WEARE 2020 PLC

Annual Report and Accounts

For the year ended 31 March 2012

WEARE 2020 PLC

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Performance highlights

- Revenues £37.3m (2011: £44.7m)
- Gross profit £29.7m (2011: £36.0m)
- Adjusted* EBITD £4.2m (2011: £5.8m)
- Adjusted* profit before tax £3.3m (2011: £4.8m)
- Adjusted* basic earnings per share 3.30p (2011: 5.52p)
- Net cash flow generated from operations before changes in working capital £4.2m (2011: £5.3m)
- Net debt £3.2m (2011: £4.2m)
- Statutory profit before tax and after amortisation, share based payment charges and exceptional charges £1.3million (2011: loss £13.5m)

*Adjusted means before amortisation, share based charges, impairment and exceptional items including other income

Chairman's statement

As this is my first statement as Chairman, I would like to thank Stephen Davidson for his stewardship as Chairman of the Group since it was formed in 2006. Stephen has made a great contribution to the Group and had to steer it through some very challenging times. Stephen has agreed to remain on the Board of Directors as a Non-Executive Director.

For the year ended 31 March 2012 the Group reported an operating profit before interest, tax, depreciation, amortisation, share based payment charges and exceptional items of £4.2million (2011: £5.8 million). Revenue has fallen from £44.7 million to £37.3 million and on the back of this reduction in revenue gross profit has fallen from £36.0 million to £29.7 million. This is as a result of the change in the mix of our revenue. We have had a challenging second six months in our Technology division which had a difficult implementation on behalf of a client. We were required to correct code for which we were not technically responsible and this delayed the implementation, which resulted in our inability to recover the full costs.

We have completed the consolidation of the business into a single brand, 20:20. Based on this consolidation we present our numbers in the three practice areas the businesses are reported internally, namely 20:20 Agency, 20:20 Technology and 20:20 Dialogue. Disclosed under other income are distributions received from the administrator of a previous client. These receipts have reduced to £0.6 million from £1.3 million received in the year to 31 March 2011. It is anticipated that further dividends will be made but the quantum will reduce. In May 2012 we received a further distribution of £0.6 million.

Our net debt at the year-end was £3.2 million down from £4.2 million last year. We have made the final payments on the deferred consideration for the acquisition of our Technology business, which amounted to £2.4 million. We have therefore been cash generative from operations through the year and continue to reduce the Group's indebtedness.

As for the previous year, the year to 31 March 2012 has been tough but our management and employees have worked very hard to deliver these results. I would like to thank all staff and clients for their continuing commitment.

Board Changes

We have made a number of changes to the Board with the appointment of Martin Boddy, as Chief Executive Officer and Andy Gardner as Chief Operating Officer. Martin and Andy were founders of Jaywing, our analytics business, which we acquired in 2007. Joining on 1 June 2012 was Kate McIntyre who has been appointed as a replacement to Keith Sadler as Group Finance Director.

Charles Buddery, who has been interim Chief Executive Officer, joins the Board as a Non-Executive Director and continues to make a valuable contribution to the on-going business.

Barry Jenner, who served on the Board from the beginning of the Group, stepped down from the Board on 31 May 2012. The Board would like to thank Barry for his contribution to the Group. We wish him well for the future.

Ian Robinson and Keith Sadler will step down from the Board on 31 July 2012. I would like to thank them for their contribution to the business since joining the Group.

Outlook

The start of the year has been in line with management expectations. This remains a difficult economic environment and our focus continues to be the retention and development of our client base and new business opportunities.

Andrew Wilson
Chairman
11 July 2012

Business review

Weare 2020 plc reported a statutory profit before tax of £1.3 million (2011: loss £13.5 million). The adjusted operating performance line, before interest, tax, depreciation, amortisation, share based payment charges and exceptional items, shows profits of £4.2 million (2011: £5.8 million).

During the year the Group benefited from the receipt of £0.6 million (2011: £1.3 million) from the administrator of a client where a contractual obligation existed. Removing the benefit of these receipts from the above adjusted numbers results in an operating performance for the year of £3.6 million compared to £4.5 million for the year ended 31 March 2011. A further distribution has been received by the Group in May 2012 in the sum of £0.6 million. Based on communication from the administrator, the Board believes there will be further distributions but the quantum will reduce.

The decline in revenues was mainly driven by Agency which showed a reduction in revenue of some £5.5 million. The majority of this revenue loss is within our media buying business where the market place is commoditised and pricing has become depressed. Revenue fell from £7.0 million to £1.8 million. This resulted in gross profit falling from £1.6 million to £0.4 million.

The Technology part of the business had a small reduction in gross profit from £10.4 million to £9.8 million. However, the performance in the second half of the year suffered from a problem in implementing an e-commerce platform on behalf of a client, the resolution of which required a number of consultant hours being non-chargeable to the client. As this was a time critical issue it meant resource was not allocated to chargeable clients through the final quarter of the financial year. As we move into the new financial year these issues should be resolved and the business will get back to its normal charging cycle.

The table below shows the adjusted operating profit after interest analysed between the two half years and adjustments made against the reported numbers:

	Six months to 30 September 2011 £'000	Six months to 31 March 2012 £'000	**Full year to 31 March 2012 £'000**
Reported profit before tax	1,007	259	**1,266**
Amortisation	900	901	**1,801**
Depreciation	179	181	**360**
Exceptional charges	-	248	**248**
Share based payment charge	207	(196)	**11**
Adjusted operating profit after interest	2,293	1,393	**3,686**
Other income	(285)	(282)	**(567)**
Adjusted operating profit after interest but before other income	**2,008**	**1,111**	**3,119**

Including other income the Group produced £1.4 million adjusted operating profit after interest in the six months to 31 March 2012 against £2.3 million in the first half.

The segmental performance of our business in the three practice areas of Agency, Technology and Dialogue, is shown below together with the comparative performance from the previous year.

Segmental performance

For the year ended 31 March 2012

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Revenue from external customers	14,975	12,975	10,017	(702)	**37,265**
Direct costs	(5,772)	(2,222)	(228)	702	**(7,520)**
Gross profit	9,203	10,753	9,789	-	**29,745**
Other operating income	-	567	-	-	**567**
Operating expenses excluding depreciation, amortisation and charges for share based payments	(7,857)	(8,567)	(8,927)	(798)	**(26,149)**
Operating profit before depreciation, amortisation and charges for share based payments	1,346	2,753	862	(798)	**4,163**
Depreciation	(162)	(140)	(57)	(1)	**(360)**
Amortisation	(679)	(756)	(366)	-	**(1,801)**
Impairment and exceptional charges	(323)	75	-	-	**(248)**
(Charge)/credit for share based payments	-	(16)	-	5	**(11)**
Operating profit/(loss)	**182**	**1,916**	**439**	**(794)**	**1,743**

For the year ended 31 March 2011

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Revenue from external customers	20,499	14,276	11,005	(1,075)	44,705
Direct costs	(7,936)	(1,190)	(602)	994	(8,734)
Gross profit	12,563	13,086	10,403	(81)	35,971
Other operating income	8	1,305	-	-	1,313
Operating expenses excluding depreciation, amortisation and charges for share based payments	(10,467)	(11,853)	(8,405)	(809)	(31,534)
Operating profit before depreciation, amortisation and charges for share based payments	2,104	2,538	1,998	(890)	5,750
Depreciation	(230)	(205)	(50)	(2)	(487)
Amortisation	(885)	(684)	(365)	-	(1,934)
Impairment	(13,305)	(2,170)	-	(294)	(15,769)
Charges for share based payments	(131)	(61)	-	(395)	(587)
Operating profit/(loss)	(12,447)	(582)	1,583	(1,581)	(13,027)

Liquidity review

The Group's facilities comprise an amortising revolving credit facility for an initial £6.3 million and a bank overdraft of £1.0 million. The revolving credit facility amortises over its duration to £2.45 million in October 2013.

The consolidated cash flow statement shows the Group to have generated cash from operating activities of £4.2 million (2011: £5.3 million) before changes in working capital.

We paid £0.4 million in tax (2011: £0.6 million). In addition, we repaid £1.1million of term loans (2011: £1.8 million) and reduced the revolving credit facility by £1.2 million (2011: increased £1.2 million).

As at 31 March 2012 the Group had net debt of £3.2 million (2011: £4.2 million).

Impairment
As required by IAS 38 we have carried out an impairment review of the carrying value of our intangible assets and goodwill. We calculate our weighted average cost of capital with reference to long term market costs of debt and equity and the Company's own cost of debt and equity, adjusted for the size of the business and risk premiums. Based on this calculation a rate of 11% (2011:12.7%) has been derived. This is applied to cash flows for each of the business units using growth rates in perpetuity of 2% from 2018/19. As a result of these calculations the Board have concluded that the carrying value of intangible assets and goodwill on the Group's balance sheet do not need to be impaired and therefore no charge has been made (2011: £15.3 million).

Contingent payments
The estimate of payments to be made for past acquisitions is £0.1 million (2011: £2.6 million). £125,000 is due for the purchase of 20:20 London and is subject to performance criteria being met. This amount is provided in deferred consideration.

Key performance indicators
The published aim this time last year was to improve the performance of each practice area and reinforce the Group's credentials within the market place. This has not been the case and the segmental analysis shows that revenues have fallen year on year across all three areas of the business. There have been some specific challenges in the Technology part of the business where a client e-commerce platform implementation suffered problems resulting in a significant amount of non-chargeable remedial work.

The UK remains in recession and the markets in which we operate are particularly vulnerable to spend reductions and commoditisation. This is particularly true in the Agency and Technology parts of the business where clients have reduced and delayed spend, as they themselves weather the financial storm.

