

Registered number
06327961

Markco Media Limited
Report and Accounts
31 July 2011

TUESDAY



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COMPANIES HOUSE

Markco Media Limited
Report and accounts
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Markco Media Limited**Registered number:** 06327961**Director's Report**

The director presents his report and accounts for the year ended 31 July 2011

Principal activities

The company's principal activity during the year continued to be that of affiliate marketing and other advertising activities

Review of the business

During the year the company developed and launched a number of international website properties in Europe and the Americas which it will promote and market through the coming year. Markco Media expects many of these sites to contribute to significant growth in the coming year. The company also launched its first mobile app on the iPhone and BlackBerry platforms serving the UK.

The main challenges facing the business in the next two years are that of reduced spending due to economic downturn, which will be offset to some degree by consumers looking for discounts on expenditure, reduced commission levels as advertisers cut back on promotional expenditure, and also the threat of consolidation within the industry with a number of companies acquiring businesses to add to their portfolios.

Future developments

As well as its continued expansion into international markets, Markco Media Limited will be looking to build on its technological platform providing its users with a feature rich experience. The company will continue its development in mobile technologies and will be looking to launch mobile apps in targeted international countries towards the end of the second half of the year. The company will also seek acquisitions and potential Joint Ventures.

Financial instrument risk

A couple of high profile retailers have gone into administration recently which will mean debtor write offs. These have been relatively small but there is a risk that larger retailers may be forced into administration under this current economic climate. The company will continually review accounts and quickly remove any problem accounts from its website properties. The company remains cash rich and is able to finance operations from its generated reserves. Any substantial acquisitions that are identified will require external funding to be sourced.

Directors

The following person served as director during the year

M A Pearson

Disclosure of information to auditors

The director confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Markco Media Limited

Registered number: 06327961

Director's Report

Auditors appointment

BSN Associates Limited are deemed to be re-appointed under section 487(2) of the companies Act 2006

This report was approved by the board on 15 February 2012 and signed on its behalf

A handwritten signature in black ink, appearing to read 'M. Pearson', is written over the printed name.

M Pearson
Director

Markco Media Limited
Statement of Director's Responsibilities

The director is responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts 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 accounts 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 accounts, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the accounts comply with the Companies Act 2006. He is 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.

Markco Media Limited
Independent auditors' report
to the shareholder of Markco Media Limited

We have audited the accounts of Markco Media Limited for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 auditors' 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 Director's Responsibilities, the director is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts.

Emphasis of Matter - Clarification of Tax Treatment

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 8 to the accounts concerning the clarification of the tax treatment of contributions made by the company to the Employee Benefit Trusts in the year. No provision for any liability that may result from the clarification of the tax treatment by HM Revenue and Customs has been made in the financial statements.

Opinion on the accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the accounts are prepared is consistent with the accounts.

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 accounts 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.

BSN Associates Limited

Steven Richards BA FCA
for and on behalf of BSN Associates Limited
Chartered Accountants and Statutory Auditors

15th February 2012

3B Swallowfield Courtyard
Wolverhampton Road
Oldbury
West Midlands
B69 2JG

Markco Media Limited
Profit and Loss Account
for the year ended 31 July 2011

	Notes	2011 £	2010 £
Turnover	2	10,513,364	10,069,325
Cost of sales		(662,203)	(781,597)
Gross profit		9,851,161	9,287,728
Administrative expenses		(5,297,507)	(9,299,430)
Other operating income		-	175
Operating profit/(loss)	3	4,553,654	(11,527)
Interest receivable		18,514	23,458
Profit on ordinary activities before taxation		4,572,168	11,931
Tax on profit on ordinary activities	6	15,266	38
Profit for the financial year		4,587,434	11,969

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years

Markco Media Limited
Balance Sheet
as at 31 July 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	189,229	180,879
Investments	8	981,000	-
		<u>1,170,229</u>	<u>180,879</u>
Current assets			
Debtors	9	2,119,693	1,196,492
Cash at bank and in hand		<u>3,746,568</u>	<u>1,165,534</u>
		5,866,261	2,362,026
Creditors amounts falling due within one year	10	(673,647)	(702,230)
Net current assets		<u>5,192,614</u>	<u>1,659,796</u>
Total assets less current liabilities		<u>6,362,843</u>	<u>1,840,675</u>
Provisions for liabilities			
Deferred taxation	11	-	(15,266)
Other provisions	12	-	(50,000)
		<u>-</u>	<u>(65,266)</u>
Net assets		<u>6,362,843</u>	<u>1,775,409</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	6,362,841	1,775,407
Shareholder's funds	15	<u>6,362,843</u>	<u>1,775,409</u>


