

Promotion Space Limited

Report and Financial Statements

Year Ended

31 March 2010

Company number 4175866

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Promotion Space Limited

**Annual report and financial statements
for the year ended 31 March 2010**

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

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 2010

The directors present their report with the audited financial statements of the company for the year ended 31 March 2010

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year of £9,608 (2009 profit £86,417) The directors do not recommend the payment of a dividend (2009 £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

Financial instruments

The company does not use financial instruments

Directors' responsibilities

The directors are responsible for preparing the directors' 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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

Promotion Space Limited

Report of the directors for the year ended 31 March 2010 (*continued*)

Enhanced business review

The company has taken the exemption available in section 417 of the Companies Act 2006 in respect of the directors' report relating to companies subject to the small companies' regime

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 16 September 2010

Promotion Space Limited

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROMOTION SPACE LIMITED

We have audited the financial statements of Promotion Space Limited for the year ended 31 March 2010 which comprise 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 statement of directors' responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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.

Promotion Space Limited

Report of the independent auditors


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year [period] for which the financial statements are prepared is consistent with the financial statements

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



Eric Solomons (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
Date 20 September 2010

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 2010

	Note	2010 £	2009 £
<i>Gross billings</i>	1	6,922,595	6,244,062
Turnover	1	1,769,228	1,431,949
Administrative expenses		1,875,481	1,286,135
Operating (loss)/profit	2	(106,253)	145,814
Net interest	4	(45,008)	(33,896)
(Loss)/profit on ordinary activities before taxation		(151,261)	111,918
Taxation on (loss)/profit on ordinary activities	5	141,653	(25,501)
(Loss)/profit ordinary activities after taxation		(9,608)	86,417

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 2010

Company number 4175866

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		1,113,733		1,366,893
			<u>1,113,733</u>		<u>1,366,893</u>
Current assets					
Debtors	8	2,914,019		2,066,617	
Cash at bank and in hand		98,990		31,845	
		<u>3,013,009</u>		<u>2,098,462</u>	
Creditors amounts falling due within one year	9	(3,919,168)		(2,904,662)	
		<u></u>		<u></u>	
Net current liabilities			(906,159)		(806,200)
Creditors amounts falling due after more than one year	10		(204,008)		(446,897)
Provision for liabilities and charges	11		-		(100,622)
			<u></u>		<u></u>
Net assets			<u>3,566</u>		<u>13,174</u>
Capital and reserves					
Called up share capital	13		1,189		1,189
Share premium account	14		1,240		1,240
Profit and loss account	14		1,137		10,745
			<u></u>		<u></u>
Equity shareholders' funds			<u>3,566</u>		<u>13,174</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 September 2010

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 2010

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.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, and the gains or losses on transactions are included in the profit and loss account.

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.

Promotion Space Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

1 Accounting policies (Continued)

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 term 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.

Taxation

The charge for taxation is based on the result 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 (loss)/profit

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

	2010 £	2009 £
Operating (loss)/profit is stated after charging		
Depreciation	293,003	213,576
Loss on disposal of fixed assets	-	675
Hire of equipment	6,101	8,120
Operating lease rentals – land & buildings	104,998	104,608
– plant & machinery	16,567	27,166
Auditors' remuneration – audit services	11,500	10,500
– non audit services	3,300	3,100
	<u> </u>	<u> </u>

3 Directors' remuneration

	2010 £	2009 £
Directors' emoluments and other benefits	288,549	327,250
	<u> </u>	<u> </u>

There were no directors for whom retirement benefits are accruing under money purchase pension schemes (2009 – none).

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

4 Net Interest

	2010 £	2009 £
Interest receivable and similar income	6,038	5,342
Finance lease and hire purchase interest payable	(51,046)	(39,238)
	<u>(45,008)</u>	<u>(33,896)</u>

5 Taxation on (loss)/profit on ordinary activities

	2010 £	2009 £
The tax (charge)/credit on the (loss)/profit on ordinary activities for the year was as follows		
Current tax		
UK corporation tax	-	-
Overprovision in prior year	-	6,557
Total current tax	<u>-</u>	<u>6,557</u>
Deferred tax credit/(charge)	141,653	(32,058)
Tax credit/(charge) on profit/(loss) on ordinary activities	<u>141,653</u>	<u>(25,501)</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2009 lower) than that arising from applying the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	(151,261)	111,918
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	<u>(42,353)</u>	<u>31,337</u>
Effects of		
Depreciation in excess of capital allowances	71,391	(24,187)
Expenses disallowed	13,584	14,156
Overprovision in prior year	-	(6,557)
Group relief	(41,222)	(22,706)
Movement in provisions	(1,400)	1,400
Current tax charge	<u>-</u>	<u>(6,557)</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

6 Intangible assets

	Goodwill £	Other intangible assets £	Total £
<i>Cost</i>			
At 1 April 2009 and 31 March 2010	500	230,000	230,500
	<hr/>	<hr/>	<hr/>
<i>Amortisation and impairment</i>			
At 1 April 2009 and 31 March 2010	500	230,000	230,500
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>	-	-	-
At 31 March 2010 and 31 March 2009	-	-	-
	<hr/>	<hr/>	<hr/>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