The focus for the coming year will be to get all parts of the business back onto a firm footing; to refocus on our core skills and to create attractive and compelling propositions. In particular our aims are:

- To refresh and reinvigorate the 2020 brand
- To establish a credible and diversified 2020 Consulting arm
- To maintain and even improve margins
- To retain existing clients and win new business across all parts of the Group.
- To promote a culture which our people can truly engage in.

Board of Directors

Andy Wilson, Chairman (aged 50)

Andy is currently a non-executive director of Global Healthcare AB, Restore plc and Impellam Group plc. Previously he was an investment banker with UBS Warburg specialising in mergers and acquisitions.

Martin Boddy, Chief Executive Officer (aged 47)

Before founding the data analytics consultancy, Jaywing in 1996, Martin held senior client side roles as Marketing Director of GRE and was a member of the senior marketing team that launched First Direct. He also set up West Window LLP which trades as Launchpad, a marketing consultancy, where he remains a partner.

Andy Gardner, Chief Operating Officer (aged 49)

A mathematician by education, Andy began his career in operational research before moving into financial services. Before co-founding Jaywing with Martin, Andy was a member of the First Direct senior management team and has also been both Credit Director and Customer Information Director for Egg.

Kate McIntyre, Group Finance Director (aged 49)

Kate has held a number of senior positions in finance, strategy and operations. Most recently she was Direct Sales and Marketing Director at UK General Insurance Group. Prior to that Kate was Operations Director at Business Link Yorkshire and also held several senior positions at HBOS. She was Finance Director of AXA PPP Healthcare and a member of the senior management team at First Direct. Kate is a chartered accountant.

Stephen Davidson, Non-Executive Director (aged 56)

Stephen is Chairman of Mecom Group plc and Datatec Limited and a non-executive director of Inmarsat plc. Stephen has held various positions in Investment Banking, most recently at WestLB Panmure Gordon where he was Global Head of Media and Telecoms, Investment Banking, then Vice Chairman of Investment Banking. From 1993 to 1998 Stephen was Finance Director, then CEO of Telewest Communications plc. He was Chairman of the Cable Communications Association from 1996 to 1998. Stephen holds a first class honours degree in mathematics and statistics from the University of Aberdeen.

Keith Sadler, Group Finance Director and Company Secretary (aged 53)

Keith was formerly Chief Executive and Group Finance Director of SPG Media Group plc, a marketing services company. Prior to this he was Group Finance Director and Company Secretary of The Wireless Group plc and two quoted regional newspaper publishers, News Communication and Media plc and Bristol United Press plc. Prior to this he was Treasurer of Mirror Group Newspapers plc. Keith is currently a director of a number of other companies. Keith is a chartered accountant and holds an honours degree in economics from the University of Kent.

Ian Robinson, Non-Executive Director (aged 65)

Ian is currently a director of Anne Street Partners Limited. Previously he was Chief Financial Officer of Carlisle Group's UK staffing and facilities services operations. Ian qualified as a chartered accountant having trained with Peat Marwick Mitchell & Co in London. He has held other senior financial appointments in UK service group companies and has spent several years overseas in both chief executive and chief financial officer roles of a quoted international services group.

Charles Buddery, Non-Executive Director (aged 59)

After a brief spell working in sales and marketing on the client side, Charles moved to an agency in 1981 and bought it in 1983. The agency, Dig For Fire, grew to become the largest and most profitable independently owned direct marketing agency outside London. Dig for Fire was acquired in 2006 when the 2020 Group was formed. Since then Charles has held a number of senior leadership positions across the Group. He is also a director of Kaizen IT Solutions Ltd and Kaizen Telecom Ltd, and is a partner in Players House LLP. Charles is now semi-retired but continues to act as a non-executive director.

Advisers

Auditor

Grant Thornton UK LLP
2 Broadfield Court
Sheffield
S8 0XF

Nominated adviser and broker

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Solicitors

Rosenblatt Solicitors
9-13 St Andrew Street
London
EC4A 3AF

Registered Office

30-33 Minories
Tower Hill
London
EC3N 1DD

Registered number: 05935923
Country of incorporation: England

Principal risks and uncertainties

General economic and business conditions
The sector in which the Group operates is sensitive to both general economic and business conditions and has been affected, along with others, by the performance of specific sectors such as financial services, automotive and retail.

People
The operations of the Group are dependent upon the continuing employment of a number of senior management personnel. The future of the Group could depend upon the efforts and expertise of such individuals. The loss of the service of any key management personnel could have a material adverse effect on the business of the Group.

As the Group operates in a specialised sector, it is dependent on its ability to recruit personnel with adequate experience and technical expertise. However, as the supply of such personnel is limited, the Group is likely to encounter significant competition for the recruitment of suitably experienced and skilled personnel. The future results of the Group could depend significantly upon the recruitment of such personnel and a failure to do so could have a material adverse effect on the business of the Group.

To mitigate this risk the Group was keen that vendors in each business took a significant percentage of their consideration in shares in Weare 2020 plc. In addition, the key managers in our businesses participate in the Performance Share Plan share options programme and the Annual Bonus Programme, both of which reward performance and loyalty to the Group (see Directors' remuneration report).

Clients
The businesses within the Group have, historically, derived a substantial amount of their revenue from contracts with a limited number of clients and these contracts are generally terminable upon three months notice by the client. However, all of the businesses within the Group have a proven track record of retaining customers. The loss of one or more contracts with the Group's clients, especially one of the two largest contracts, or a significant decrease in revenue derived from such contracts, could have an adverse impact on the Group's businesses, financial condition and results of operations.

Competition
The Group faces competition from other entities operating within the sector.

In particular these entities may have greater resources and may operate in international markets which could make them attractive to those clients seeking global campaigns or global consolidation of their marketing efforts. Each of the businesses within the Group has, however, been competing successfully against international networks for several years, and has in many cases won international projects from blue-chip multinational brands.

Suitable acquisitions and access to capital
The Group's plans for continued expansion are primarily based on organic growth. In addition however, the Group has a selective and strategic acquisition policy. The availability of debt or equity finance to fund future acquisitions may be limited or difficult to obtain.

Execution
The ability of the Group to deliver incremental revenues through co-ordinated new business activity is dependent on the availability of key senior personnel to help convert leads and cross refer business.

Products and services
The online marketing industry is characterised by rapidly changing technology, evolving industry standards, frequent product and service introductions and evolving web publisher and advertiser demands. These uncertainties are exacerbated by the emerging nature of internet use and advertising. The Group's future success will depend on its ability to modify its products and services to respond in a timely and cost-effective manner to new technologies and changing web publisher and advertiser demands.

If the Group is unable to adapt to these pressures or to develop products and services to address new and converging technologies, they may be unable to compete successfully. The Group intends to continue to develop its own tools and products from within its existing resources to ensure it responds in a timely and cost effective manner to these changes.

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 March 2012.

Principal activity
The principal activity of the Group during the year under review is that of digital direct marketing services.

Business review
The information that fulfils the Companies Act requirements of the business review is included in the Business review on pages 6 to 8. This includes a review of the development of the business of the Group during the year, of its position at the end of the year and of likely future developments in its business. Details of the principal risks and uncertainties facing the Group are set out on page 10.

Results and dividend
The Group's profit before taxation for the year ended 31 March 2012 was £1.3 million (2011: loss £13.5 million). The Directors do not propose to pay a dividend.

Future developments
The future developments of the Group are referred to in the Chairman's Statement on page 5 and the Business review on pages 6 to 8.

Going concern
The Directors have reviewed the forecasts for the years ending 31 March 2013 and 31 March 2014 which have been adjusted to take account of the current trading environment. The Directors consider the forecasts to be prudent and have assessed the impact of them on the Group's cash flow, facilities and headroom within its banking covenants. Furthermore, the Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities. Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Political and charitable donations
No political donations were made during the year (2011: £nil). During the year charitable donations were made of £1,500 (2011: £1,400).

Directors' interests
The present membership of the Board, together with biographies on each, is set out on page 9. All those Directors served throughout the year or from appointment along with Ben Langdon who resigned on 3 April 2011. The Directors' interests in shares in the Company are set out in the Directors' remuneration report on page 14.

Directors' third party indemnity provisions
The Group maintains appropriate insurance to cover Directors' and Officers' liability. The Group provides an indemnity in respect of all the Group's Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Employees
The Group is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, sex, marital status, sexual orientation, race, colour, religion or belief.

It is the policy of the Group that individuals with disabilities, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

Employees of the Company and its subsidiaries are regularly consulted by local managers and kept informed of matters affecting them and the overall development of the Group.

The Group is committed to maintaining high standards of health and safety for its employees, customers, visitors, contractors and anyone affected by its business activities. Health and safety is on the agenda for all regularly scheduled Board meetings.

Policy and practice on payment of creditors
It is the Group's policy and practice to settle its supplier accounts on due dates according to agreed terms of credit. The average creditor days across the Group for the year were 64 days (2011: 71 days). The Company had £6,000 of trade creditors at 31 March 2012 (2011: £30,000).

Financial instruments
Details of the financial risk management objectives and policies of the Group, including hedging policies, are given in note 34 to the consolidated financial statements.

Share capital
Details of the Company's share capital including rights and obligations attaching to each class of share are set out in note 22 of the financial statements.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than customary restrictions contained within the Company's Articles of Association and certain restrictions which may be required from time to time by law, for example, insider trading law. In accordance with the Model Code which forms part of the Listing Rules of the Financial Services Authority certain Directors and employees are required to seek the prior approval of the Company to deal in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. The Company's Articles of Association contain limited restrictions on the exercise of voting rights.

