on ordinary activities (continued)

(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% (2006 30%)

	2007	2006
	£	£
Profit on ordinary activities before taxation	**1,893,035**	1,516,811
Profit/(loss) on ordinary activities by rate of tax	**567,911**	455,043
Expenses not deductible for tax purposes	**122,593**	34
Capital allowances for period in excess of depreciation	**20,895**	2,811
Group relief	**-**	(64,024)
Utilisation of tax losses	**(36,399)**	(10,698)
Over provision in current year	**-**	2,810
Adjustment in respect of the prior year	**(105,319)**	-
Total current tax (note 7 (a))	**569,681**	385,976

8 Dividends

During the year the company paid dividends amounting to £924,428 on ordinary shares

9 Intangible assets

	Purchased goodwill
	£
Cost	
At 1 April 2006	-
Transfer in on hive up	75,493
At 31 March 2007	75,493
Amortisation	
At 1 April 2006	-
Provided in year	20,833
At 31 March 2007	20,833
Net book amount	
At 31 March 2007	**54,660**
At 31 March 2006	-

Notes to the financial statements

10 Tangible fixed assets

	Equipment £	Fixtures & fittings £	Total £
Cost			
At 1 April 2006	30,911	564,081	594,992
Transfer in on hive up	4,816	60,733	65,549
Additions	749	102,646	103,395
31 March 2007	36,476	727,460	763,936
Depreciation			
At 1 April 2006	29,321	422,734	452,055
Charge for the year	2,283	103,870	106,153
At 31 March 2007	31,604	526,604	558,208
Net book amount			
At 31 March 2007	**4,872**	**200,856**	**205,728**
At 31 March 2006	1,590	141,347	142,937

11 Fixed asset investments

	Interests in subsidiary undertakings £
Cost	
At 1 April 2006	209,657
Transfer in on hive up	9,400
At 31 March 2007	219,057
Amounts written off	
At 1 April 2006	110,313
Written off during year	99,344
At 31 March 2007	209,657
Net book amount	
At 31 March 2007	**9,400**
At 31 March 2006	99,344

Interests in fixed asset investments

At 31 March 2007 the company had interests in the following fixed asset investments

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

Notes to the financial statements

12 Stocks

	2007 £	2006 £
Work in progress	4,000	4,389

13 Debtors

	2007 £	2006 £
Trade debtors	1,928,764	962,507
Amounts owed by group undertakings	3,169,055	1,423,134
Other debtors	-	1,000
Prepayments and accrued income	223,756	55,791
	5,321,575	2,442,432

14 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	824,852	166,585
Amounts owed to group undertakings	2,399,560	-
Corporation tax	325,213	273,025
Other taxation and social security	616,811	491,812
Accruals and deferred income	382,783	567,486
	4,549,219	1,498,908

15 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	4,000	4,000
Profit and loss account movement arising during the year	-	-
Provision carried forward	4,000	4,000

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

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	4,000	4,000

Notes to the financial statements

16 Provisions for liabilities

	Onerous lease provision £
Balance at 1 April 2006	-
Amounts provided for during the period	77,616
Balance at 31 March 2007	77,616

Provisions for liabilities represent provisions for onerous leases in respect of certain properties, representing onerous lease payments for up to 5 years

17 Derivatives

The company had no financial derivatives at 31 March 2007 or 31 March 2006

18 Leasing commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2007 £	2006 £
Operating leases which expire		
Within 2 to 5 years	75,040	18,800
Over 5 years	26,900	-
	101,940	18,800

19 Share capital

Authorised share capital

	2007 £	2006 £
1,196,934 Ordinary shares of £1 each	1,196,934	100

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	1,196,934	1,196,934	100	100

Bonus issue
During the year the directors increased the authorised share capital of the company to £1,196,934, and subsequently made a bonus issue of 1,196,834 shares capitalised from the profit and loss account

Notes to the financial statements

20 Reserves

	Profit and loss account £
At 1 April 2006	2,099,534
Profit for the year	1,323,354
Dividends paid	(924,428)
Bonus issue of shares	(1,196,834)
At 31 March 2007	**1,301,626**

21 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	**1,323,354**	1,130,835
Dividends paid	**(924,428)**	(302,894)
Net addition to shareholders' funds	**398,926**	827,941
Opening shareholders' funds	**2,099,634**	1,271,693
Closing shareholders' funds	**2,498,560**	2,099,634

22 Transactions with related parties

As a wholly owned subsidiary of Digital Marketing Group plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by that company

23 Capital commitments

There were no capital commitments at 31 March 2007 or 31 March 2006

24 Contingent liabilities

There is a cross guarantee between all members of the Digital Marketing Group plc group of companies on all bank overdrafts and borrowings with Barclays Bank plc At 31 March 2007 the amount thus guaranteed by the company was £13,477,000 (2006 - £nil)

25 Ultimate parent undertaking

The ultimate parent undertaking of this company is its parent company, Digital Marketing Group plc The company's controlling related party is Alphanumeric Holdings Limited, 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 Digital Marketing Group plc Copies of the group accounts can be obtained at Couching House, Couching Street, Watlington, Oxfordshire, OX49 5PX

Notes to the financial statements

26 Hive up of subsidiary undertaking

On 1 November 2006 the company hived up the trade and assets of its 100% owned subsidiary undertaking Jaywing Central Limited

The assets and liabilities hived up at 1 November 2006 were as follows

	Fair value
	£
Fixed assets	
Tangible	65,549
Intangible	75,493
Investments	9,400
	150,442
Current assets	
Debtors	1,064,675
Bank and cash	217,780
Total assets	1,432,897
Creditors	
Trade creditors	712,554
Other creditors	396,698
Total liabilities	1,109,252
Net assets	323,645