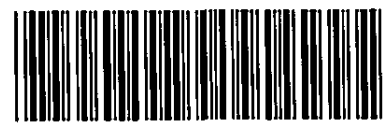


**Alphanumeric Limited**  
Financial statements  
For the year ended 31 March 2010

**COMPANIES HOUSE**



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COMPANIES HOUSE

**Company no 03749871**

## Company information

<b>Company registration number:</b>	03749871
<b>Registered office:</b>	Arclite House Century Road Peatmoor SWINDON SN5 5YN
<b>Directors:</b>	R B Langdon C I Tate K J Sadler
<b>Secretary:</b>	K J Sadler
<b>Bankers:</b>	Barclays Bank plc 1 Princes Street IPSWICH IP1 1PB
<b>Auditor:</b>	Grant Thornton UK LLP Registered Auditor Chartered Accountants 2 Broadfield Court SHEFFIELD S8 0XF

## Index to the financial statements

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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 2010

### Principal activity

The company is principally engaged in information strategy

### Results and dividends

There was a loss for the year after taxation amounting to £912,961 (2009 profit £1,852,182)

The company has paid the following dividends during the year

	2010 £	2009 £
Dividend in specie	3,084,768	-
Dividends paid	<u>600,000</u>	<u>2,200,000</u>
	<u>3,684,768</u>	<u>2,200,000</u>

### Key performance indicators

Key performance indicators of the company include gross profit margin (2010 36%, 2009 49%), contribution margin (2010 63%, 2009 51%) which is defined as gross margin less direct labour costs and net operating margin before share based payment charges (2010 13%, 2009 25%) These are monitored and reviewed on a regular basis by the directors, and the company has performed to expected levels during the year

### Business review

The directors are disappointed with the results achieved during the course of the year despite the difficult trading conditions In particular within the financial services sector where many projects were cancelled, deferred or scaled down

Gross profit fell by 61% compared to last year, and operating profit before share based payments and impairment review write offs were down 60% compared to last year, this was despite £2.7m of cost savings being achieved compared to the last year

The cost base and people mix within the company has been restructured in line with what the directors believe to be a realistic and achievable budget for the forthcoming year

### 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

A R Gardner (resigned 26 February 2010)  
R B Langdon  
C I Tate  
K J Sadler (appointed 16 July 2009)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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. The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware

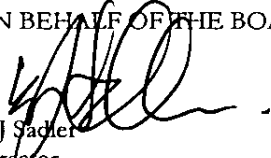
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditor

The company's articles require annual reappointment of the auditors. Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD



K J Sadler  
Director  
1 July 2010



# Independent auditor's report to the members of Alphanumeric Limited

We have audited the financial statements of Alphanumeric Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Independent auditor's report to the members of Alphanumeric Limited

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Michael Redfern*

Michael Redfern  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
SHEFFIELD  
1 July 2010

## 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 400 of the Companies Act 2006 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 invoiced in relation to work undertaken during the year.

Turnover is the revenue arising from the sale of services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable.

### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of the goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

### **Development costs**

Development costs incurred in the year are capitalised and amortised on a straight line basis over three years.

### **Fixed assets**

All fixed assets are stated at cost, net of depreciation and any provision for impairment.



## Principal accounting policies

### Depreciation

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

Fixtures and Fittings	- 20 - 33%
Equipment	- 33%

### Work in progress

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### 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.

### 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.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. 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.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### Investments

Investments are included at cost less amounts written off.

## Principal accounting policies

### **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

### **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.

## Profit and loss account

	Note	2010 £	2009 £
Turnover	1	7,771,841	15,031,505
Cost of sales		(4,936,623)	(7,713,915)
Gross profit		<u>2,835,218</u>	<u>7,317,590</u>
Administrative expenses		(2,489,830)	(3,516,812)
Share based payments charge		(1,310,823)	(883,124)
Total administrative expenses		<u>(3,800,653)</u>	<u>(4,399,936)</u>
<b>Operating (loss)/profit</b>	2	<u>(965,435)</u>	<u>2,917,654</u>
Other income		166,585	-
Income from fixed asset investments		-	53,790
Amounts written off investments		-	(53,790)
Interest receivable and similar income		54	2,628
Interest payable and similar charges	5	-	(1,291)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(798,796)</u>	<u>2,918,991</u>
Tax on (loss)/profit on ordinary activities	6	(114,165)	(1,066,809)
<b>(Loss)/profit for the financial year after taxation</b>	20	<u>(912,961)</u>	<u>1,852,182</u>