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders. The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Major interests in shares
As at 1 July 2012 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as shareholder of the Company:

	Number of voting rights	**2012** %	2011 %
Mayfair Limited	18,052,512	**24.2**	24.2
Henderson Global Investors	14,399,943	**19.3**	14.5
J & K Riddell	5,372,638	**7.2**	7.2
M Boddy	4,916,667	**6.6**	6.6
A Gardner	4,751,667	**6.4**	6.4
C Buddery	3,906,615	**5.3**	5.3
H Stevens	3,508,772	**4.7**	4.7

Corporate social responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take account of the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Annual General Meeting
Your attention is drawn to the Notice of Meeting enclosed with this Annual Report, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting.

Auditor
Each of the Directors at the date of approval of this Annual Report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Due to numerous changes at Board level it was considered appropriate to request that the rotation period of the Auditor be extended to provide continuity through these changes.

The auditor, Grant Thornton UK LLP, has indicated its willingness to remain in office, and a resolution that it be re-appointed will be proposed at the Annual General Meeting.

By Order of the Board

Keith Sadler
Company Secretary
11 July 2012

Directors' remuneration report

This report is prepared voluntarily by the Board.

The Remuneration Committee

The Remuneration Committee comprises:

- Stephen Davidson (Chairman)
- Ian Robinson
- Andy Wilson

The Code recommends that a remuneration committee should be composed of entirely independent non-executive directors. Messrs. Davidson (ex-Chairman of the Board), Robinson and Wilson (both of whom are affiliated with a major shareholder) are not regarded as independent under the Code. The Board does consider them to act independently as regards remuneration issues.

The Committee met once during the year. All meetings were attended by all serving members of the Committee.

The Group Finance Director is secretary to the Committee.

The Committee seeks input from the Group Finance Director and Company Secretary. The Committee makes reference to external evidence of pay and employment conditions in other companies and is free to seek advice from external advisers.

Remuneration policy

The Group's policy on remuneration for the current year and, so far as is practicable, for subsequent years is set out below. However, the Remuneration Committee believes that it should retain the flexibility to adjust the remuneration policy in accordance with the changing needs of the business. Any changes in policy in subsequent years will be detailed in future reports on remuneration. The Group must ensure that its remuneration arrangements attract and retain people of the right calibre in order to ensure corporate success and to enhance shareholder value. Its overall approach is to attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to all its staff and encouraging its staff to hold shares in the Group. Pay levels are set to take account of contribution and individual performance, wage levels elsewhere in the Group and with reference to relevant market information. The Group seeks to reward its employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual performance targets. The Board believes that share ownership is an effective way of strengthening employees' involvement in the development of the business and bringing together their interests and those of shareholders. Executive Directors are rewarded on the basis of individual responsibility, competence and contribution and salary increases also take into account pay awards made elsewhere in the Group as well as external market benchmarking.

During the year to 31 March 2012 there were three Executive Directors on the Board:

Ben Langdon (Group Chief Executive) (resigned 3 April 2011)
Keith Sadler (Chief Operating Officer, Finance Director and Company Secretary)
Martin Boddy (Chief Executive Officer) (appointed 1 March 2012)

The Executive Directors, with the exception of Martin Boddy, do not participate in a pension scheme or any healthcare arrangements.

Performance-related elements form a substantial part of the total remuneration packages and are designed to align Directors' interests with those of shareholders. In line with best practice and to bring Directors' and shareholders' interests further into line, Executive Directors and the management team are encouraged to maintain a holding of ordinary shares in the Group with a value of at least one times annual salary.

Non-Executive Directors' fees

Fees for Non-Executive Directors are determined by the Board annually, taking advice as appropriate and reflecting the time commitment and responsibilities of the role. Non-Executive Directors' fees currently comprise a basic fee of £15,000 per annum. The Chairman received a fee of £40,000 (during the year ended 31 March 2011 he waived £2,000 of his fee).

Non-Executive Directors do not participate in the annual bonus plan, pension scheme or healthcare arrangements. They were issued awards as described below under the Performance Share Plan (PSP), which have now vested or lapsed and will no longer participate in the PSP scheme. The Group reimburses the reasonable expenses they incur in carrying out their duties as Directors.

Remuneration components – Executive Directors

A significant proportion of each Executive Director's remuneration is performance related. The main components of the remuneration package for Executive Directors are:

i. Basic salary
ii. Annual bonus plan
iii. Share options

Basic salary

Basic salary is set by the Remuneration Committee by taking into account the responsibilities, individual performance and experience of the Executive Directors, as well as the market practice for executives in a similar position. Basic salary is reviewed (but not necessarily increased) annually by the Remuneration Committee.

Annual bonus plan

The Executive Directors are eligible to participate in the annual bonus plan. The range of award is based on annual salary and for each of the Executive Directors the percentages are as follows:

Ben Langdon (resigned 3 April 2011)	50% - 150%
Keith Sadler	20% - 60%

The performance requirements, for the ability to earn a bonus, are set by the Committee annually and are quantitative related measures based on stretching profit before tax targets.

Share options

The Committee believe that the award of share options aligns the interests of participants and shareholders. Awards are made to the Executive Directors with demanding performance criteria.

Directors' remuneration

The total amounts of the remuneration of the Directors of the Company for the years ended 31 March 2012 and 2011 are shown below:

31 March	**2012**	2011
	£	£
Aggregate emoluments	**251,667**	430,769
Sums paid to third parties for Directors' services	**30,000**	30,000
Compensation for loss of office	**-**	258,033
	281,667	718,802

The emoluments of the Directors are shown below:

31 March	2012 Fees and salary	2012 Benefits in kind	2012 Bonus	**2012 Total**	2011 Total	**2012 Gain on exercise of share options**	2011 Gain on exercise of share options	**2012 Pension contributions**	2011 Pension contributions
	£	£	£	**£**	£	**£**	£	**£**	£
Martin Boddy*	12,500	-	-	**12,500**		**-**	-	**2,500**	-
Ben Langdon**	-	-	-	**-**	493,303	**-**	-	**-**	-
Keith Sadler	137,500	-	40,000	**177,500**	142,500	**-**	-	**-**	-
Charles Buddery*	6,667	-	-	**6,667**		**-**	-	**-**	-
Stephen Davidson	40,000	-	-	**40,000**	37,999	**-**	-	**-**	-
Barry Jenner***	15,000	-	-	**15,000**	15,000	**-**	-	**-**	-
Ian Robinson†	15,000	-	-	**15,000**	15,000	**-**	-	**-**	-
Andy Wilson†	15,000	-	-	**15,000**	15,000	**11,579**	-	**-**	-
Total	**241,667**	**-**	**40,000**	**281,667**	718,802	**11,579**	**-**	**2,500**	**-**

* appointed 1 March 2012 **resigned 3 April 2011 ***resigned 31 May 2012 †Paid to a third party for the Directors' services

Directors' service agreements and letters of appointment

Contracts of service are negotiated on an individual basis as part of the overall remuneration package. The contracts of service are not for a fixed period. Details of these service contracts are set out below:

	Date of contract	Notice period	Company with whom contracted
Martin Boddy (appointed 1 March 2012)	1 March 2012	3 months	Weare 2020 plc
Ben Langdon (resigned 3 April 2011)	2 October 2006	12 months	Weare 2020 plc
Keith Sadler	29 June 2009	12 months	Weare 2020 plc

In the event of termination of their contracts, each director is entitled to compensation equal to their basic salary and bonus for their notice period.

Non-Executive Directors have letters of appointment the details of which are as follows:

	Date of contract	Notice period	Company with whom contracted
Stephen Davidson	2 October 2006	3 months	Weare 2020 plc
Barry Jenner**	2 October 2006	3 months	Weare 2020 plc
Charles Buddery	1 March 2012	3 months	Weare 2020 plc
Anne Street Partners Limited*	2 October 2006	3 months	Weare 2020 plc

* For the provision of services supplied by Ian Robinson and Andrew Wilson

** Resigned 31 May 2012

Directors' interests in shares

The Directors' interests in the share capital of the Company are set out below:

31 March	**2012** Number of shares	2011 Number of shares
Martin Boddy (appointed 1 March 2012)	**4,916,667**	4,916,667
Ben Langdon (resigned 3 April 2011)	**-**	2,491,266
Keith Sadler	**283,333**	283,333
Stephen Davidson	**789,342**	789,342
Charles Buddery (appointed 1 March 2012)	**3,906,615**	3,906,615
Barry Jenner (resigned 31 May 2012)	**113,125**	113,125
Ian Robinson	**314,711**	314,711
Andy Wilson	**146,145**	75,970

The table below sets out options granted under the PSP scheme:

	At 31 March 2011	Granted during year	Exercised during year	Lapsed during year	**At 31 March 2012**	Exercise price	Normal date from which exercisable	Expiry date
Ben Langdon	2,500,000	-	-	(1,517,776)	**982,224**[1]	Nil	28-Jan-2013	28-Jan-2015
Keith Sadler	1,400,000	-	-	-	**1,400,000**	Nil	28-Jan-2013	28-Jan-2015
Stephen Davidson	1,754,386	-	-	-	**1,754,386**[2]	Nil	25-Jan-2011	25-Jan-2015
Andy Wilson	70,175	-	(70,175)	-	**-**	Nil	25-Jan-2011	25-Jan-2012

1. Resigned on 3 April 2011, the outstanding options from this date are 982,224 and are subject to existing performance criteria.
2. These options have vested but remain unexercised.

Pensions

The Group operates a stakeholder pension scheme for staff. No Director, with the exception of Martin Boddy, receives any contribution to a pension scheme.

Non-Executive directorships

The Company allows its Executive Directors to take a limited number of outside directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment. Keith Sadler and Martin Boddy currently have outside directorships.

