

**MARKCO MEDIA LIMITED**  
**FINANCIAL STATEMENTS**  
**31 JULY 2012**

TUESDAY



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30/04/2013

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COMPANIES HOUSE

**BSN ASSOCIATES LIMITED**  
Chartered Accountants & Statutory Auditor  
3B Swallowfield Courtyard  
Wolverhampton Road  
Oldbury  
West Midlands  
B69 2JG

**MARKCO MEDIA LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

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# **MARKCO MEDIA LIMITED**

## **THE DIRECTOR'S REPORT**

### **YEAR ENDED 31 JULY 2012**

The director has pleasure in presenting his report and the financial statements of the group for the year ended 31 July 2012

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

Externally the economic recession has continued, with overall spend down and customers looking for value in their purchasing decision. There has been growth in the number and variety of competing websites including cashback and deals sites. These will inevitably take up some of the market enjoyed by vouchersites. In terms of marketing, Google's changing algorithms has provided and will continue to provide market challenges with traffic generation to all established websites.

Internally the development of a new platform was undertaken which will provide the capability for the company to develop new business opportunities as well as more customer focussed initiatives within current website properties.

#### **FUTURE DEVELOPMENTS**

Markco Media Limited will be looking to build on its technological platform providing its users with a feature rich experience. New business opportunities will be identified and introduced allowing the company to diversify away from a reliance on voucher codes. The first of these, a flash website, will be launched early in the new year.

#### **KEY PERFORMANCE INDICATORS**

	2012	2011	+/-%
	£000	£000	
Turnover	10,076	10,513	-4.2
Gross Profit	9,501	9,851	-3.6
Operating Profit	1,201	4,554	-73.6
Net Assets	6,782	6,363	6.6

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £108,966. The director has not recommended a dividend.

#### **FINANCIAL INSTRUMENTS**

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.

#### **DIRECTOR**

The director who served the company during the year was as follows:

Mr M A Pearson

**MARKCO MEDIA LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 31 JULY 2012**

**DIRECTOR'S RESPONSIBILITIES**

- The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 the group and of the profit or loss of the group for that year.

In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

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

**AUDITOR**

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

Registered office  
Edmund House c/o Alpha Business Services  
27 St James's Road  
Dudley  
West Midlands  
DY1 3JD

Signed by



M A Pearson  
Director

Approved by the director on 26 April 2013

# **MARKCO MEDIA LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARKCO MEDIA LIMITED**

**YEAR ENDED 31 JULY 2012**

We have audited the group and parent company financial statements ("the financial statements") of Markco Media Limited for the year ended 31 July 2012. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is 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 and express an opinion on 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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 July 2012 and of the group's 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.

### **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 9 to the accounts concerning the clarification of the tax treatment of contributions made by the group to the Employee Benefit Trust. 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 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 financial statements are prepared is consistent with the financial statements.

# **MARKCO MEDIA LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARKCO MEDIA LIMITED (continued)**

**YEAR ENDED 31 JULY 2012**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the director's report

*Steven Richards BA FCA*

STEVEN RICHARDS BA FCA (Senior  
Statutory Auditor)  
For and on behalf of  
BSN ASSOCIATES LIMITED  
Chartered Accountants  
& Statutory Auditor