All of the activities of the company are classed as continuing


There are no recognised gains or losses other than the result for the year

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

## Balance sheet

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	7	54,588	374,734
Tangible assets	8	120,651	126,721
Investments	9	-	9,600
		<u>175,239</u>	<u>511,055</u>
<b>Current assets</b>			
Stocks	10	15,082	-
Debtors	11	3,382,114	4,424,656
Cash at bank and in hand		216,737	2,560,593
		<u>3,613,933</u>	<u>6,985,249</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,243,143)</u>	<u>(2,555,984)</u>
<b>Net current assets</b>		<u>1,370,790</u>	<u>4,429,265</u>
<b>Total assets less current liabilities</b>		<u>1,546,029</u>	<u>4,940,320</u>
<b>Creditors: amounts falling due after more than one year</b>	13	-	(100,000)
Provisions for liabilities	15	-	(7,385)
<b>Net assets</b>		<u>1,546,029</u>	<u>4,832,935</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,196,934	1,196,934
Profit and loss account	20	349,095	3,636,001
<b>Shareholders' funds</b>	21	<u>1,546,029</u>	<u>4,832,935</u>

The financial statements were approved and authorised by the directors on 1 July 2010 and are signed on their behalf by

  
K J Sadler  
Director

Company number 03749871

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:

	2010 £	2009 £
United Kingdom	7,339,674	14,961,123
Rest of Europe	422,058	70,382
USA	5,913	-
Other	4,196	-
Total	<u>7,771,841</u>	<u>15,031,505</u>

### 2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2010 £	2009 £
Depreciation of owned fixed assets	89,549	113,895
Impairment of development costs and purchased goodwill	661,406	-
Auditors' remuneration		
Audit fees	11,500	11,500
Taxation	3,500	3,500
Amortisation	64,421	4,660
Operating lease costs: Land and buildings	<u>63,600</u>	<u>63,600</u>

### 3 Directors and employees

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

	2010 Number	2009 Number
Information strategists	70	92
Management and administration staff	<u>9</u>	<u>11</u>
	<u>79</u>	<u>103</u>

The aggregate payroll costs of the above were:

	2010 £	2009 £
Wages and salaries	4,328,231	6,287,931
Share based payments	1,310,823	883,124
Social security costs	<u>506,243</u>	<u>768,836</u>
	<u>6,145,297</u>	<u>7,939,891</u>

## Notes to the financial statements

### 4 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments receivable	<u>77,749</u>	<u>312,760</u>
Emoluments of highest paid director		
	2010 £	2009 £
Total emoluments	<u>77,749</u>	<u>135,680</u>

No directors received contributions to company pension schemes during the year

### 5 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	<u>-</u>	<u>1,291</u>

### 6 Tax on ordinary activities

(a) Analysis of charge in the year

Current tax	2010 £	2009 £
In respect of the year		
UK corporation tax based on the results for the year at 28% (2009 28%)	107,244	1,078,255
Adjustment in respect of the prior year	(10,773)	1,915
Total current tax	<u>96,471</u>	<u>1,080,170</u>
Deferred tax		
Origination and reversal of timing differences	<u>17,694</u>	<u>(13,361)</u>
Tax on profit on ordinary activities	<u>114,165</u>	<u>1,066,809</u>

## Notes to the financial statements

### 6 Tax on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%)

	2010 £	2009 £
(Loss)/profit on ordinary activities before taxation	(798,796)	2,918,991
(Loss)/profit on ordinary activities by rate of tax	(223,663)	817,317
Expenses not deductible for tax purposes	416,205	251,128
Depreciation for period in excess of capital allowances	-	12,737
Capital allowances in excess of depreciation	(7,295)	-
Other	1	(2,927)
Sch 23 share scheme deduction	(78,004)	-
Adjustment in respect of the prior year	(10,773)	1,915
Total current tax (note 6 (a))	96,471	1,080,170