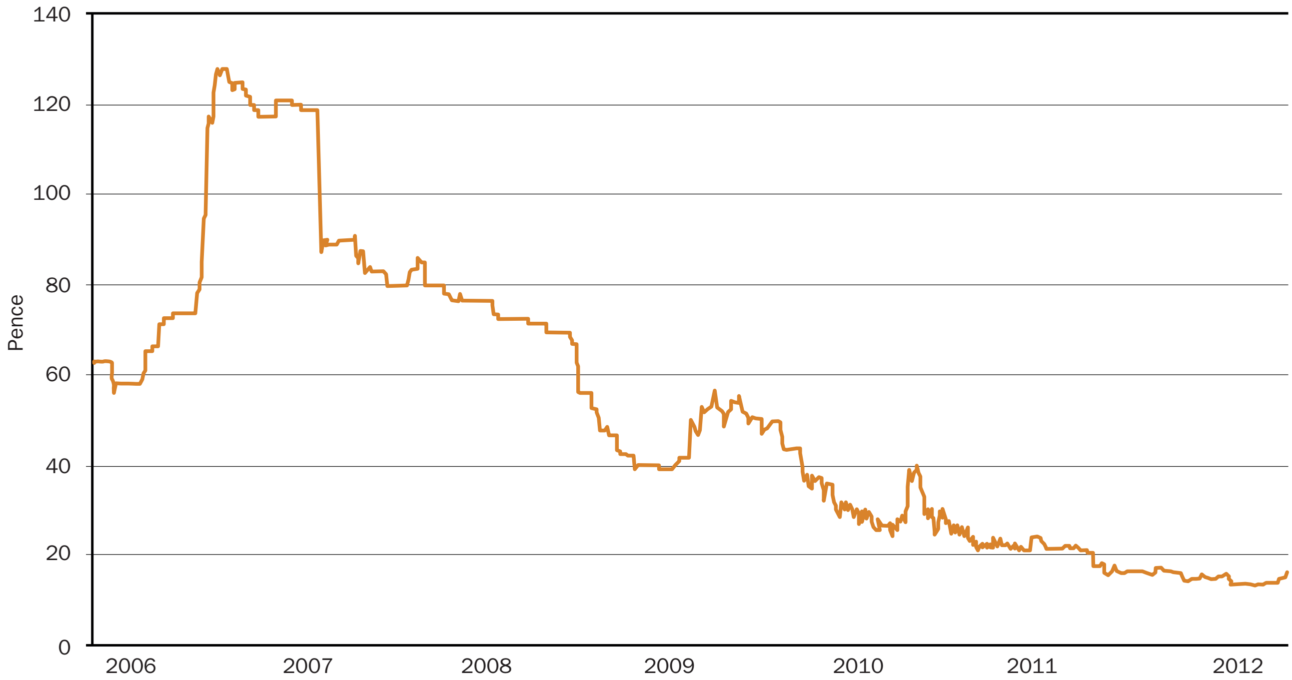
Other related party transactions

No Director, except for Martin Boddy and Charles Buddery, of the Company has, or had, a disclosable interest in any contract of significance subsisting during or at the end of the year.

Disclosable transactions by the Group under IAS 24, Related Party Disclosures, are set out in note 32. There have been no other disclosable transactions by the Company and its subsidiaries with Directors of Group companies and with substantial shareholders since the publication of the last Annual Report.

Share price performance

The share price performance from 26 October 2006, the date of the initial public offering, is shown in the following table:



By Order of the Board

Stephen Davidson
Chairman, Remuneration Committee
11 July 2012

Corporate governance

This report is prepared voluntarily by the Board and describes how the principles of corporate governance are applied.

The Board

The Board currently comprises the Chairman, Chief Executive Officer, Chief Operating Officer and Group Finance Director and three Non-Executive Directors. Short biographical details of each of the Directors are set out on page 9. The Board is responsible to the shareholders for the proper management of the Group and meets at least five times a year to set the overall direction and strategy of the Group. All strategic operational and investment decisions are subject to Board approval.

The roles of Chief Executive Officer and Chairman are separate and there is a clear division of their responsibilities. All Directors are subject to re-election at least every three years. Andy Wilson will retire at the upcoming Annual General Meeting ("AGM") and, being eligible, offers himself for re-election.

Board committees

Remuneration Committee

The composition of the Remuneration Committee is disclosed on page 14 and comprises solely Non-Executive Directors. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve as appropriate the contract terms, remuneration and other benefits of the Executive Directors and senior management and major remuneration plans for the Group as a whole.

The Remuneration Committee approves the setting of objectives for all of the Executive Directors and authorises their annual bonus payments for achievement of objectives.

The Remuneration Committee approves remuneration packages sufficient to attract, retain and motivate Executive Directors required to run the Group successfully, but does not pay more than is necessary for this service.

The Remuneration Committee is empowered to recommend the grant of share options under the existing share option plan and to make awards under the long-term incentive plans. The Remuneration Committee considers there to be an appropriate balance between fixed and variable remuneration and between short-term and long-term variable components of remuneration. All the decisions of the Remuneration Committee on remuneration matters in the year ended 31 March 2012 were reported to and endorsed by the Board.

Further details of the Group's policies on remuneration and service contracts are given in the Directors' remuneration report on pages 14 to 17.

Audit Committee

The Audit Committee comprises solely Non-Executive Directors. By invitation, the meetings of the Audit Committee may be attended by the other Directors and the auditor. The Committee meets not less than twice annually. The Audit Committee oversees the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major audit recommendations and the independence and objectivity of the auditor.

Nomination Committee

The Nomination Committee comprises a majority of Non-Executive Directors. It did not meet during the year. It is responsible for nominating to the Board candidates for appointment as Directors, having regard to the balance and structure of the Board.

The terms of reference for all committees are available on the Group's website.

Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Secretary.

Attendance at Board and Committee meetings

The Directors attended the following Board and Committee meetings during the year ended 31 March 2012.

	Board	Remuneration	Audit	Nomination
Total meetings held	9	1	2	-
Stephen Davidson	9	1	2	-
Martin Boddy (appointed 1 March 2012)	-	-	-	-
Ben Langdon (resigned 3 April 2011)	1	-	-	-
Keith Sadler	9	1[1]	2[1]	-
Charles Buddery (appointed 1 March 2012)	-	-	-	-
Barry Jenner (resigned 31 May 2012)	9	1	2	-
Ian Robinson	9	1	2	-
Andy Wilson	9	1	2	-

[1] By invitation

In addition the Board met four times for the purpose of allotting shares under the Group's share option scheme.

Board performance and evaluation

In addition to the re-election of Directors every three years, the Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman.

Relationships with shareholders

The Board recognises the importance of effective communication with the Group's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Group communicates with investors through Interim Statements, audited Annual Reports, press releases and the Company's website www.weare2020.com. Shareholders are welcome at the Group's AGM, (notice of which is provided with this Report), where they will have an opportunity to meet the Board. The Group obtains feedback from its broker on the views of institutional investors on a non-attributed and attributed basis and any concerns of major shareholders would be communicated to the Board.

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

Management structure

There is a clearly defined organisational structure throughout the Group with established lines of reporting and delegation of authority based on job responsibilities and experience.

Financial reporting

Monthly management accounts provide relevant, reliable, up-to-date financial and non-financial information to management and the Board. Annual plans, forecasts and performance targets allow management to monitor the key business and financial activities and the progress towards achieving the financial objectives. The annual budget is approved by the Board.

Monitoring of controls

It is intended that the Audit Committee receives regular reports from the auditor and assures itself that the internal control environment of the Group is operating effectively. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. Significant capital projects and acquisitions and disposals require Board approval.

Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Employment

At a subsidiary level each individual company has established policies which address key corporate objectives in the management of employee relations, communication and employee involvement, training and personal development and equal opportunity. The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors. Health and Safety is on the agenda for regularly scheduled plc Board and Operations Board meetings.

Environment

By their nature the Group's regular operations are judged to have a low environmental impact and are not expected to give rise to any significant inherent environmental risks over the next 12 months.

By Order of the Board

Keith Sadler
11 July 2012

Directors' responsibilities statement

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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period.
In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards/IFRSs 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclosures with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
By Order of the Board

Keith Sadler
11 July 2012

Report of the Independent Auditor to the Members of Weare 2020 plc

We have audited the financial statements of Weare 2020 plc for the year ended 31 March 2012 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, the principal accounting policies, and the related notes to the financial statements, the company profit and loss account, the company balance sheet and the notes to the company financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's profit and the parent company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Redfern
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
11 July 2012

Consolidated statement of comprehensive income

For the year ended 31 March		2012	2012	2012	2011	2011	2011
Continuing operations	Note	£'000	£'000	£'000	£'000	£'000	£'000
		Before impairment of non-current assets and exceptional costs	Impairment of non-current assets and exceptional costs	Total	Before impairment of non-current assets and exceptional costs	Impairment of non-current assets and exceptional costs	Total
Revenue	1	**37,265**	**-**	**37,265**	44,705	-	44,705
Direct costs		**(7,520)**	**-**	**(7,520)**	(8,734)	-	(8,734)
Gross profit		**29,745**	**-**	**29,745**	35,971	-	35,971
Other operating income	2	**567**	**-**	**567**	1,313	-	1,313
Amortisation	14	**(1,801)**	**-**	**(1,801)**	(1,934)	-	(1,934)
Operating expenses	3	**(26,520)**	**(248)**	**(26,768)**	(32,608)	(15,769)	(48,377)
Operating profit/(loss)		**1,991**	**(248)**	**1,743**	2,742	(15,769)	(13,027)
Finance income	4	**2**	**-**	**2**	1	-	1
Finance costs	5	**(479)**	**-**	**(479)**	(498)	-	(498)
Net financing costs		**(477)**	**-**	**(477)**	(497)	-	(497)
Profit/(loss) before tax		**1,514**	**(248)**	**1,266**	2,245	(15,769)	(13,524)
Tax (expense)/credit	6	**(208)**	**64**	**(144)**	396	-	396
Profit/(loss) for the year attributable to equity holders of the parent	28	**1,306**	**(184)**	**1,122**	2,641	(15,769)	(13,128)
Other comprehensive income:							
Cash flow hedging	24	**197**	**-**	**197**	172	-	172
Total comprehensive income for the period attributable to equity holders of the parent		**1,503**	**(184)**	**1,319**	2,813	(15,769)	(12,956)
Earnings/(loss) per share	7						
From continuing operations							
- basic				**1.50p**			(17.64)p
- diluted				**1.43p**			(17.64)p

The accompanying notes form part of these consolidated financial statements.