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

26 April 2013

**MARKCO MEDIA LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 2012**

	Note	2012 £	2011 £
<b>GROUP TURNOVER (including share of associate)</b>	<b>2</b>	<b>10,222,215</b>	<b>10,513,364</b>
Less share of associate turnover		<u>(97,082)</u>	<u>–</u>
<b>Group Turnover</b>		<b>10,125,133</b>	<b>10,513,364</b>
Cost of sales		<u>591,337</u>	<u>662,203</u>
<b>GROSS PROFIT</b>		<b>9,533,796</b>	<b>9,851,161</b>
Administrative expenses		<u>8,726,445</u>	<u>5,297,507</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>807,351</b>	<b>4,553,654</b>
Share of associate operating loss	<b>6</b>	<u>(180,143)</u>	<u>–</u>
<b>TOTAL OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATES</b>		<b>627,208</b>	<b>4,553,654</b>
Income from fixed asset investments	<b>7</b>	<b>11,705</b>	<b>–</b>
Interest receivable		<b>20,420</b>	<b>18,514</b>
Interest payable and similar charges	<b>8</b>	<b>(27)</b>	<b>–</b>
Share of interest payable, associate		<u>(7,196)</u>	<u>–</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>652,110</b>	<b>4,572,168</b>
Tax on profit on ordinary activities	<b>9</b>	<b>804,261</b>	<b>(15,266)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(152,151)</b>	<b>4,587,434</b>
Minority interests		<u>(43,185)</u>	<u>–</u>
<b>(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>10</b>	<b>(108,966)</b>	<b>4,587,434</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(108,966)</u></b>	<b><u>4,587,434</u></b>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 9 to 22 form part of these financial statements

# MARKCO MEDIA LIMITED

## GROUP BALANCE SHEET

31 JULY 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	11	180,652	189,229
Investments	12		
Investments in associates		(858)	—
Other investments		<u>2,561,894</u>	<u>981,000</u>
		<u>2,561,036</u>	<u>981,000</u>
		<u>2,741,688</u>	<u>1,170,229</u>
<b>CURRENT ASSETS</b>			
Debtors	13	2,278,205	2,119,693
Cash at bank		<u>2,514,795</u>	<u>3,746,568</u>
		<u>4,793,000</u>	<u>5,866,261</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>1,419,531</u>	<u>673,647</u>
<b>NET CURRENT ASSETS</b>		<u>3,373,469</u>	<u>5,192,614</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,115,157</u>	<u>6,362,843</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	15	<u>22,973</u>	<u>—</u>
		<u>6,092,184</u>	<u>6,362,843</u>
<b>MINORITY INTERESTS</b>		<u>(161,693)</u>	<u>—</u>
		<u>6,253,877</u>	<u>6,362,843</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	2	2
Profit and loss account	19	<u>6,253,875</u>	<u>6,362,841</u>
<b>SHAREHOLDERS' FUNDS</b>	20	<u>6,253,877</u>	<u>6,362,843</u>

These financial statements were approved and signed by the director and authorised for issue on 26 April 2013

  
MR M A PEARSON

The notes on pages 9 to 22 form part of these financial statements



# MARKCO MEDIA LIMITED

## BALANCE SHEET

31 JULY 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	11	180,652	189,229
Investments	12	2,789,166	981,000
		<u>2,969,818</u>	<u>1,170,229</u>
<b>CURRENT ASSETS</b>			
Debtors	13	2,727,377	2,119,693
Cash at bank		2,409,420	3,746,568
		<u>5,136,797</u>	<u>5,866,261</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>1,301,346</u>	<u>673,647</u>
<b>NET CURRENT ASSETS</b>		<u>3,835,451</u>	<u>5,192,614</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,805,269</u>	<u>6,362,843</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	15	22,973	—
		<u>6,782,296</u>	<u>6,362,843</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	2	2
Profit and loss account	19	6,782,294	6,362,841
<b>SHAREHOLDERS' FUNDS</b>		<u>6,782,296</u>	<u>6,362,843</u>

These financial statements were approved and signed by the director and authorised for issue on 26 April 2013



MR M A PEARSON

Company Registration Number 06327961

The notes on pages 9 to 22 form part of these financial statements

**MARKCO MEDIA LIMITED****GROUP CASH FLOW****YEAR ENDED 31 JULY 2012**

	Note	2012 £	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	695,515	3,663,744
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	32,098	18,514
TAXATION	21	(67,483)	–
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21	(1,891,903)	(1,101,224)
(DECREASE)/INCREASE IN CASH	21	<u>(1,231,773)</u>	<u>2,581,034</u>

The notes on pages 9 to 22 form part of these financial statements

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**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 5 years. This length of time is presumed to be the maximum useful life of purchased 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.