### 7 Intangible assets

	Purchased goodwill £	Development Costs £	Total £
Cost			
At 1 April 2009	345,394	104,833	450,227
Additions	-	505,681	505,681
Release of deferred consideration	(100,000)	-	(100,000)
At 31 March 2010	245,394	610,514	855,908
Amounts written off			
At 1 April 2009	75,493	-	75,493
Amortisation	8,495	55,926	64,421
Impairment	161,406	500,000	661,406
At 31 March 2010	245,394	555,926	801,320
Net book amount			
At 31 March 2010	-	54,588	54,588
At 31 March 2009	269,901	104,833	374,734

The cost of purchased goodwill of £345,394 included £100,000 of deferred consideration, which was contingent upon various performance criteria. As the performance criteria has not been met, the cost of goodwill has been reduced.

Following the year end the directors determined that purchased goodwill should be fully written off and that development costs should be impaired by £500,000.

## Notes to the financial statements

### 8 Tangible fixed assets

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 April 2009	36,476	908,644	945,120
Additions	-	83,481	83,481
Disposals	(104)	(403,526)	(403,630)
At 31 March 2010	36,372	588,599	624,971
Depreciation			
At 1 April 2009	34,570	783,829	818,399
Charge for the year	1,639	87,910	89,549
Disposals	(104)	(403,524)	(403,628)
At 31 March 2010	36,105	468,215	504,320
Net book amount			
At 31 March 2010	267	120,384	120,651
At 31 March 2009	1,906	124,815	126,721

### 9 Fixed asset investments

	Interests in subsidiary undertakings £
Cost	
At 1 April 2009	542,948
Transferred out in a dividend in specie	(542,948)
At 31 March 2010	-
Amounts written off	
At 1 April 2009	533,348
Transferred out in a dividend in specie	(533,348)
At 31 March 2010	-
Net book amount	
At 31 March 2010	-
At 31 March 2009	9,600

#### Interests in fixed asset investments

On 29 March 2010 the company transferred its interests in the following fixed asset investments via a dividend in specie

	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
Prodant Limited	Ordinary shares	100%	Dormant company



## Notes to the financial statements

### 10 Stocks

	2010 £	2009 £
Work in progress	<u>15,082</u>	<u>-</u>

### 11 Debtors

	2010 £	2009 £
Trade debtors	1,436,395	1,650,743
Amounts owed by group undertakings	1,725,759	2,576,003
Prepayments and accrued income	193,990	154,246
Deferred tax asset (see note 14)	25,970	43,664
	<u>3,382,114</u>	<u>4,424,656</u>

### 12 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	350,111	409,626
Amounts owed to group undertakings	1,449,529	602,450
Corporation tax	14,549	796,727
Other taxation and social security	394,910	682,244
Accruals and deferred income	34,044	64,937
	<u>2,243,143</u>	<u>2,555,984</u>

### 13 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Deferred consideration on acquisition	<u>-</u>	<u>100,000</u>

## Notes to the financial statements

### 14 Deferred taxation

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Asset brought forward	(43,664)	(31,000)
Arising on hive up	-	(228)
Profit and loss account movement arising during the year	17,694	(12,436)
Asset carried forward (note 11)	<u>(25,970)</u>	<u>(43,664)</u>

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

	2010 £	2009 £
Excess of depreciation over taxation allowances on fixed assets	(25,970)	(43,436)
Other timing differences	-	(228)
	<u>(25,970)</u>	<u>(43,664)</u>

### 15 Provisions for liabilities

	Onerous lease provision £
Balance at 1 April 2009	7,385
Amounts released during the period	<u>(7,385)</u>
Balance at 31 March 2010	<u>-</u>