Consolidated balance sheet

As at 31 March	Note	2012 £'000	2011 £'000	2010 £'000
Non-current assets				
Property, plant and equipment	12	**1,172**	1,586	1,752
Goodwill	13	**29,753**	29,777	45,653
Other intangible assets	14	**9,473**	11,273	14,272
		40,398	42,636	61,677
Current assets				
Inventories	15	**81**	143	212
Trade and other receivables	16	**9,505**	10,425	11,832
Cash at bank and in hand		**61**	9,307	7,399
		9,647	19,875	19,443
Total assets		**50,045**	62,511	81,120
Current liabilities				
Bank overdraft	17	**233**	8,159	6,443
Other interest-bearing loans and borrowings	17	**3,000**	5,311	1,691
Financial derivatives	18	**52**	244	416
Trade and other payables	19	**5,845**	9,148	12,741
Current tax liabilities		**729**	286	254
Provisions	20	**116**	123	187
		9,975	23,271	21,732
Non-current liabilities				
Other interest-bearing loans and borrowings	17	**-**	-	6,522
Deferred tax liabilities	21	**2,326**	3,119	4,133
		2,326	3,119	10,655
Total liabilities		**12,301**	26,390	32,387
Net assets		**37,744**	36,121	48,733
Equity attributable to owners of the parent				
Share capital	22	**34,051**	34,051	34,026
Share premium	23	**6,608**	6,608	6,608
Hedging reserve	24	**(52)**	(244)	(416)
Capital redemption reserve	26	**125**	125	125
Shares purchased for treasury	25	**(25)**	(42)	-
Share option reserve	27	**207**	329	419
Retained earnings	28	**(3,170)**	(4,706)	7,971
Total equity		**37,744**	36,121	48,733

These financial statements were approved by the Board of Directors on 11 July 2012 and were signed on its behalf by:

Keith Sadler
Director
Company number: 05935923

The accompanying notes form part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March	Note	2012 £'000	2011 £'000
Cash flow from operating activities			
Profit/(loss) after tax		**1,122**	(13,128)
Adjustments for:			
Depreciation, amortisation and impairment		**2,368**	17,773
Loss on disposal of property, plant and equipment		**-**	7
Movement in provision		**41**	(64)
Financial income		**(2)**	(1)
Financial expenses		**479**	498
Share-based payment expense	11	**11**	587
Taxation		**144**	(396)
Operating cash flow before changes in working capital		**4,163**	5,276
Decrease in trade and other receivables		**860**	1,407
Decrease in inventories		**62**	69
Decrease in trade and other payables		**(482)**	(2,018)
Cash generated from operations		**4,603**	4,734
Interest received		**2**	1
Interest paid		**(469)**	(422)
Tax paid		**(425)**	(586)
Net cash flow from operating activities		**3,711**	3,727
Cash flow from investing activities			
(Payment)/repayment of contingent consideration for prior year acquisitions		**(2,375)**	150
Acquisition of intangible assets	14	**(1)**	(89)
Acquisition of property, plant and equipment	12	**(278)**	(375)
Net cash outflow from investing activities		**(2,654)**	(314)
Cash flows from financing activities			
Repayment of borrowings		**(2,311)**	(2,978)
Cash settlement of equity share options		**(66)**	(126)
Purchase of shares for treasury	25	**-**	(117)
Net cash outflow from financing activities		**(2,377)**	(3,221)
Net (decrease)/increase in cash and cash equivalents		**(1,320)**	192
Cash and cash equivalents at beginning of year		**1,148**	956
Cash and cash equivalents at end of year		**(172)**	1,148
Cash and cash equivalents comprise:			
Cash at bank and in hand		**61**	9,307
Bank overdrafts	17	**(233)**	(8,159)
Cash and cash equivalents at end of year		**(172)**	1,148

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Capital redemption reserve £'000	Treasury shares £'000	Share option reserve £'000	Retained earnings £'000	Total attributed to the owners of the parent £'000
At 1 April 2010	34,026	6,608	(416)	125	-	419	7,971	48,733
Allotment of 5p Ordinary shares on the exercise of share options	25	-	-	-	-	(25)	-	-
Shares purchased for Treasury	-	-	-	-	(117)	-	-	(117)
Allotment of shares from Treasury on the exercise of options	-	-	-	-	75	-	(75)	-
Credit in respect of share-based payments	-	-	-	-	-	-	587	587
Transfer from share option reserve	-	-	-	-	-	(65)	65	-
Cash settled share options	-	-	-	-	-	-	(126)	(126)
Transactions with owners	25	-	-	-	(42)	(90)	451	344
Loss for the year	-	-	-	-	-	-	(13,128)	(13,128)
Other comprehensive income:								
Cash flow hedges	-	-	172	-	-	-	-	172
Total comprehensive income for the year	-	-	172	-	-	-	(13,128)	(12,956)
At 31 March 2011	**34,051**	**6,608**	**(244)**	**125**	**(42)**	**329**	**(4,706)**	**36,121**
Allotment of shares from Treasury on the exercise of options	-	-	-	-	17	-	(17)	-
Credit in respect of share-based payments	-	-	-	-	-	-	370	370
Transfer from share option reserve	-	-	-	-	-	(122)	122	-
Cash settled share options	-	-	-	-	-	-	(66)	(66)
Transactions with owners	-	-	-	-	17	(122)	409	304
Profit for the year	-	-	-	-	-	-	1,122	1,122
Other comprehensive income:								
Cash flow hedges	-	-	197	-	-	-	-	197
Transfer from Hedging reserve	-	-	(5)	-	-	-	5	-
Total comprehensive income for the year	-	-	192	-	-	-	1,127	1,319
At 31 March 2012	**34,051**	**6,608**	**(52)**	**125**	**(25)**	**207**	**(3,170)**	**37,744**

The accompanying notes form part of these consolidated financial statements.

Principal accounting policies

Weare 2020 plc is a Company incorporated in the UK and is AIM listed.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are held at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the consolidated financial statements together with estimates with a significant risk of material adjustment in the next year are discussed in note 33.

Going concern

The Directors have reviewed the forecasts for 2012/13 and 2013/14 which have been adjusted to take account of the current trading environment. The Directors consider the forecasts to be prudent and have assessed the impact of them on the Group's cash flow, facilities and headroom within its banking covenants. Further, the Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities. Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for 12 months from the date of these accounts. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions between Group companies are eliminated on consolidation.

Revenue

Revenue for all business activities other than media planning and buying is recognised when performance criteria have been met in accordance with the terms of the contracts. Revenue is recognised on long term contracts if their final outcome can be assessed with reasonable certainty, by including in profit or loss revenue and related costs as contract activity progresses.

Media planning and buying

Revenue comprises gross billings to customers relating to media placements and fees for advertising services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client.

Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement. Incentive-based revenue typically comprises both quantitative and qualitative elements; on the element related to quantitative targets, revenue is recognised when the quantitative targets have been achieved; on elements related to qualitative targets, revenue is recognised when the incentive is receivable.

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable.

Foreign currency

Transactions in foreign currencies are translated into the entity's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Classification of instruments issued by the Group
Instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	40 years
Leasehold improvements	-	over period of lease
Motor vehicles	-	4 years
Office equipment	-	3 - 5 years

It has been assumed that all assets will be used until the end of their economic life.

Intangible assets and goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal or contractual rights regardless of whether those rights are separable, and are initially recognised at fair value. Development costs incurred in the year are capitalised and amortised on a straight line basis over their economic life.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Customer relationships	-	8 to 12 years

Impairment
For goodwill that has an indefinite useful life the recoverable amount is estimated annually. For other assets the recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Inventories
Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity on a first in first out basis. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Share-based payment transactions
The fair value at the date of grant of share based remuneration is calculated using a Black-Scholes model and charged to profit or loss over the vesting period of the award. The charge to profit or loss takes account of the estimated number of shares that will vest. All share based remuneration is equity settled. Provision is made for national insurance when the Group is committed to settle this liability. The charge to profit or loss takes account of the options expected to vest, is deemed to arise over the vesting period and is discounted.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Expenses

Operating lease payments
Operating leases are leases in which substantially all the risks and rewards of ownership related to the asset are not transferred to the Group.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Net financing costs
Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue using the effective interest method.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other receivables

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments) that amounts will not be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to risks arising from operational, financing and investment activities. The only hedge at 31 March 2012 was an interest rate swap in respect of certain bank borrowings. In accordance with treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. To the extent that the hedge is effective the gain or loss on re-measurement to fair value is reflected in other comprehensive income within the hedging reserve. At the time the hedged item affects the profit or loss, any gain previously recognised in equity is reclassified from equity to profit or loss. If the hedging becomes ineffective, any related gain or loss recognised in equity is immediately transferred to profit or loss. Any ineffectiveness in the hedge relationship is charged immediately to profit or loss.

Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables

Trade payables are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Segmental reporting

The Group now reports its business activities in three areas: Agency, Dialogue and Technology, its three primary business activities.

The Group derives its revenue from the provision of digital marketing services.