**Fixed assets**

All fixed assets are initially recorded at cost.

**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:

Plant & Machinery                      -    20% Straight line

Computer Equipment                   - 33 3% Straight line

**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.

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**1. ACCOUNTING POLICIES** *(continued)*

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**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**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**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.

**Going concern**

The financial statements have been prepared on the assumption that the group 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.

**Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less any provisions for impairment in value.

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**1. ACCOUNTING POLICIES** *(continued)*

**Website development costs**

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

**Employee benefit trusts**

Trusts have been established for the benefit of company employees and certain of their dependents. 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 the 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. 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.

By geographical market

	2012	2011
	£	£
United Kingdom	(8,543,603)	(9,158,393)
Europe	(1,092,906)	(464,367)
North America	(419,771)	(890,604)
Rest of the world	(68,853)	-
	<u>(10,125,133)</u>	<u>(10,513,364)</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging

	2012	2011
	£	£
Amortisation of intangible assets	40,791	-
Goodwill impaired	220,089	-
Depreciation of owned fixed assets	92,314	111,874
Auditor's remuneration		
- as auditor	16,000	13,000
Operating lease costs		
- Other	<u>139,826</u>	<u>272,042</u>

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**4. PARTICULARS OF EMPLOYEES**

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

	2012	2011
	No	No
Number of sales staff	<u>89</u>	<u>69</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	2,469,665	2,157,434
Social security costs	292,088	265,888
Other pension costs	9,460	15,398
	<u>2,771,213</u>	<u>2,438,720</u>

**5. DIRECTOR'S REMUNERATION**

The director's aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Remuneration receivable	<u>362,904</u>	<u>5,678</u>

**Remuneration of highest paid director:**

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	<u>328,135</u>	<u>169,879</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2012	2011
	No	No
Defined benefit schemes	<u>1</u>	<u>1</u>

**6. SHARE OF ASSOCIATES' OPERATING LOSS**

	2012	2011
	£	£
<b>Associates</b>		
Share of operating loss before amortisation of goodwill	(180,143)	—
Amortisation of goodwill on acquisition, associate	(40,791)	—
	<u>(220,934)</u>	<u>—</u>

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**7. INCOME FROM FIXED ASSET INVESTMENTS**

	2012 £	2011 £
Income from other fixed asset investments	<u>11,705</u>	<u>-</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Interest payable on bank borrowing	<u>27</u>	<u>-</u>

**9. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 25 33% (2011 - 20%)	<u>781,288</u>	<u>-</u>
Total current tax	<u>781,288</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences (note 15)		
Capital allowances	<u>22,973</u>	<u>(15,266)</u>
Tax on profit on ordinary activities	<u>804,261</u>	<u>(15,266)</u>

**Factors that may affect future tax charges**

During the year the group did not make any contributions to Employee Benefit Trusts, whereas in previous years the group 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 group'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 publicly stated that they are actively challenging the use of certain trusts to reward employees and have indicated they wish to review contributions made by the group. 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 by the group's taxation advisors.

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**9. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 25 33% (2011 - 20%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>652,110</u>	<u>4,572,168</u>
Profit on ordinary activities by rate of tax	165,179	914,434
Expenses not deductible for tax purposes	653,669	763
Capital allowances for period in excess of depreciation	33,409	(2,898)
Utilisation of tax losses	(108,702)	(994,425)
Unrelieved tax losses	-	82,126
Tax chargeable at lower rates	(12)	-
Research and development claim	(9,708)	-
Unrelieved tax losses in associate	47,453	-
Total current tax (note 9(a))	<u>781,288</u>	<u>-</u>

