

Promotion Space Limited

Report and Financial Statements

Year Ended

31 March 2009

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Promotion Space Limited

Annual report and financial statements for the year ended 31 March 2009

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Directors

S Hughes
J Lord
G Soar

Company secretary and registered office

J Lord
Sandfield House
Water Lane
Wilmslow
Cheshire SK9 5AR

Company number

4175866

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Promotion Space Limited

Report of the directors for the year ended 31 March 2009

The directors present their report with the audited financial statements of the company for the year ended 31 March 2009.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year of £86,417 (2008: loss of £188,130). The directors do not recommend the payment of a dividend (2008: £nil).

Principal activities and future developments

The principal activity of the company throughout the period was the provision of promotional space management services to the shopping centre, mall, leisure and retail industries. The directors intend to continue to operate in this area in the forthcoming year ahead.

Directors and their interests

The following directors served during the year and thereafter:

S Hughes
J Lord
G Soar

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Financial instruments

The company does not use financial instruments.

Directors' responsibilities

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Promotion Space Limited

Report of the directors for the year ended 31 March 2009 (*continued*)

Directors' responsibilities (*continued*)

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.

Enhanced business review

The company has taken the exemptions available in section 246 of the Companies Act 1985 in respect of the directors report relating to small companies.

Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting.

By order of the Board



J Lord
Company secretary

Date 1 December 2009.

Promotion Space Limited

Report of the independent auditors

Independent auditor's report to the shareholders of Promotion Space Limited

We have audited the financial statements of Promotion Space Limited for the year ended 31 March 2009 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

Promotion Space Limited

Report of the independent auditors (*Continued*)

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 2009 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 directors' report is consistent with the financial statements.



BDO LLP
*Chartered Accountants
and Registered Auditors*
Manchester
United Kingdom

Date *1 December 2009*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Promotion Space Limited

Profit and loss account for the year ended 31 March 2009

	Note	2009 £	2008 £
Gross billings	1	6,244,062	5,246,794
Turnover – commission receivable	1	1,431,949	1,644,165
Total turnover		1,431,949	1,644,165
Administrative expenses		1,286,135	1,936,203
<div> <i>Included within administrative expenses</i> <i>Exceptional items - impairment of intangibles</i> </div>			
		-	216,583
Operating profit/(loss)	2	145,814	(292,038)
Net interest	4	(33,896)	20,098
Profit/(loss) on ordinary activities before taxation		111,918	(271,940)
Taxation on profit/(loss) on ordinary activities	5	(25,501)	83,810
Profit/(loss) ordinary activities after taxation		86,417	(188,130)

The results disclosed above all relate to continuing operations.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The accompanying notes on pages 7 to 15 form part of these financial statements.

Promotion Space Limited

Balance sheet at 31 March 2009

Company number: 4175866

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		1,366,893		732,730
			<hr/>		<hr/>
			1,366,893		732,730
Current assets					
Debtors	8	2,066,617		736,831	
Cash at bank and in hand		31,845		228,391	
		<hr/>		<hr/>	
		2,098,462		965,222	
Creditors: amounts falling due within one year	9	(2,904,662)		(1,393,186)	
		<hr/>		<hr/>	
Net current liabilities			(806,200)		(427,964)
Creditors: amounts falling due after more than one year	10		(446,897)		(309,445)
Provision for liabilities and charges	11		(100,622)		(68,564)
			<hr/>		<hr/>
Net assets/(liabilities)			13,174		(73,243)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13		1,189		1,189
Share premium	14		1,240		1,240
Profit and loss account	14		10,745		(75,672)
			<hr/>		<hr/>
Equity shareholders' funds/(deficit)			13,174		(73,243)
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors and authorised for issue on 1 December 2009

S Hughes
Director



The accompanying notes on pages 7 to 15 form part of these financial statements.

Promotion Space Limited

Notes forming part of the financial statements for the year ended 31 March 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards. The following principal accounting policies have been applied:

Cashflow statement

In accordance with Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that the company is included in the consolidated financial statements of its ultimate parent company, Promotion Space Group Limited

Turnover

Gross billings represent the invoiced value of services provided net of value added tax.

Turnover represents commissions receivable based on the proportion of gross billings attributable to the company as an agent, net of value added tax. Commission is recognised when earned.

Turnover and gross billings are wholly attributable to the principal activity of the company and arise wholly in the United Kingdom.