Standards and interpretations in issue at 31 March 2012 but not yet effective

There are no standards and interpretations in issue at 31 March 2012 that have been adopted by the EU but are not yet effective.

Notes to the consolidated financial statements

1. Segmental analysis

The Group reports its business activities in three areas: Agency, Dialogue and Technology, its three primary business activities. Unallocated represents the Group's head office function, along with intragroup transactions.

The Group derives its revenue from the provision of digital marketing services in the UK to customers all of which are based in the UK. During the year one customer included within the Dialogue segment accounted for greater than 10% of the Group's revenue. This customer accounted for 11.3% (2011: 4.7%) of Group revenue.

For the year ended 31 March 2012

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Revenue	14,975	12,975	10,017	(702)	**37,265**
Direct costs	(5,772)	(2,222)	(228)	702	**(7,520)**
Gross profit	9,203	10,753	9,789	-	**29,745**
Other operating income	-	567	-	-	**567**
Operating expenses excluding depreciation, amortisation and charges for share based payments	(7,857)	(8,567)	(8,927)	(798)	**(26,149)**
Operating profit before depreciation, amortisation and charges for share based payments	1,346	2,753	862	(798)	**4,163**
Depreciation	(162)	(140)	(57)	(1)	**(360)**
Amortisation	(679)	(756)	(366)	-	**(1,801)**
Impairment and exceptional charges	(323)	75	-	-	**(248)**
(Charge)/credit for share based payments	-	(16)	-	5	**(11)**
Operating profit/(loss)	182	1,916	439	(794)	**1,743**
Finance income					**2**
Finance costs					**(479)**
Profit before tax					**1,266**
Taxation					**(144)**
Profit for the period from continuing operations					**1,122**

For the year ended 31 March 2011

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Revenue	20,499	14,276	11,005	(1,075)	44,705
Direct costs	(7,936)	(1,190)	(602)	994	(8,734)
Gross profit	12,563	13,086	10,403	(81)	35,971
Other operating income	8	1,305	-	-	1,313
Operating expenses excluding depreciation, amortisation and charges for share based payments	(10,467)	(11,853)	(8,405)	(809)	(31,534)
Operating profit before depreciation, amortisation and charges for share based payments	2,104	2,538	1,998	(890)	5,750
Depreciation	(230)	(205)	(50)	(2)	(487)
Amortisation	(885)	(684)	(365)	-	(1,934)
Impairment	(13,305)	(2,170)	-	(294)	(15,769)
Charges for share based payments	(131)	(61)	-	(395)	(587)
Operating profit/(loss)	(12,447)	(582)	1,583	(1,581)	(13,027)
Finance income					1
Finance costs					(498)
Loss before tax					(13,524)
Taxation					396
Loss for the period from continuing operations					(13,128)

Year ended 31 March 2012

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Assets	**18,332**	**17,729**	**11,910**	**2,074**	**50,045**
Liabilities	**(2,248)**	**(1,631)**	**(1,752)**	**(6,670)**	**(12,301)**
Capital employed	**16,084**	**16,098**	**10,158**	**(4,596)**	**37,744**

Year ended 31 March 2011

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Assets	3,561	16,679	9,066	33,445	62,751
Liabilities	(5,047)	(4,146)	(3,900)	(13,537)	(26,630)
Capital employed	(1,486)	12,533	5,166	19,908	36,121

Unallocated assets and liabilities consist predominantly of cash, external borrowings and deferred tax liabilities on intangible assets which have not been allocated to the business segments. All of the Group's assets are based in the UK.

Capital additions: Property, plant and equipment

	Agency £'000	Dialogue £'000	Technology £'000	Unallocated £'000	Total £'000
Year ended 31 March 2012	**114**	**117**	**34**	**13**	**278**
Year ended 31 March 2011	143	163	68	1	375

2. Other operating income

	2012 £'000	2011 £'000
Other operating income	**567**	1,313

During the years to 31 March 2011 and 2012 the Group received part settlement from the administrator of a client for a contractual obligation to perform services on their behalf. In May 2012 we received a further distribution of £0.6 million. It is anticipated there may be further distributions in the future but the Board is unaware of the quantum or timing of these potential receipts.

3. Other operating expenses

	2012 £'000	2011 £'000
Wages and salaries	**17,721**	22,228
Share based payments	**11**	587
Administration	**8,788**	9,793
	26,520	32,608
Impairment of the carrying value of tangible assets	**332**	-
Adjustment to deferred consideration	**(125)**	-
Impairment of the carrying value of goodwill and other intangible assets	**-**	15,305
Exceptional costs	**41**	464
	248	15,769
	26,768	48,377

Exceptional costs of £41,000 represent the costs of closure of an operating site (2011: £464,000 represents compensation for loss of office in respect of a director and the costs of closure of an operating site).

4. Finance income

	2012 £'000	2011 £'000
Interest income	**2**	1

5. Finance costs

	2012 £'000	2011 £'000
Interest expense	**479**	498

6. Tax expense

	2012 £'000	2011 £'000
Recognised in the consolidated statement of comprehensive income:		
Current year tax	**868**	645
Origination and reversal of temporary differences	**(724)**	(1,041)
Total tax charge/(credit)	**144**	(396)
Reconciliation of total tax charge/(credit):		
Profit/(loss) before tax	**1,266**	(13,524)
Taxation using the UK Corporation Tax rate of 26% (2011: 28%)	**329**	(3,787)
Effects of:		
Non deductible expenses	**10**	(943)
Impairment of goodwill	**-**	4,285
Share based payment charges	**96**	164
Capital allowances in excess of depreciation	**33**	42
Schedule 23 deductions	**(3)**	(96)
Other	**(16)**	(5)
Prior year adjustment	**(305)**	(56)
Total tax charge/(credit)	**144**	(396)

7. Earnings/(loss) per share

	2012 Pence per Share	2011 Pence per Share
Basic	**1.50p**	(17.64)p
Diluted	**1.43p**	(17.64)p

Earnings/(loss) per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. In the prior year the basic earnings per share is a loss so a dilution does not take place.

The calculations of basic and diluted earnings per share are:

	2012 £'000	2011 £'000
Profit/(loss) for the year attributable to shareholders	**1,122**	(13,128)

Weighted average number of ordinary shares in issue:

	2012 Number	2011 Number
Basic	**74,505,377**	74,421,106
Adjustment for share options	**4,136,609**	3,280,491
Diluted	**78,641,986**	77,701,597

Adjusted earnings per share

	2012 Pence per Share	2011 Pence per Share
From continuing and discontinued operations:		
Basic adjusted earnings per share	**3.30p**	5.52p
Diluted adjusted earnings per share	**3.12p**	5.29p

Adjusted earnings per share have been calculated by dividing the profit attributable to shareholders before amortisation and charges for share options by the weighted average number of ordinary shares in issue during the year. The numbers used in calculating the basic and diluted adjusted earnings per share are reconciled below:

	2012 £'000	2011 £'000
Profit/(loss) before tax	**1,266**	(13,524)
Amortisation	**1,801**	1,934
Impairment of carrying value of goodwill, other intangible assets, tangible assets and exceptional charges	**248**	15,769
Charges for share options	**11**	587
Adjusted profit attributable to shareholders	**3,326**	4,766
Current year tax charge	**(868)**	(654)
	2,458	4,112

8. Expenses and auditor's remuneration

	2012 £'000	2011 £'000
The following are included in profit/(loss) before tax:		
Depreciation of property, plant and equipment	**360**	487
Amortisation of other intangible assets	**1,801**	1,934
Impairment of the carrying value of tangible assets	**332**	-
Adjustment to deferred consideration	**(125)**	-
Impairment of the carrying value of goodwill and other intangible assets	**-**	15,305
Exceptional costs	**41**	464
Employee emoluments	**17,721**	22,715
Auditor's remuneration:		
Audit of the financial statements	**23**	19
Other amounts payable to the auditor and its associates in respect of:		
Audits of financial statements of subsidiaries pursuant to legislation	**72**	68
Fees for taxation services	**31**	21
Other services pursuant to legislation	**26**	18

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed separately as the information is required instead to be disclosed on a consolidated basis.

9. Key management personnel compensation

Key management of the Group is considered to be the Board of Directors and the Operations Board.

	2012	2011
	£'000	£'000
Short term benefits:		
Salaries including bonuses	**1,114**	1,152
Compensation for loss of office	**-**	258
Social security costs	**142**	165
Healthcare	**6**	3
Other benefits in kind	**7**	7
Total short term benefits	**1,269**	1,585
Long term benefits:		
Share based payment charges	**220**	276
Post-employment benefits:		
Defined contribution pension plan	**59**	31
Total remuneration	**1,548**	1,892

Further information in respect of Directors is given in the Directors' Remuneration table on page 15.

10. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2012	2011
	Number	Number
Management and administration	**77**	73
Call centre operatives	**143**	307
Account management and production	**171**	191
Information strategists	**44**	46
Media planning and buying	**13**	19
	448	636

The aggregate payroll costs of these persons were as follows:

	2012	2011
	£'000	£'000
Wages and salaries	**15,647**	19,297
Social security costs	**1,706**	2,015
Other pension costs	**357**	429
Share option charges – PSP Options (see note 11)	**370**	587
Share option charges – Employers NI (see note 11)	**(359)**	-
	17,721	22,328

11. Employee benefits

The Company grants share options under the Digital Marketing Group Performance Share Plan, more details of which are given in the Directors' Remuneration Report.

