

AdsFab Limited

Directors' report and financial statements

for the year ended 31 July 2007

Registered number 4179561

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AdsFab Limited

(Registered number 4179561)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2007

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AdsFab Limited

CHAIR'S REPORT

The year ended 31 July 2007 has been a successful year for the Company with turnover increasing by 4% over the previous year. This combined with improved gross margins and further tight control over operating costs has resulted in a significantly improved operating profit of £275k compared to £119k for the previous year.

During the year the Company was awarded preferred supplier status under the DfES framework agreement which is effective for the next four years.

The Company is pleased to report that it will be making a payment of £312k (2006 - £47k) to charitable bodies under the Deed of Covenant.

A handwritten signature in black ink, reading "Stuart Palmer". The signature is written in a cursive style with a large, looped 'S' at the beginning.

Chair

AdsFab Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 July 2007

Principal activities

The Company's principal activity is the operation of an advertising agency for the higher and further education sectors

During the year ended 31 July 2007, the Company made a profit of £311,104 before taxation (2006 - £136,225) which, after Deed of Covenant payments, resulted in a retained loss of £1,076 (2006 - profit £88,753)

Deed of covenant

By deed of covenant dated 31 July 2007 the Company covenanted to pay a sum equal to the taxable profit for corporation tax purposes to charitable bodies

Dividend

The directors do not recommend the payment of a dividend.

Fixed assets

Movements in the fixed assets of the Company are shown in note 6 to the financial statements.

Directors and their interests

The directors of the Company during the year were as follows

S Palmer (Chair)	
J Baldwin	
R A Drinkwater	
I P Rowley	- appointed 3 July 2007
A Charnock	
J Boyd	
J Behagg	- resigned 30 September 2006
P Varney	- resigned 1 February 2007
P Stuhldreer	- resigned 1 February 2007

None of the directors of the Company held any beneficial interest in the Company's share capital at 31 July 2007 or at any time during the year then ended

The following directors were appointed on 16 October 2007

S Williams
S Hodges

AdsFab Limited

DIRECTORS' REPORT (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 UK Accounting Standards.

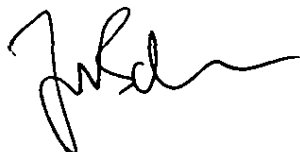
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



J F BALDWIN
Secretary

University House
University of Warwick
Coventry
CV4 8UW

Date 16 October 2007

KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of AdsFab Limited

We have audited the financial statements of AdsFab Limited for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

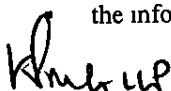
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor

16 October 2007

AdsFab Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 July 2007

	<i>Notes</i>	2007 £	2006 £
Turnover	2	8,280,766	7,956,671
Cost of sales		(7,590,993)	(7,412,709)
Gross Profit		689,773	543,962
Distribution costs		(21,854)	(13,982)
Administrative expenses		(392,560)	(411,307)
Operating Profit	3	275,359	118,673
Interest receivable		35,745	17,552
Profit on ordinary activities before taxation		311,104	136,225
Taxation	5	-	-
Profit on ordinary activities after taxation		311,104	136,225
Deed of covenant payable		(312,180)	(47,472)
(Loss)/Profit for the financial year		(1,076)	88,753

The results for the year include all recognised gains and losses

Notes to the financial statements are shown on pages 9 to 13

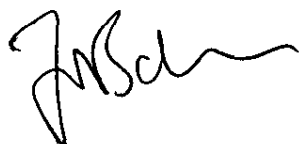
All activities during the year are continuing

AdsFab Limited

BALANCE SHEET **as at 31 July 2007**

	Notes	£	2007 £	£	2006 £
Tangible fixed assets	6		5,571		10,552
Current assets					
Debtors amounts falling due within one year	7	2,019,896		1,674,243	
Cash at bank and in hand		70,932		150	
			<u>2,090,828</u>	<u>1,674,393</u>	
Creditors amounts falling due within one year	8	(1,832,572)		(1,420,042)	
			<u>258,256</u>	<u>254,351</u>	
Net current assets					
			<u>263,827</u>	<u>264,903</u>	
Net assets					
			<u>263,827</u>	<u>264,903</u>	
Capital & reserves					
Called up share capital	10		305,100		305,100
Profit and loss account	11		(41,273)		(40,197)
			<u>263,827</u>	<u>264,903</u>	

