

Registered number
6327961

Markco Media Limited

Report and Accounts

31 July 2010



Markco Media Limited
Report and accounts
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Markco Media Limited
Registered number: 6327961
Director's Report

The director presents his report and the audited accounts for the year ended 31 July 2010

Principal activities and review of the business

The company's principal activity during the year continued to be that of affiliate marketing and other advertising activities. The company underwent a period of consolidation and reorganisation during the year in which a number of new staff were added and the website platform redevelopment began. This has amounted to an increase in the company cost base whilst generating little extra revenue during the year but will provide the basis for the future growth of the company in 2011/2.

Future developments

Markco Media Limited will be redeveloping its website platform and expanding into new International markets during the second half of 2011. It will also continue its development of a mobile platform which will be launched in the UK initially and rolled out internationally.

Events since the balance sheet date

The company was required to pay up the remaining lease on its Glasgow office which it vacated in February 2010. This occurred in September 2010 and full provision was recognised in the accounts.

Directors

The following persons served as directors 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 (information needed by the company's auditors in connection with preparing their report) of which the company's auditor is unaware
- 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

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 6 April 2011 and signed on its behalf



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,
- 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 2010 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 Section 495 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 set out on page 2, 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 2010 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.

Hannah Justice ACA FCCA

Hannah Justice ACA FCCA (Senior Statutory Auditor)
for and on behalf of BSN Associates Limited
Chartered Accountants and Statutory Auditors
6 April 2011

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

Markco Media Limited
Profit and Loss Account
for the year ended 31 July 2010

	Notes	2010 £	2009 £
Turnover	2	10,069,325	9,862,885
Cost of sales		(781,597)	(224,851)
Gross profit		<u>9,287,728</u>	<u>9,638,034</u>
Administrative expenses		(9,299,430)	(9,171,570)
Other operating income		175	-
Operating (loss)/profit	3	<u>(11,527)</u>	<u>466,464</u>
Interest receivable		23,458	15,793
Profit on ordinary activities before taxation		<u>11,931</u>	<u>482,257</u>
Tax on profit on ordinary activities	6	38	(340,403)
Profit for the financial year		<u>11,969</u>	<u>141,854</u>

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 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	7	180,879	100,964
Current assets			
Debtors	8	1,196,492	1,642,131
Cash at bank and in hand		<u>1,165,534</u>	<u>989,572</u>
		2,362,026	2,631,703
Creditors: amounts falling due within one year	9	(702,230)	(953,379)
Net current assets		<u>1,659,796</u>	<u>1,678,324</u>
Total assets less current liabilities		<u>1,840,675</u>	<u>1,779,288</u>
Provisions for liabilities			
Deferred taxation	10	(15,266)	(15,848)
Other provisions	11	<u>(50,000)</u>	<u>-</u>
		(65,266)	(15,848)
Net assets		<u>1,775,409</u>	<u>1,763,440</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	1,775,407	1,763,438
Shareholder's funds	14	<u>1,775,409</u>	<u>1,763,440</u>


M Pearson
Director
Approved by the board on 6 April 2011

Markco Media Limited
Cash Flow Statement
for the year ended 31 July 2010

	Notes	2010 £	2009 £
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		641,306	(456,510)
Returns on investments and servicing of finance	15	23,458	15,793
Taxation		(324,820)	(668,452)
Capital expenditure	15	(163,982)	(119,380)
		<u>175,962</u>	<u>(1,228,549)</u>
 Increase/(decrease) in cash		 <u>175,962</u>	 <u>(1,228,549)</u>
 Reconciliation of operating profit to net cash inflow from operating activities			
Operating (loss)/profit		(11,527)	466,464
Depreciation charges		84,067	45,176
Decrease/(increase) in debtors		445,639	(919,503)
Increase/(decrease) in creditors		123,127	(48,647)
 Net cash inflow/(outflow) from operating activities		 <u>641,306</u>	 <u>(456,510)</u>
 Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		175,962	(1,228,549)
Change in net debt	16	<u>175,962</u>	<u>(1,228,549)</u>
Net funds at 1 August		<u>989,572</u>	<u>2,218,121</u>
Net funds at 31 July		<u>1,165,534</u>	<u>989,572</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

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 2010

Financial Instruments

Financial assets and financial liabilities are recognised on the company's Balance Sheet when the company becomes party to the contractual provisions of the instrument

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

Equity Instruments

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

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 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.