Details of the share options granted during and outstanding at the end of the year are as follows:

	2012		2011	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
At 1 April	**7,877,376**	**6.4p**	8,999,065	4.3p
Granted during the year	**150,000**	**24.0p**	2,311,621	31.4p
Lapsed during the year	**(3,178,076)**	**16.8p**	(2,143,154)	24.4p
Exercised during the year	**(482,186)**	**nil**	(1,290,156)	1.0p
At 31 March	**4,367,114**	**2.0p**	7,877,376	6.4p
Exercisable at end of year	**1,754,383**	**nil**	2,601,215	10.8p

Share options outstanding at the end of the year have a range of exercise prices from a nominal £1 per tranche exercised to £0.37 per share and a weighted average remaining exercise period of 3.6 years. Awards of share options are made on an individual basis with particular performance criteria relevant to the participant. Options are usually granted for a maximum of 5 years, in one case this has been extended by three years.

The weighted average market value of the shares exercised in the year was 16.1p.

Share options outstanding at the year end were as follows:

As at 31 March 2012

		Period of exercise	
Number	**Exercise price**	**From**	**To**
1,754,383	nil	31/03/2010	26/01/2015
2,382,224	nil	05/02/2013	05/02/2015
230,507	37.0p	31/03/2011	31/03/2015
4,367,114			

As at 31 March 2011

		Period of exercise	
Number	**Exercise price**	**From**	**To**
1,754,383	nil	31/03/2010	26/01/2015
43,860	nil	31/03/2010	26/01/2012
70,175	nil	31/03/2010	26/01/2012
416,666	60.0p	31/03/2010	02/02/2012
258,261	nil	12/07/2010	12/07/2012
34,107	57.0p	12/07/2010	12/07/2012
6,600	nil	13/08/2011	13/08/2013
17,160	76.5p	13/08/2011	13/08/2013
397,693	nil	31/03/2012	31/03/2014
3,900,000	nil	05/02/2013	05/02/2015
809,721	37.0p	31/03/2011	31/03/2015
168,750	nil	01/04/2011	09/07/2013
7,877,376			

Charge to the statement of comprehensive income

Under IFRS 2 the Group is required to recognise an expense in the relevant company's financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant.

For awards made prior to 31 March 2009 the Group commissioned an independent valuation from American Appraisal UK Limited, using a trinomial valuation model, and adopted their findings. For awards made since that date the Group has used the Black-Scholes valuation model, a total charge of £370,000 (2011: £587,000) has been made in these financial statements.

The weighted average fair value of the options outstanding at 31 March 2012 is 51.3p (2011: 59.9p).

The weighted average fair value was calculated using the Black-Scholes model with the following inputs:

	2012 **£'000**	2011 £'000
Share price range at date of grant	**37.0p – 62.0p**	35.0p – 125.0p
Exercise price	**0p – 37p**	0p – 76.5p
Expected volatility	**69.7%**	18% - 43%
Dividend yield	**0%**	0%
Risk free rate	**3.48% - 3.79%**	4.22% - 4.42%
Option life	**1 – 3 years**	1 – 3 years

Expected volatility was determined by calculating the standard deviation of the share price multiplied by the square root of the relevant time period of the option grant to give an indication of the share price volatility. The risk free rate was calculated using the yield on long dated UK Government Treasury Gilts at each date of grant.

The financial statements include the following amounts:

	2012 **£'000**	2011 £'000
Share based payment charge	**370**	587
Related national insurance credit	**(359)**	-
	11	587

The national insurance credit is due to the large number of options lapsing in the year and the accrual being based on market value rather than fair value.

12. Property, plant and equipment

	Freehold land and buildings	Leasehold improvements	Motor vehicles	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2010	1,150	228	12	1,948	**3,338**
Additions	-	10	-	365	**375**
Disposals	-	(22)	-	(67)	**(89)**
At 31 March 2011	1,150	216	12	2,246	**3,624**
Additions	-	6	-	272	**278**
Disposals	-	(32)	-	(270)	**(302)**
At 31 March 2012	**1,150**	**190**	**12**	**2,248**	**3,600**
Depreciation					
At 1 April 2010	80	123	-	1,383	**1,586**
Depreciation charge for the year	28	47	3	409	**487**
Impairment charge	-	-	-	47	**47**
Depreciation on disposals	-	(19)	-	(63)	**(82)**
At 31 March 2011	108	151	3	1,776	**2,038**
Depreciation charge for the year	29	29	2	300	**360**
Impairment charge	332	-	-	-	**332**
Depreciation on disposals	-	(32)	-	(270)	**(302)**
At 31 March 2012	**469**	**148**	**5**	**1,806**	**2,428**
Net book value					
At 31 March 2012	**681**	**42**	**7**	**442**	**1,172**
At 31 March 2011	1,042	65	9	470	1,586
At 1 April 2010	1,070	105	12	565	1,752

The assets are covered by a fixed charge in favour of the Group's lenders.

The freehold building has been sold post year end and has therefore been written down to its fair value less cost to sell, this has resulted in a write down of £332,000. This asset was used in the Agency segment.

13. Goodwill

	Goodwill £'000
Cost and net book value	
At 1 April 2010	45,653
Reduction in deferred contingent consideration	(1,575)
Refund of consideration paid	(150)
Impairment	(14,151)
At 31 March 2011	29,777
Reduction in goodwill in 20:20 Technology	(24)
At 31 March 2012	**29,753**
At 31 March 2011	29,777
1 April 2010	45,653

Goodwill is attributed to the following cash generating units:

	2012 £'000	2011 £'000	2010 £'000
20:20 Technology	**5,132**	5,156	5,156
20:20 Agency:			
20:20 Media and Analytics	**438**	438	7,763
Dig for Fire	**5,550**	5,550	5,550
20:20 Agency	**5,817**	5,817	5,817
Hyperlaunch	**-**	-	1,432
Inbox	**-**	-	1,711
20:20 London	**-**	-	2,083
20:20 Dialogue:			
HSM	**3,201**	3,201	4,209
Gasbox	**273**	273	1,598
Jaywing	**9,342**	9,342	10,334
	29,753	29,777	45,653

Goodwill and other intangible assets have been tested for impairment by assessing the value in use of the relevant cash generating units. The value in use calculations were based on projected cash flows in perpetuity. Budgeted cash flows for 2012/13 were used. Subsequent years were based on reducing rates of growth declining to a 2% growth rate by 2018/19.

The average year on year growth in earnings before interest, tax, depreciation and amortisation (EBITDA) which has been used as the basis for forecasting cash flows for each of the cash generating units when testing for impairment were:

	Year on year growth
2013/14	5.0% - 10%
2014/15	5.0% - 10%
2015/16	5.0% - 10%
2016/17	2.5% - 10%
2017/18	2.5% - 10%
Perpetuity	2.0%

The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

The discount rate used to test the cash generating units was the Group's pre-tax Weighted Average Cost of Capital ("WACC") of 11% (2011:12.7%). The individual cash generating units were assessed for risk variances from the WACC, but in the absence of geographical risk, currency risk and any significant price risk variations, the WACC was used for all the cash generating units.

As a result of these tests no impairment was considered necessary (2011: £15.3 million).

The Directors have performed a sensitivity analysis in relation to the WACC used which showed that an impairment would be required for WACCs of 13% and above. At a discount rate of 13% a charge of £321,000 would be required.

The Directors have also performed a sensitivity analysis in relation to the year on year growth in EBITDA. If the growth rates were to be reduced by 1% in each CGU no impairment charge would be required.

14. Other intangible assets

	Customer relationships, trademarks and development costs £'000
Cost	
At 1 April 2010	20,401
Additions during the year	89
At 31 March 2011	20,490
Additions during the year	1
At 31 March 2012	**20,491**
Amortisation	
At 1 April 2010	6,129
Impairment	1,154
Amortisation charge for the year	1,934
At 31 March 2011	9,217
Amortisation charge for the year	1,801
At 31 March 2012	**11,018**
Net book amount	
At 31 March 2012	**9,473**
At 1 April 2011	11,273
At 1 April 2010	14,272

The cost of customer relationships was determined as at the date of acquisition of the subsidiaries by professional valuers. The valuations used the discounted cash flow method, assuming rates of customer attrition at 10% and sales growth at 2% each year. The discount rate applied at that time to the future cash flows were specific to each subsidiary and were all in the range 14.6% to 15.5%.

Goodwill and other intangible assets have been tested for impairment. The method, key assumptions and results of the impairment review are detailed in note 13. On the basis of this review it has been concluded that there is no need to impair the carrying value of these intangible assets (2011: £1.2m).

15. Inventories

	2012 £'000	2011 £'000	2010 £'000
Work in progress	**81**	143	212

There was no charge resulting from the write down of inventories (2011: £nil). No reversal of previous write downs was recognised as a reduction of expense in either 2012 or 2011. None of the inventories are pledged as security for liabilities.

16. Trade and other receivables

	2012 £'000	2011 £'000	2010 £'000
Trade receivables	**7,229**	8,605	9,437
Prepayments and accrued income	**1,871**	1,375	1,999
Deferred tax	**174**	243	208
Other receivables	**231**	202	188
	9,505	10,425	11,832

The carrying amount of trade and other receivables approximates to their fair value.

Trade and other receivables comprising financial assets are classified as loans and receivables.

All trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired so a provision of £204,000 (2011: £303,000; 2010: £339,000) has been recorded accordingly. Trade and other receivables which are not impaired or past due are considered by the Group to be of good credit quality.