**10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The profit dealt with in the financial statements of the parent company was £419,453 (2011 - £4,587,434)

**11. TANGIBLE FIXED ASSETS**

Group	Plant & Machinery £
<b>COST</b>	
At 1 August 2011	435,199
Additions	<u>83,737</u>
<b>At 31 July 2012</b>	<u>518,936</u>
<b>DEPRECIATION</b>	
At 1 August 2011	245,970
Charge for the year	<u>92,314</u>
<b>At 31 July 2012</b>	<u>338,284</u>
<b>NET BOOK VALUE</b>	
<b>At 31 July 2012</b>	<u>180,652</u>
At 31 July 2011	<u>189,229</u>



**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**11. TANGIBLE FIXED ASSETS** *(continued)*

<b>Company</b>	<b>Plant &amp; Machinery</b> £
<b>COST</b>	
At 1 August 2011	435,199
Additions	83,737
<b>At 31 July 2012</b>	<u><b>518,936</b></u>
<b>DEPRECIATION</b>	
At 1 August 2011	245,970
Charge for the year	92,314
<b>At 31 July 2012</b>	<u><b>338,284</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31 July 2012</b>	<u><b>180,652</b></u>
At 31 July 2011	<u>189,229</u>

**12. INVESTMENTS**

<b>Group</b>	<b>Total</b>
Unlisted investments	£
<b>COST</b>	
At 1 August 2011	981,000
Additions	1,580,894
<b>At 31 July 2012</b>	<u><b>2,561,894</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31 July 2012</b>	<u><b>2,561,894</b></u>
At 31 July 2011	<u>981,000</u>

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2012**

**12. INVESTMENTS** *(continued)*

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>				
Vouchacha Limited	England & Wales	Ordinary shares	65%	Mobile marketing
Markco Media Enterprises Limited	England & Wales	Ordinary shares	99.5%	Dormant
<b>Associated undertaking</b>				
Last Second Ticketing Limited	England and Wales	Ordinary shares	25%	Technology in media and mobile industry

<b>Company</b>	<b>Subsidiary companies</b>	<b>Associated undertakings</b>	<b>Other investments</b>	<b>Other investments</b>
	£	£	£	£
<b>Unlisted investments</b>				
<b>COST</b>				
At 1 August 2011	-	-	981,000	981,000
Additions	2,250,001	227,272	1,580,894	4,058,167
At 31 July 2012	<u>2,250,001</u>	<u>227,272</u>	<u>2,561,894</u>	<u>5,039,167</u>
<b>AMOUNTS WRITTEN OFF</b>				
Written off in year	2,250,001	-	-	2,250,001
At 31 July 2012	<u>2,250,001</u>	<u>-</u>	<u>-</u>	<u>2,250,001</u>
<b>NET BOOK VALUE</b>				
At 31 July 2012	<u>-</u>	<u>227,272</u>	<u>2,561,894</u>	<u>2,789,166</u>
At 31 July 2011	<u>-</u>	<u>-</u>	<u>981,000</u>	<u>981,000</u>

**MARKCO MEDIA LIMITED**  
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**12. INVESTMENTS** *(continued)*

**Subsidiary companies**

Vouchacha Limited, a company incorporated in England and Wales 65% of the ordinary share capital is held. The nature of the business is that of mobile marketing. This company was acquired in April 2012 and has been included in the consolidated group financial statements.

Markco Media Enterprises Limited, a company incorporated in England and Wales 99.5% of the ordinary share capital is held. The company was dormant during the year and has not traded. The company was acquired in January 2012 and has been included in the consolidated group financial statements. The company has a year ended 31st December 2012, but as this has been dormant and has not traded in the year, its inclusion in the consolidated financial statements with a non-conterminous year end is not considered to be an issue as the balance sheet position has remained unchanged from 31st July 2012.