Other income

Other income consists of management charges made by the company to other companies within the same group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line
Retail manufacturing units	-	15% straight line
Computer equipment	-	25% straight line

Intangible fixed assets

Intellectual property rights and trademarks are included at cost and amortised on a straight line basis over their useful economic lives.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the year of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (Continued)

1 Accounting policies (Continued)

Taxation

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred.

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

- The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Operating profit/(loss)

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company, and arose within the United Kingdom.

	2009 £	2008 £
Operating profit/(loss) is stated after charging:		
Depreciation	213,576	80,639
Loss on disposal of fixed assets	675	-
Licenses amortisation	-	1,917
Licenses impairment	-	216,583
Hire of equipment	8,120	2,092
Operating lease rentals – land & buildings	104,608	63,233
– plant & machinery	27,166	16,922
Audit remuneration – audit services	10,500	11,000
– non audit services	3,100	3,050
	<hr/>	<hr/>

3 Directors' remuneration

	2009 £	2008 £
Directors' emoluments and other benefits	327,250	275,500
	<hr/>	<hr/>

There were no directors for whom retirement benefits are accruing under money purchase pension schemes (2008 – none).

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (*Continued*)

4 Net Interest

	2009 £	2008 £
Interest receivable and similar income	5,342	20,098
Finance lease and hire purchase interest payable	(39,238)	-
	<u>(33,896)</u>	<u>20,098</u>

5 Taxation on profit/(loss) on ordinary activities

	2009 £	2008 £
The tax (charge)/credit on the profit/(loss) on ordinary activities for the year was as follows:		
Current tax:		
UK corporation tax	-	149,067
Overprovision in prior year	6,557	3,307
Total current tax	<u>6,557</u>	<u>152,374</u>
Deferred tax charge	(32,058)	(68,564)
Tax (charge)/credit on profit/(loss) on ordinary activities	<u>(25,501)</u>	<u>83,810</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2008: lower) than that arising from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	111,918	(271,940)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	<u>31,337</u>	<u>(81,582)</u>
Effects of:		
Depreciation in excess of capital allowances	(24,187)	(60,591)
Expenses disallowed	14,156	5,623
Overprovision in prior year	(6,557)	(3,307)
Group relief	(22,706)	-
Tax rate difference on loss carry back	-	(12,517)
Movement in provisions	1,400	-
Current tax charge	<u>(6,557)</u>	<u>(152,374)</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (*Continued*)

6 Intangible assets

	Goodwill £	Other intangible assets £	Total £
<i>Cost</i>			
At 1 April 2008 and 31 March 2009	500	230,000	230,500
<i>Amortisation and impairment</i>			
At 1 April 2008 and 31 March 2009	500	230,000	230,500
<i>Net book value</i>			
At 31 March 2009 and 31 March 2008	-	-	-

In 2008 the company recognised an impairment charge of £216,583 in respect of other intangible assets. This was included as an exceptional cost within administration expenses.

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (Continued)

7 Tangible assets

	Retail merchandise units £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total
<i>Cost</i>					
At 1 April 2008	510,760	79,429	113,803	147,781	851,773
Additions	673,380	7,086	27,941	144,685	853,092
Disposals	-	(7,786)	-	-	(7,786)
	<u>1,184,140</u>	<u>78,729</u>	<u>141,744</u>	<u>292,466</u>	<u>1,697,079</u>
<i>Depreciation</i>					
At 1 April 2008	29,700	10,500	35,979	42,864	119,043
Charge for the year	119,773	19,391	23,560	50,852	213,576
Disposals	-	(2,433)	-	-	(2,433)
	<u>149,473</u>	<u>27,458</u>	<u>59,539</u>	<u>93,716</u>	<u>330,186</u>
<i>Net book value</i>					
At 31 March 2009	<u>1,034,667</u>	<u>51,271</u>	<u>82,205</u>	<u>198,750</u>	<u>1,366,893</u>
At 31 March 2008	<u>481,060</u>	<u>68,929</u>	<u>77,824</u>	<u>104,917</u>	<u>732,730</u>

The net book value of tangible fixed assets includes an amount of £672,218 (2008 - £504,364) in respect of assets held under finance lease and hire purchase contracts. The related depreciation charge on these assets for the year was £123,620 (2008 - £39,700).