M Pearson
Director

Approved by the board on 15 February 2012

Markco Media Limited
Cash Flow Statement
for the year ended 31 July 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)		4,553,654	(11,527)
Depreciation and amortisation		111,874	84,067
(Increase)/decrease in debtors		(923,201)	445,639
(Decrease)/increase in creditors		(78,583)	123,127
Net cash inflow from operating activities		<u>3,663,744</u>	<u>641,306</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		3,663,744	641,306
Returns on investments and servicing of finance	16	18,514	23,458
Taxation		-	(324,820)
Capital expenditure	16	<u>(1,101,224)</u>	<u>(163,982)</u>
		2,581,034	175,962
Increase in cash		<u>2,581,034</u>	<u>175,962</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		2,581,034	175,962
Change in net debt	17	<u>2,581,034</u>	<u>175,962</u>
Net funds at 1 August		<u>1,165,534</u>	<u>989,572</u>
Net funds at 31 July		<u>3,746,568</u>	<u>1,165,534</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Going Concern

The financial statements have also been prepared on the assumption that the company is able to carry on business as a going concern as the director is not aware of any reason why the company cannot meet its anticipated future financial obligations from its own working capital

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Plant and machinery	20% straight line
Computer Equipment	33 3% straight line

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Pensions

The company operates a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Website Development Costs

Costs incurred in developing websites which will generate future income have been capitalised as tangible fixed assets as per UITF 29

Operating leases

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

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

Financial Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

Debtors

Debtors are non interest bearing and are recognised at value, reduced by the appropriate allowances for estimated recoverable amounts

Creditors

Creditors are non interest bearing and are stated at cost

Employee benefit trusts

Trusts have been established for the benefit of company employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion. Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals. Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2 Analysis of turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers. Turnover is attributable to two continuing activities, being that of affiliate marketing and website advertising.

	2011 £	2010 £
By activity		
Affiliate Income	<u>10,513,364</u>	<u>10,069,325</u>
By geographical market		
UK	9,158,393	10,069,325
Europe	464,367	-
North America	890,604	-
	<u>10,513,364</u>	<u>10,069,325</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

3 Operating profit	2011	2010
	£	£
This is stated after charging		
Depreciation of owned fixed assets	111,874	84,067
Operating lease rentals - plant and machinery	141,449	43,363
Operating lease rentals - land buildings	265,113	220,499
Auditors' remuneration for audit services	13,000	13,000
(Profit)/Loss on disposal of website	-	-
Auditors' remuneration for other services	-	14,331
4 Director's emoluments	2011	2010
	£	£
Emoluments	87,779	3,652,032
Highest paid director		
Emoluments	87,779	3,652,032
Number of directors in company pension schemes:	2011	2010
	Number	Number
Money purchase schemes	1	1
5 Staff costs	2011	2010
	£	£
Wages and salaries	2,086,499	5,076,150
Social security costs	265,888	167,541
Other pension costs	15,398	2,833
	2,367,785	5,246,524
Average number of employees during the year	Number	Number
Sales	69	67
6 Taxation	2011	2010
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	-	544
Deferred tax		
Origination and reversal of timing differences	(15,266)	(582)
Tax on loss on ordinary activities	(15,266)	(38)

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011 £	2010 £
Profit on ordinary activities before tax	<u>4,572,168</u>	<u>11,931</u>
Standard rate of corporation tax in the UK	20%	21%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	914,434	2,506
Effects of		
Expenses not deductible for tax purposes	763	1,507
Capital allowances for period in excess of depreciation	(2,898)	(3,469)
Utilisation of tax losses	(994,425)	-
Unutilised tax losses	82,126	
Current tax charge for period	<u>-</u>	<u>544</u>

Factors that may affect future tax charges

During the year the company did not make any contributions to Employee Benefit Trusts, whereas in previous years the company has made contributions. These trusts are for the benefit of all employees including Mr M A Pearson and his family. The contributions have not been subject to employment taxes and the company's corporation tax liabilities for the years ended 31st July 2009 and 2010 have been calculated on the basis that they are allowable expenditure. HM Revenue & Customs have publically stated that they are actively challenging the use of certain trusts to reward employees and have indicated they wish to review the contributions made by the company. It is therefore not possible to say with certainty what the outcome of such a challenge may be. Any additional employment taxes and corporation tax due arising from the clarification of the tax treatment of the contributions is not provided in these financial statements on the basis of professional advice received from the company's taxation advisors.