3 Operating profit	2010	2009
	£	£
This is stated after charging		
Depreciation of owned fixed assets	84,067	45,176
EFRBS contributions	-	610,023
Operating lease rentals -Licences & Agreements	43,363	-
Operating lease rentals - land buildings	220,499	-
Auditors' remuneration for audit services	13,000	13,000
(Profit)/Loss on disposal of website	-	(3,480)
Exchange rate Loss	14,331	-

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

4 Director's emoluments	2010	2009
	£	£
Emoluments	3,652,032	4,628,753
Employer funded retirement benefit scheme	-	610,023
	<u>3,652,032</u>	<u>5,238,776</u>
 Highest paid director		
Emoluments	3,652,032	4,628,753
Employer funded retirement benefit scheme	-	610,023
	<u>3,652,032</u>	<u>5,238,776</u>
 5 Staff costs	2010	2009
	£	£
Wages and salaries	5,076,150	5,720,877
Social security costs	167,541	60,140
Other pension costs	2,833	-
	<u>5,246,524</u>	<u>5,781,017</u>
 Average number of employees during the year	Number	Number
	<u>67</u>	<u>32</u>
 6 Taxation	2010	2009
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	544	324,555
Deferred tax		
Origination and reversal of timing differences	(582)	15,848
	<u>(38)</u>	<u>340,403</u>
 Tax on (loss)/profit on ordinary activities		
	<u>(38)</u>	<u>340,403</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>11,931</u>	<u>482,257</u>
Standard rate of corporation tax in the UK	21%	28%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	2,506	135,032
Effects of		
Expenses not deductible for tax purposes	1,507	201,074
Marginal relief	-	(5,614)
Capital allowances for period in excess of depreciation	(3,469)	(11,551)
Current tax charge for period	<u>544</u>	<u>324,555</u>

Factors that may affect future tax charges

During the year the company made contributions to Employee Benefit Trusts of £3,553,651 (2009 £4,539,156). 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 2010

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 August 2009	150,993
Additions	<u>163,982</u>
At 31 July 2010	<u>314,975</u>
Depreciation	
At 1 August 2009	50,029
Charge for the year	<u>84,067</u>
At 31 July 2010	<u>134,096</u>
Net book value	
At 31 July 2010	<u>180,879</u>
At 31 July 2009	<u>100,964</u>

8 Debtors	2010 £	2009 £
Trade debtors	36,372	95,538
Other debtors	243,306	912,148
Prepayments and accrued income	<u>916,814</u>	<u>634,445</u>
	<u>1,196,492</u>	<u>1,642,131</u>

9 Creditors: amounts falling due within one year	2010 £	2009 £
Trade creditors	464,777	413,224
Corporation tax	-	324,276
Other taxes and social security costs	157,631	176,690
Other creditors	21,554	-
Accruals and deferred income	<u>58,268</u>	<u>39,189</u>
	<u>702,230</u>	<u>953,379</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

10 Deferred taxation	2010	2009
	£	£
Accelerated capital allowances	15,266	15,848
Undiscounted provision for deferred tax	15,266	15,848

	2010	2009
	£	£
At 1 August	15,848	-
Deferred tax charge in profit and loss account	(582)	15,848
At 31 July	15,266	15,848

11 Provisions for liabilities

	Provisions
	£
At 1 August 2009	-
Additional provisions made during the period	50,000
At 31 July 2010	50,000

A provision of £50,000 has been recognised for expected Rent claim regarding the early termination of the lease for the Glasgow office. It is expected that this expenditure will be incurred in the next financial year.

12 Share capital	2010	2009	2010	2009
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	2	2	2

13 Profit and loss account	2010
	£
At 1 August 2009	1,763,438
Profit for the financial year	11,969
At 31 July 2010	1,775,407

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

14 Reconciliation of movement in shareholder's funds	2010 £	2009 £
At 1 August	1,763,440	1,621,586
Profit for the financial year	11,969	141,854
At 31 July	<u>1,775,409</u>	<u>1,763,440</u>

15 Gross cash flows	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	<u>23,458</u>	<u>15,793</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(163,982)	(136,074)
Receipts from sales of tangible fixed assets	-	16,694
	<u>(163,982)</u>	<u>(119,380)</u>

16 Analysis of changes in net debt	At 1 Aug 2009	Cash flows	Non-cash changes	At 31 Jul 2010
	£	£	£	£
Cash at bank and in hand	989,572	175,962		1,165,534
Total	<u>989,572</u>	<u>175,962</u>	<u>-</u>	<u>1,165,534</u>

17 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 £263862

	Land and buildings 2010 £	Land and buildings 2009 £	Other 2010 £	Other 2009 £
Operating leases which expire within one year	193,160	112,167	57,200	5,931
within two to five years	-	-	76,741	-
	<u>193,160</u>	<u>112,167</u>	<u>133,941</u>	<u>5,931</u>

Markco Media Limited
Notes to the Accounts
for the year ended 31 July 2010

18 Transactions with the director

At the balance sheet date Mr M Pearson owed the company £9,482 (2009 £805,729) which was interest free and is an unsecured loan. This was cleared within nine months of the year end. The maximum amount that was owed during the year was £805,729.

Mr M Pearson has a personal guarantee of £20,000 to the company's bank.

19 Related parties

At the balance sheet date the company provided an interest free loan of £106,177 (2009 £68,177) to Petoba Marketing Limited, in which M Pearson has a 50% shareholding.

During the year Markco Media Limited purchased services amounting to £2,000 from Petoba Marketing Limited. The creditor balance was cleared during the year.

20 Controlling party

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