**Associated undertakings**

Last Second Ticketing Limited, a company incorporated in England and Wales 25% of the ordinary share capital is held. The shares in this company were acquired in October 2011 and is treated as an associated company in the consolidated group financial statements. The company has a year ended 30th September 2012. The results have been included in the financial statements at this date even though its year end is not conterminous with that of its parent. The inclusion of results at this date does not significantly misstate the group's financial results and position for the financial year.

**Other investments**

This consists of amounts invested at cost in Markco LLP, a company situated in England and Wales.

**Share of Associated undertakings results**

**Last Second Ticketing Limited**

	<b>2012</b>	<b>2011</b>
	£	£
Fixed assets	7,383	—
Current assets	25,571	—
Current liabilities	(141,724)	—
Non current liabilities	(55,250)	—
	<u>(164,020)</u>	<u>—</u>

**Carrying value of associated undertakings**

	<b>2012</b>	<b>2011</b>
	£	£
Goodwill	163,162	—
Group's share of net assets	(164,020)	—
	<u>(858)</u>	<u>—</u>

**MARKCO MEDIA LIMITED**  
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**12. INVESTMENTS** *(continued)*

**Goodwill on acquisition was:**

	£
Consideration paid	227,272
Share of net assets on acquisition	<u>(23,319)</u>
Goodwill	<u>203,953</u>

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	£	£	£	£
Trade debtors	193,747	140,339	148,329	140,339
Amounts owed by group undertakings	–	–	509,800	–
Other debtors	543,292	356,362	543,292	356,362
Prepayments and accrued income	1,541,166	1,622,992	1,525,956	1,622,992
	<u>2,278,205</u>	<u>2,119,693</u>	<u>2,727,377</u>	<u>2,119,693</u>

**14. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	£	£	£	£
Trade creditors	281,487	240,055	274,929	240,055
Other creditors including taxation				
Corporation tax	713,805	–	713,805	–
VAT	297,039	280,414	245,191	280,414
Other creditors	4,313	6,352	4,313	6,352
Accruals and deferred income	122,887	146,826	63,108	146,826
	<u>1,419,531</u>	<u>673,647</u>	<u>1,301,346</u>	<u>673,647</u>

**15. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	£	£	£	£
Provision brought forward	–	15,266	–	15,266
Increase/(Decrease) in provision	22,973	(15,266)	22,973	(15,266)
Provision carried forward	<u>22,973</u>	<u>–</u>	<u>22,973</u>	<u>–</u>

**MARKCO MEDIA LIMITED**  
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**15. DEFERRED TAXATION** *(continued)*

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

<b>Group</b>	<b>2012</b>		<b>2011</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<u>22,973</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

<b>Company</b>	<b>2012</b>		<b>2011</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<u>22,973</u>	<u>-</u>	<u>-</u>	<u>-</u>

**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 July 2012 the group had annual commitments under non-cancellable operating leases as set out below

<b>Group</b>	<b>2012</b>		<b>2011</b>	
	<b>Land and buildings</b>	<b>Other items</b>	<b>Land and buildings</b>	<b>Other items</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Within 1 year	-	7,441	-	7,441
Within 2 to 5 years	<u>138,296</u>	<u>83,160</u>	<u>138,298</u>	<u>83,160</u>
	<u>138,296</u>	<u>90,601</u>	<u>138,298</u>	<u>90,601</u>

At 31 July 2012 the company had annual commitments under non-cancellable operating leases as set out below

<b>Company</b>	<b>2012</b>		<b>2011</b>	
	<b>Land and buildings</b>	<b>Other items</b>	<b>Land and buildings</b>	<b>Other items</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Within 1 year	-	7,441	-	7,441
Within 2 to 5 years	<u>138,296</u>	<u>83,160</u>	<u>138,298</u>	<u>83,160</u>
	<u>138,296</u>	<u>90,601</u>	<u>138,298</u>	<u>90,601</u>

**MARKCO MEDIA LIMITED**  
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**17. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr M A Pearson throughout the current and previous year Mr M A Pearson is the managing director and sole shareholder