7 Tangible assets

	Retail merchandise units £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total
<i>Cost</i>					
At 1 April 2009	1,184,140	78,729	141,744	292,466	1,697,079
Additions	11,500	-	909	27,434	39,843
	<u>1,195,640</u>	<u>78,729</u>	<u>142,653</u>	<u>319,900</u>	<u>1,736,922</u>
<i>Depreciation</i>					
At 1 April 2009	149,473	27,458	59,539	93,716	330,186
Charge for the year	178,340	19,682	25,271	69,710	293,003
	<u>327,813</u>	<u>47,140</u>	<u>84,810</u>	<u>163,426</u>	<u>623,189</u>
<i>Net book value</i>					
At 31 March 2010	<u>867,827</u>	<u>31,589</u>	<u>57,843</u>	<u>156,474</u>	<u>1,113,733</u>
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>

The net book value of tangible fixed assets includes an amount of £464,537 (2009 - £672,218) in respect of assets held under finance lease and hire purchase contracts. The related depreciation charge on these assets for the year was £96,380 (2009 - £123,620).

8 Debtors

	2010 £	2009 £
Trade debtors	1,141,281	423,177
Other debtors	4,411	72,096
Prepayments	66,241	128,776
Corporation tax	-	155,816
Deferred tax asset (note 11)	41,032	-
Amounts owed by group undertakings	1,661,054	1,286,752
	<u>2,914,019</u>	<u>2,066,617</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

9 Creditors, amounts falling due within one year

	2010 £	2009 £
Trade creditors	551,162	432,701
Taxation and social security costs	384,780	74,839
Amounts due to parent undertaking	1,724,023	1,345,065
Accruals and deferred income	1,099,208	802,302
Obligations under finance lease and hire purchase contracts	136,129	214,530
Other creditors	23,866	35,225
	<u>3,919,168</u>	<u>2,904,662</u>

10 Creditors amounts falling due after more than one year

	2010 £	2009 £
Obligations under finance lease and hire purchase contracts	<u>204,008</u>	<u>446,897</u>

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

	2010 £	2009 £
In one year or less	<u>136,129</u>	<u>214,530</u>
In more than one year but not more than two years	145,048	206,765
In more than two years but not more than five years	<u>58,960</u>	<u>240,132</u>
In more than one year	<u>204,008</u>	<u>446,897</u>
	<u>340,137</u>	<u>661,427</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

11 Provisions for liabilities and charges

	2010	2009
Deferred tax liability	-	100,622
Deferred tax asset	41,032	-
<i>Provision for deferred taxation</i>		
	2010 £	2009 £
Provided in accounts	-	102,022
Accelerated capital allowances	-	(1,400)
Timing differences	-	-
Deferred tax liability	-	100,622
<i>Deferred tax asset</i>		
	2010 £	2009 £
Provided in accounts	41,032	-
Accelerated capital allowances	41,032	-
Deferred tax asset	41,032	-
The movement on the deferred tax liability during the year was as follows	2010 £	2009 £
At 1 April 2009	100,622	68,564
Transfer to profit and loss account	(141,654)	32,058
At 31 March 2010	(41,032)	100,622

12 Commitments under operating leases

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

	2010 £	2009 £
<i>Within 1 year</i>		
Motor vehicles	7,128	2,669
<i>Between two and five years</i>		
Office	114,707	114,707
Motor vehicles	3,564	7,585
	125,399	124,961

Included within operating lease commitments at the balance sheet date was £104,344 (2009 - £104,344) in relation to land & buildings and £21,055 (£20,617) in relation to plant & machinery

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

13 Called up share capital

Authorised: Number	Class	Nominal value	2010 £	2009 £
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	2010 £	2009 £
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

	Share premium account £	Profit and loss account £	Total £
At 31 March 2009	1,240	10,745	11,985
Loss for the year	-	(9,608)	(9,608)
At 31 March 2010	<u>1,240</u>	<u>1,137</u>	<u>2,377</u>

15 Reconciliation of movements in equity shareholders' funds

	2010 £	2009 £
(Loss)/profit for the year	(9,608)	86,417
Opening equity shareholders' funds/(deficit)	<u>13,174</u>	<u>(73,243)</u>
Closing equity shareholders' funds	<u>3,566</u>	<u>13,174</u>

Promotion Space Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

16 Related party disclosures

The company has taken advantage of the exemption available in FRS 8 Related Party Transactions from the requirement to disclose transactions with other group undertakings as it is a wholly owned subsidiary of Promotion Space Group 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 2010 was £1,712,500 (2009 £2,225,000). This is secured by a fixed charge over the company and its assets.

19 Post balance sheet event

On 30 June 2010 the group restructured its banking arrangements. The group repaid its outstanding balance to Lloyds Bank (£1.6m) and took on a new loan from Octopus Capital for Enterprise Fund (£2m).