These financial statements were approved by the Board of directors on 16 October 2007 and were signed on its behalf by



J F BALDWIN
Director

Notes to the financial statements are shown on pages 9 to 13

AdsFab Limited

CASH FLOW STATEMENT for the year ended 31 July 2007

	<i>Notes</i>	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	(i)	213,076	(181,032)
Returns on investments and servicing of finance	(ii)	(31,727)	1,552
Capital Expenditure	(ii)	(721)	(11,306)
Financing		-	164,000
Increase/(decrease) in Cash		180,628	(26,786)

Reconciliation of net cash flow to movement in net funds/(debt) (note iii)

	2007 £	2006 £
Increase/(decrease) in Cash	180,628	(26,786)
Loan	-	(164,000)
Changes in funds/(debt)	180,628	(190,786)
Net (debt) / funds at 1 August	(109,696)	81,090
Net funds / (debt) at 31 July	70,932	(109,696)

AdsFab Limited

NOTES TO THE CASH FLOW STATEMENT – 31 JULY 2007

(i) Reconciliation of operating profit to net cash flow from operating activities

	2007 £	2006 £
Operating profit	275,359	118,673
Depreciation charge	5,702	7,021
Increase in debtors	(345,653)	(215,869)
Increase/(decrease) in creditors	277,668	(90,857)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	213,076	(181,032)

(ii) Gross Cash Flows

	2007 £	2006 £
<u>Returns on investments and servicing of finance</u>		
Interest received	35,745	17,552
Interest paid	-	(16,000)
Deed of covenant payments	(67,472)	-
	(31,727)	1,552
<u>Capital expenditure</u>		
Payments to acquire tangible fixed assets	(721)	(11,306)
	(721)	(11,306)

(iii) Analysis of changes in net funds/(debt)

	At 1 August 2006 £	Cash flows £	At 31 July 2007 £
Cash at bank and in hand	150	70,782	70,932
Bank overdraft	(109,846)	109,846	-
	(109,696)	180,628	70,932

AdsFab Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2007

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Recognition of income

Income from services rendered is included to the extent of completion of the contract or services concerned and is measured at the fair value of the consideration receivable

Depreciation

Depreciation is provided on assets so as to write off their cost over their estimated useful lives, in equal annual instalments

The applied rates are.

Computer equipment	33% per annum
Other equipment	20% per annum
Fixtures and fittings	20% per annum

Pensions

AdsFab Limited does not operate a company pension scheme. All employees are entitled to join the stakeholder pension scheme operated by the University of Warwick. Employer contributions are payable to both personal pension schemes of the employees as well as the stakeholder pension scheme.

Deferred Tax

No provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to charitable bodies and therefore no deferred tax asset or liability will be realised in the company.

2. TURNOVER

Turnover arises in the United Kingdom and is attributable to a single class of business – the operation of an advertising agency for the higher and further education sectors.

3. OPERATING PROFIT

	2007 £	2006 £
This has been arrived at after charging		
Auditor's remuneration - audit	5,300	5,050
- tax and other services	350	300
Depreciation - owned assets	5,702	7,021
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AdsFab Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2007 (continued)

4. STAFF COSTS

	2007 £	2006 £
Employees' remuneration and related costs during the year amounted to		
Wages and salaries	259,812	272,779
Social security costs	26,623	39,675
Other pension costs	11,984	12,046
	<u>298,419</u>	<u>324,500</u>

The average number of persons (excluding directors) employed during the period was 10 (2006 – 9). No directors have received any fee or remuneration for their services during the period. Directors' and officers' liability insurance amounting to £1,638 (2006 - £770) has been paid by the University of Warwick on behalf of the directors. Under company law, the remuneration of all directors falls to be disclosed within the band £nil - £5,000.

5. TAXATION

The tax charge for the period is £nil (2006 - £nil).