During the year the company had the following related party transactions

**Loans to directors**

At the year end Mr M A Pearson owed the company £Nil (2011 £2,100) due to having an overdrawn loan account The maximum value outstanding on his directors loan account during the year was £581,176

**Petoba Marketing Limited**

Amount owing by the above mentioned related party £144,177 (2011 £139,677) on interest free loans There were no sales or purchases of goods and services made to this related party during the year

**Blottr Digital Limited**

During the year the company sold services to the above mentioned related party of £Nil (2011 £1,717) At the year end the related party owed the company £1,717 (2011 £1,717)

**Noisy Duck Limited**

During the year the company loaned the above mentioned related party £64,642 (2011 £Nil), which was still outstanding at the year end The company also sold services to this related party of £1,422 (2011 £1,422) At the year end this was still unpaid on the sales ledger

**Last Second Ticketing Limited**

During the year the company loaned the above mentioned related party £230,000 as an interest free trading loan and a £50,000 Bond loan Both remained unpaid at the year end The company also sold services to this related party of £3,912 (2011 £Nil) At the year end this amount was still unpaid on the sales ledger

**Mindworks Labs Limited**

During the year the company sold goods and services to the above mentioned related party of £3,057 (2011 £Nil) This amount was fully paid back before the year end

**Stamp It Limited**

During the year the company purchased goods on behalf of the above mentioned related party for £2,100 (2011 £Nil) This amount is still outstanding at the year end There were no sales or purchases of goods and services made to this related party during the year

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. SHARE CAPITAL**

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**19. RESERVES**

Group	Profit and loss account £
Balance brought forward	6,362,841
Loss for the year	(108,966)
Balance carried forward	<u>6,253,875</u>
Company	Profit and loss account £
Balance brought forward	6,362,841
Profit for the year	419,453
Balance carried forward	<u>6,782,294</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
(Loss)/Profit for the financial year	(108,966)	4,587,434
Opening shareholders' funds	<u>6,362,843</u>	<u>1,775,409</u>
Closing shareholders' funds	<u>6,253,877</u>	<u>6,362,843</u>

**21. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit	807,351	4,553,654
Depreciation	92,314	111,874
Goodwill amortisation	40,791	—
Increase in debtors	(158,512)	(923,201)
Increase/(decrease) in creditors	32,079	(28,583)
Decrease in provisions	—	(50,000)
Other consolidation adjustments	(118,508)	—
Net cash inflow from operating activities	<u>695,515</u>	<u>3,663,744</u>

**MARKCO MEDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2012 £	2011 £
Income from other fixed asset investments	11,705	–
Interest received	20,420	18,514
Interest paid	(27)	–
Net cash inflow from returns on investments and servicing of finance	<u>32,098</u>	<u>18,514</u>

**TAXATION**

	2012 £	2011 £
Taxation	<u>(67,483)</u>	<u>–</u>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2012 £	2011 £
Acquisition of associated undertakings	(227,272)	–
Payments to acquire tangible fixed assets	(83,737)	(120,224)
Acquisition of fixed asset investments	(1,580,894)	(981,000)
Net cash outflow for capital expenditure and financial investment	<u>(1,891,903)</u>	<u>(1,101,224)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2012 £	2011 £
(Decrease)/Increase in cash in the period	(1,231,773)	2,581,034
Movement in net funds in the period	(1,231,773)	2,581,034
Net funds at 1 August 2011	<u>3,746,568</u>	<u>1,165,534</u>
Net funds at 31 July 2012	<u>2,514,795</u>	<u>3,746,568</u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Aug 2011 £	Cash flows £	At 31 Jul 2012 £
Net cash			
Cash in hand and at bank	3,746,568	(1,231,773)	2,514,795
Net funds	<u>3,746,568</u>	<u>(1,231,773)</u>	<u>2,514,795</u>