### 16 Derivatives

The company had no financial derivatives at 31 March 2010 or 31 March 2009

### 17 Leasing commitments

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010 £	2009 £
Operating leases which expire		
Less than 1 year	18,850	37,000
Within 2 to 5 years	<u>20,300</u>	<u>20,300</u>
	<u>39,150</u>	<u>57,300</u>

## Notes to the financial statements

### 18 Dividends

Dividends paid during the year comprised

	2010 £	2009 £
Dividends on ordinary shares	600,000	2,200,000
Dividend in specie	3,084,768	-
	<u>3,684,768</u>	<u>2,200,000</u>

Dividend in specie comprised

	2010 £	2009 £
Investments	9,600	-
Intercompany balances	3,075,168	-
	<u>3,084,768</u>	<u>-</u>

### 19 Share capital

Authorised share capital

	2010 £	2009 £
1,196,934 Ordinary shares of £1 each	<u>1,196,934</u>	<u>1,196,934</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	<u>1,196,934</u>	<u>1,196,934</u>	<u>1,196,934</u>	<u>1,196,934</u>

### 20 Reserves

	Profit and loss account £
At 1 April 2009	3,636,001
Loss for the year	(912,961)
Dividends paid (note 18)	(3,684,768)
Credit in respect of share based payments	1,310,823
At 31 March 2010	<u>349,095</u>

## Notes to the financial statements

### 21 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/profit for the financial year	(912,961)	1,852,182
Dividends paid (note 18)	(3,684,768)	(2,200,000)
Credit in respect of share based payments	1,310,823	883,124
Net (reduction)/addition to shareholders' funds	(3,286,906)	535,306
Opening shareholders' funds	4,832,935	4,297,629
Closing shareholders' funds	1,546,029	4,832,935

### 22 Performance share plan

The parent company, Digital Marketing Group plc, grants share options under the Digital Marketing Group Performance Share Plan and has granted share options to employees of the Company

Details of the share options granted during and outstanding at the end of the year are as follows

	Number of share options	2010 Weighted average exercise price (pence)	Number of share options	2009 Weighted average exercise price (pence)
At 1 April 2009	3,156,524	9 54	2,964,337	10 15
Granted during year	1,267,000	0 00	225,000	0 00
Lapsed during the year	(1,790,588)	2 80	(32,813)	0 00
Exercised during year	(769,168)	0 00	-	0 00
At 31 March 2010	1,863,768	13 40	3,156,524	9 54
Exercisable at 31 March 2010	1,863,768		-	

Share options outstanding at 31 March 2010 have a range of exercise prices from nil p to 0 60p per share and a weighted average remaining vesting period of 2 years

#### Charge to profit and loss account

Under FRS 20 the company is required to recognise as an expense in their financial statements apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant

In considering the appropriate expense in respect of options granted prior to 1 April 2009 the parent company commissioned an independent valuation from American Appraisal UK Limited and have fully adopted their findings

The weighted average fair value of the options granted prior to 1 April 2009 was £1 07

The weighted average fair value was calculated using the trinomial model with the following inputs

Share price range at date of grant	62 5p - £1 25
Exercise prices	0 00p - £1 175
Expected volatility	35%
Dividend yield	0%
Risk free rate	4 61% - 5 71%
Option life	3 years

## Notes to the financial statements

### **22 Performance share plan (continued)**

In respect of options granted after 1 April 2009, the directors prepared a valuation using the Black Scholes model with the following inputs

Share price at date of grant	53 00p
Exercise prices	0 00p
Expected volatility	30 20%
Dividend yield	0 00%
Risk free rate	4 07%
Option life	3 years

The weighted average fair value of the options granted after 1 April 2009 was 53 00p

Accordingly a charge of £1,310,823 (2009 charge £883,124) has been made in the accounts of the company

### **23 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

### **24 Capital commitments**

There were no capital commitments at 31 March 2010 or 31 March 2009

### **25 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 2010 the amount thus guaranteed by the company was £14,788,000 (2009 £18,328,000)

### **26 Ultimate parent undertaking**

The ultimate parent undertaking and controlling related party of this company is Digital Marketing Group plc, 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 Archite House, Century Road, Peatmoor, Swindon, SN5 5YN