8 Debtors

	2009 £	2008 £
Trade debtors	423,177	282,589
Other debtors	72,096	54,839
Prepayments	128,776	249,810
Corporation tax	155,816	149,593
Amounts owed by group undertakings	1,286,752	-
	<u>2,066,617</u>	<u>736,831</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (Continued)

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	432,701	401,502
Taxation and social security costs	74,839	78,400
Amounts due to parent undertaking	1,345,065	386,577
Accruals and deferred income	802,303	419,808
Obligations under finance lease and hire purchase contracts	214,530	106,899
Other creditors	35,225	-
	<u>2,904,622</u>	<u>1,393,186</u>

10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Obligations under finance lease and hire purchase contracts	<u>446,897</u>	<u>309,445</u>

Maturity of debt – obligations under finance lease and hire purchase contracts

	2009 £	2008 £
In one year or less	<u>214,530</u>	<u>106,899</u>
In more than one year but not more than two years	206,765	122,795
In more than two years but not more than five years	240,132	186,650
	<u>661,427</u>	<u>416,344</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (*Continued*)

11 Provisions for liabilities and charges

	2009	2008
Deferred tax	100,622	68,564
<i>Provision for deferred taxation</i>		
	2009	2008
	£	£
Provided in accounts:		
Accelerated capital allowances	102,022	55,694
Timing differences	(1,400)	12,870
Deferred tax liability	100,622	68,564
	2009	2008
	£	£
The movement on the deferred tax liability during the year was as follows:		
At 1 April 2008	68,564	-
Transfer to profit and loss account	32,058	68,564
At 31 March 2009	100,622	68,564

12 Commitments under operating leases

The following operating lease payments are committed to be paid within one year:

	2009	2008
	£	£
<i>Within 1 year</i>		
Motor vehicles	2,669	-
<i>Between two and five years</i>		
Office	114,707	114,607
Motor vehicles	7,585	-
	124,961	114,607

Included within operating lease commitments at the balance sheet date was £104,344 (2008 - £103,522) in relation to land & buildings and £23,687 (£11,085) in relation to plant & machinery.

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2009 (Continued)

13 Called up share capital

Authorised: Number	Class	Nominal value	2009 £	2008 £
800,000	'A' ordinary	£0.01	8,000	8,000
110,000	'B' ordinary	£0.01	1,100	1,100
90,000	'C' ordinary	£0.01	900	900
			<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:				
Number	Class	Nominal value	2009 £	2008 £
100,000	'A' ordinary	£0.01	1,000	1,000
18,861	'B' ordinary	£0.01	189	189
			<u>1,189</u>	<u>1,189</u>

All shares are ranked *pari passu* with the exception of voting rights. A and B ordinary shares are entitled to vote at the Annual General Meeting.

14 Reserves

	Profit and loss account £	Profit and loss account £	Total £
At 31 March 2008	1,240	(75,672)	(74,432)
Profit for the year	-	86,417	86,417
At 31 March 2009	<u>1,240</u>	<u>10,745</u>	<u>11,985</u>

15 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
Profit/(loss) for the year	86,417	(188,130)
Opening equity shareholders' (deficit)/funds	(73,243)	114,887
Closing equity shareholders' funds/(deficit)	<u>13,174</u>	<u>(73,243)</u>

Promotion Space Limited

Notes forming part of the financial statements for the year ended 31 March 2009 (*Continued*)

16 Related party disclosures

The company made sales of £911,120 (2008: £nil) to Brandspace Limited, a fellow subsidiary undertaking, for management charges. At the year end the company was owed £911,120 (2008: £nil) by Brandspace Limited.

The company made sales of £368,812 (2008: £nil) to Fitting Exposure Limited, a fellow subsidiary undertaking, for management charges. At the year end the company was owed £368,812 (2008: £nil) by Fitting Exposure Limited.

17 Ultimate parent undertaking

The directors regard Promotion Space Group Limited, a company incorporated in the United Kingdom, as the company's ultimate parent undertaking.

18 Contingent liability

On 30 April 2008, the company issued a cross guarantee in favour of Lloyds Banking Group plc in relation to total amounts due to Lloyds Banking Group plc from the ultimate parent undertaking. The amount owed by the ultimate parent undertaking to Lloyds Banking Group plc at 31 March 2009 was £2,225,000. This is secured by a fixed charge over the company and its assets.