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 August 2010	314,975
Additions	<u>120,224</u>
At 31 July 2011	<u>435,199</u>
Depreciation	
At 1 August 2010	134,096
Charge for the year	<u>111,874</u>
At 31 July 2011	<u>245,970</u>
Net book value	
At 31 July 2011	<u>189,229</u>
At 31 July 2010	<u>180,879</u>

8 Investments

	Other investments £
Cost	
Additions	981,000
At 31 July 2011	<u>981,000</u>
Other investments	
	2011 2010
	£ £
Unlisted investments	<u>981,000 -</u>

Consist of an investment at cost in Markco LLP, situated in the United Kingdom

9 Debtors

	2011 £	2010 £
Trade debtors	140,339	36,372
Other debtors	356,362	243,306
Prepayments and accrued income	<u>1,622,992</u>	<u>916,814</u>
	<u>2,119,693</u>	<u>1,196,492</u>

10 Creditors amounts falling due within one year

	2011 £	2010 £
Trade creditors	240,055	464,777
Other taxes and social security costs	280,414	157,631
Other creditors	6,352	21,554
Accruals and deferred income	<u>146,826</u>	<u>58,268</u>
	<u>673,647</u>	<u>702,230</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

11 Deferred taxation	2011 £	2010 £
Accelerated capital allowances	16,783	15,266
Tax losses carried forward	(16,783)	-
Undiscounted provision for deferred tax	-	15,266
	2011 £	2010 £
At 1 August 2010	15,266	15,848
Deferred tax charge in profit and loss account	(15,266)	(582)
At 31 July 2011	-	15,266

12 Provisions for liabilities

	Provisions £
At 1 August 2010	50,000
Expenditure incurred in the year	(50,000)
At 31 July 2011	-

A provision of £50,000 was recognised for expected Rent claim regarding the early termination of the lease for the Glasgow office

13 Share capital	Nominal value	2011 Number	2011 £	2010 £
Allotted, called up and fully paid Ordinary shares	£1 each	2	2	2

14 Profit and loss account	2011 £
At 1 August 2010	1,775,407
Profit for the financial year	4,587,434
At 31 July 2011	6,362,841

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

15 Reconciliation of movement in shareholder's funds	2011	2010
	£	£
At 1 August 2010	1,775,409	1,763,440
Profit for the financial year	4,587,434	11,969
At 31 July 2011	<u>6,362,843</u>	<u>1,775,409</u>

16 Gross cash flows	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	<u>18,514</u>	<u>23,458</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(120,224)	(163,982)
Payments to acquire investments	(981,000)	-
	<u>(1,101,224)</u>	<u>(163,982)</u>

17 Analysis of changes in net debt	At 1 Aug	Cash flows	Non-cash	At 31 Jul
	2010		changes	2011
	£	£	£	£
Cash at bank and in hand	1,165,534	<u>2,581,034</u>		3,746,568
Total	<u>1,165,534</u>	<u>2,581,034</u>	<u>-</u>	<u>3,746,568</u>

18 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

The amount paid during the year on leased items was £406,562

	Land and	Land and	Other	Other
	buildings	buildings	2011	2010
	2011	2010	£	£
	£	£		
Operating leases which expire				
within one year	-	193,160	7,441	57,200
within two to five years	<u>138,298</u>	<u>-</u>	<u>83,160</u>	<u>76,741</u>
	<u>138,298</u>	<u>193,160</u>	<u>90,601</u>	<u>133,941</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2011

19 Loans to directors

Description and conditions	B/fwd £	Paid £	Repaid £	C/fwd £
M A Pearson Directors Loan	9,482	1,167,703	(1,175,085)	2,100
	<u>9,482</u>	<u>1,167,703</u>	<u>(1,175,085)</u>	<u>2,100</u>

The maximum value outstanding on the directors loan account during the year was £198084

20 Related party transactions

2011
£

2010
£

Petoba Marketing Limited

Common influence as M Pearson has a 50% shareholding
Interest free loan amounting to £139,677 provided to Petoba
Marketing Limited

[Amount due from (to) the related party] 139,677 106,177

Vouchacha Limited

Common influence as M Pearson has a 25% shareholding
Interest free loan amounting to £84,325 provided to
Vouchacha Limited

[Amount due from (to) the related party] 84,325 -

21 Ultimate controlling party

Mr M Pearson controls the company by virtue of holding 100% of the issued share capital