6. TANGIBLE FIXED ASSETS

	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
As at 1 August 2006	51,524	9,820	61,344
Additions	721	-	721
As at 31 July 2007	<u>52,245</u>	<u>9,820</u>	<u>62,065</u>
Depreciation			
As at 1 August 2006	43,393	7,399	50,792
Charge for the year	4,968	734	5,702
As at 31 July 2007	<u>48,361</u>	<u>8,133</u>	<u>56,494</u>
Net book value			
As at 31 July 2007	<u>3,884</u>	<u>1,687</u>	<u>5,571</u>
As at 31 July 2006	<u>8,131</u>	<u>2,421</u>	<u>10,552</u>

AdsFab Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2007 (continued)

7. DEBTORS

	2007 £	2006 £
Trade debtors	1,114,827	1,040,231
Amount due from the University of Warwick	602,318	272,791
Amount due from the University of Warwick Foundation	-	5,343
Amount due from fellow subsidiaries	5,198	6,860
VAT repayable	266,900	337,512
Other debtors and prepayments	30,653	11,506
	<u>2,019,896</u>	<u>1,674,243</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank overdraft	-	109,846
Trade creditors	816,098	693,478
Amount due to the University of Warwick	192,683	43,038
Amount due to fellow subsidiaries	12,138	14,890
Accruals	811,653	558,790
	<u>1,832,572</u>	<u>1,420,042</u>

9. DEFERRED TAXATION

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to charitable bodies and therefore no deferred tax asset or liability will be realised in the Company.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>311,104</u>	<u>136,225</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	93,331	40,867
<i>Effects of</i>		
Expenses not deductible for tax purposes	354	462
Capital allowances in excess of depreciation	(31)	(14,202)
Unrelieved tax losses	-	(12,885)
Deed of covenant	<u>(93,654)</u>	<u>(14,242)</u>
Current tax charge for the year (note 5)	<u>-</u>	<u>-</u>

AdsFab Limited**NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2007 (continued)****10. SHARE CAPITAL**

	2006 and 2007	
	Authorised	Issued & fully paid
	£	£
Class A Shares £1 ordinary voting	51	51
Class B Shares. £1 ordinary voting	49	49
Class C Shares. £1 ordinary non-voting	400,000	305,000
	<u>400,100</u>	<u>305,100</u>

11. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
As at 1 August	(40,197)	(128,950)
Retained (loss) / profit for the year	<u>(1,076)</u>	<u>88,753</u>
As at 31 July	<u>(41,273)</u>	<u>(40,197)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Retained (loss)/profit for the year	<u>(1,076)</u>	<u>88,753</u>
Net (decrease)/increase in shareholders' funds	(1,076)	88,753
Opening shareholders' funds	264,903	176,150
Closing shareholders' funds	<u>263,827</u>	<u>264,903</u>

13. PENSIONS

The pension costs charged to the profit and loss account during the year under review were £11,984 (2006 £12,046) and represent the amounts paid into the employees' personal pension schemes

AdsFab Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2007 (continued)

14. ULTIMATE PARENT ENTITY

The ultimate parent entity and controlling party is the University of Warwick, which is the parent undertaking which consolidates the group accounts. The consolidated parent accounts can be obtained from the principal place of business at University of Warwick, Coventry, CV4 8UW.

15. RELATED PARTY DISCLOSURES

The following members of the Universities Advertising Group are deemed to be related parties due to the fact that they are members of Deansgate 37 Limited, a company limited by guarantee, which holds 49% of the voting shares in AdsFab Limited.

- University of Sheffield
- University of Salford
- University of Durham
- University of Wales, Swansea
- University of Surrey
- University of Sussex
- University of Essex
- University of Manchester
- University of Kent at Canterbury
- University of the West of England
- University of Gloucestershire
- University of Wales, Bangor
- University of Reading
- University of Oxford
- Oxford Brookes University
- University of Nottingham
- University of Cambridge
- University of Newcastle

The total value of sales to the above related parties during the period was £3,378,361 (2006 - £4,212,446) of which £390,893 was outstanding as at 31 July 2007 (2006 - £453,260). All transactions were in respect of advertising services carried out by AdsFab Limited.

The University of Warwick, which holds 51% of the voting shares in AdsFab Limited, is the controlling party of AdsFab Limited. The total value of sales to the University of Warwick during the period was £1,149,717 (2006 - £1,242,607) of which £3,669 was outstanding as at 31 July 2007 (2006 - £nil). The total value of purchases from the University of Warwick was £135,884 (2006 - £143,426) in respect of recharges and administration costs.