The movement in the allowance for estimated irrecoverable amounts can be reconciled as follows:

	2012 £'000	2011 £'000
Balance at 1 April	**303**	339
Amounts written off (uncollectible)	**(247)**	(2)
Impairment loss	**(67)**	(120)
Impairment loss reversed	**215**	86
Balance at 31 March	**204**	303

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2012 £'000	2011 £'000	2010 £'000
Not more than 3 months	**1,229**	2,267	2,817
More than 3 months but not more than 6 months	**26**	91	102
More than 6 months but not more than 1 year	**50**	363	6
More than 1 year	**7**	107	2
	1,312	2,828	2,927

17. Bank and overdraft, loans and borrowings

	2012 £'000	2011 £'000	2010 £'000
Summary			
Bank overdraft	**233**	8,159	6,443
Borrowings	**3,000**	5,311	8,213
	3,233	13,470	14,656
Borrowings are repayable as follows:			
Within one year			
Bank overdraft	**233**	8,159	6,443
Borrowings	**3,000**	5,374	1,865
Total payments due within one year	**3,233**	13,533	8,308
Less future interest	**-**	(63)	(174)
Total due within one year	**3,233**	13,470	8,134
In more than one year but not more than two years	**-**	-	6,596
In more than two years but not more than three years	**-**	-	-
Total payments due in more than one year	**-**	-	6,596
Less future interest	**-**	-	(74)
Total due in more than one year	**-**	-	6,522

Average interest rates at the balance sheet date were:	**£'000**	**%**	%	%
Overdraft	**233**	**3.35**	2.75	2.75
Term loan	**-**	**-**	2.13	1.96
Term loan	**-**	**-**	2.63	2.46
Revolver loan	**3,000**	**3.35**	2.39	2.33

As the loans are at variable market rates their carrying amount is equivalent to their fair value.

In 2007 the Group purchased an interest rate swap of 6.19% for the period June 2007 to June 2012 for £4,000,000 of its borrowings.

The borrowing facilities available to the Group at 31 March 2012 was £7.1 million (2011: £8.5 million) and, taking into account cash balances within the Group companies, there was £3.8 million (2011: £4.3 million) of available borrowing facilities.

A Composite Accounting System is set up with the Group's bankers, which allows debit balances on overdraft to be offset across the Group with credit balances.

Reconciliation of net debt

	1 April 2011 £'000	Cash flow £'000	Non-cash items £'000	31 March 2012 £'000
Cash and cash equivalents	9,307	(9,246)	-	**61**
Overdraft	(8,159)	7,926	-	**(233)**
	1,148	(1,320)	-	**(172)**
Borrowings	(5,311)	2,311	-	**(3,000)**
Net debt	(4,163)	991	-	**(3,172)**

18. Financial derivatives

	2012 £'000	2011 £'000	2010 £'000
Interest rate swap	**52**	244	416

In 2007 the Group purchased an interest rate swap of 6.19% for the period 2007 to 2012 for £4,000,000 of its borrowings.

This swap is designated a hedge of the interest expense relating to the Group loans. The contract was marked to market at 31 March 2012 and had a fair value liability of £52,000 (2011: £244,000). The fair value was determined using level 2 determination techniques as per IFRS 7, in that all inputs are based on observable market prices such as long-term interest rates. An amount of £192,000 has been reclassified from equity to profit or loss as a result (2011: £172,000).

The interest rate swap's contractual maturity is summarised below:

	2012 £'000	2011 £'000	2010 £'000
Current			
Within 6 months	**52**	124	124
In 6 to 12 months	**-**	124	124
Non-current			
1 to 5 years	**-**	62	309

The above contractual maturities reflect the estimated gross cash flows, which differ from the carrying value at the balance sheet date.

19. Trade and other payables

	2012 £'000	2011 £'000	2010 £'000
Trade payables	**1,428**	1,382	2,785
Tax and social security	**1,647**	2,009	2,212
Other payables, accruals and deferred income	**2,770**	5,757	7,744
	5,845	9,148	12,741

The carrying amount of trade and other payables approximates to their fair values. All amounts are short term.

20. Provisions

	2012 £'000	2011 £'000	2010 £'000
At 1 April	**123**	187	147
Additional provisions for restructuring	**-**	-	187
Additional provisions for closure of site	**116**	123	-
Utilised during the year	**(123)**	(187)	(147)
At 31 March	**116**	123	187
Total provisions are analysed as follows:			
Current	**116**	123	187
	116	123	187

Provisions relate to the costs of restructuring a subsidiary company and leases in Group companies where the commercial benefit has either ceased or will cease before the normal expiry period.

21. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities:

	2012 £'000	2011 £'000	2010 £'000
Accelerated capital allowances on property, plant and equipment:			
At start of year	**-**	(21)	(17)
Adjustment in relation to prior year classification	**(37)**	-	-
Prior year adjustment	**28**	(5)	-
Origination and reversal of temporary differences	**(99)**	26	(4)
At end of year	**(108)**	-	(21)
Other temporary differences:			
At start of year	**2,876**	3,946	4,500
Adjustment in relation to prior year classification	**37**	-	-
Prior year adjustment	**(276)**	(4)	-
Origination and reversal of temporary differences	**(377)**	(1,066)	(554)
At end of year	**2,260**	2,876	3,946
Total deferred tax:			
At start of year	**2,876**	3,925	4,483
Adjustment in relation to prior year classification	**-**	-	-
Prior year adjustment	**(248)**	(9)	-
Origination and reversal of temporary differences (note 6)	**(476)**	(1,040)	(558)
At end of year	**2,152**	2,876	3,925
Deferred tax is included within:			
Deferred tax liability	**2,326**	3,119	4,133
Deferred tax asset	**(174)**	(243)	(208)
	2,152	2,876	3,925

The majority of the other temporary differences relates to the liability arising on the valuation of intangible assets on acquisition.

22. Share capital

Authorised:

	45p deferred shares £'000	5p ordinary shares £'000
Authorised share capital at 31 March 2011	45,000	10,000
At 31 March 2012	**45,000**	**10,000**

Allotted, issued and fully paid:

	45p deferred shares Number	5p ordinary shares Number	£'000
Issued share capital at 31 March 2010	67,378,520	74,121,505	34,026
Shares allotted on exercise of options	-	483,494	25
At 31 March 2011	67,378,520	74,604,999	34,051
Shares allotted on exercise of options	-	-	-
At 31 March 2012	**67,378,520**	**74,604,999**	34,051

Allotted, issued and fully paid

The 5 pence ordinary shares have the same rights (including voting and dividend rights and rights on a return of capital) as the previous 50 pence ordinary shares. Holders of the 45 pence deferred shares do not have any right to receive notice of any general meeting of the Company or any right to attend, speak or vote at any such meeting. The deferred share holders are not entitled to receive any dividend or other distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of the amounts paid up on the shares after the amount paid to the holders of the new ordinary shares exceeds £1,000,000 per new ordinary share. The deferred shares will also be incapable of transfer and no share certificates will be issued in respect of them.

During the year the Company has reissued 70,175 5 pence ordinary shares which were previously held as treasury shares to settle share options exercised by employees. In addition holders of 412,011 share options received cash in lieu of the share options they were entitled to exercise.

Warrant over shares

The Company has granted warrants to Cenkos Securities PLC over 324,561 ordinary shares at £0.57 per share in lieu of services rendered prior to the formation of the Company and admission to the AIM. These warrants are exercisable at any time until 25 October 2012. The fair value of the warrants has been calculated at £50,000 which at the time of granting the warrants represented the value of the services provided.

23. Share premium

	2012 £'000	2011 £'000
At start and end of year	**6,608**	6,608

24. Hedging reserve

	2012 £'000	2011 £'000
At start of year	**(244)**	(416)
Loss on cash flow hedges	**(211)**	(219)
Transfer to profit or loss	**211**	219
Amortisation of ineffective hedge reserve	**(5)**	-
Change in fair value of cash flow hedge	**197**	172
	(52)	(244)

The cash flow hedges arise from changes in the fair value of the 2007-2012 interest rate swap.

25. Treasury shares

	2012 £'000	2011 £'000
At the start of the year (167,797 shares, 2011: nil)	**(42)**	-
Shares purchased for treasury (nil, 2011: 477,750 shares)	**-**	(117)
Shares allotted on exercise of options (70,175 shares, 2011: 307,953 shares)	**17**	75
At year end (99,622 shares, 2011: 167,797 shares)	**(25)**	(42)

26. Capital redemption reserve

	2012 £'000	2011 £'000
At start and end of year	**125**	125

27. Share option reserve

	2012 £'000	2011 £'000
At start of year	**329**	419
Transfer to share capital on exercise of options	**-**	(25)
Transfer to retained earnings	**(122)**	(65)
At end of year	**207**	329

The Board of Directors have approved the transfer of reserves from retained earnings to a designated share option reserve.

28. Retained earnings

	2012 £'000	2011 £'000
At start of year	**(4,706)**	7,971
Retained profit/(loss) for the year	**1,122**	(13,128)
Credit in respect of share options	**370**	587
Treasury shares issued to settle share options	**(17)**	(75)
Cash settlement of equity share options	**(66)**	(126)
Transfer from share option reserve	**122**	65
Transfer from Hedging reserve	**5**	-
At end of year	**(3,170)**	(4,706)

29. Operating leases

The group's future minimum operating lease payments are as follows:

	Within 1 year £'000	1 to 5 years £'000	After 5 years £'000	Total £'000
31 March 2012	**639**	**1,426**	**-**	**2,065**
31 March 2011	750	1,875	252	2,877
31 March 2010	840	1,984	2,251	5,075

The Group leases a number of office premises under operating leases. During the year £892,000 (2011: £860,000) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases.

30. Capital commitments

The Group had no commitments to purchase property, plant and equipment at 31 March 2012 (2011: £nil).

31. Contingent liabilities

Some acquisitions by the Group involve an earn-out agreement whereby the consideration payable includes a deferred element of cash or shares or both which is contingent on the future financial performance of the acquired entity. As such there is uncertainty about the amount (but not timing) of these future potential outflows.

The maximum liability is £125,000 (2011: £2,650,000) £2,376,000 of the possible £2,400,000 having been paid and £125,000 having lapsed due to conditions not being met. The Directors have assessed the likely future payments based on forecasts and have provided £125,000 (2011: £2,650,000), leaving £nil (2011: £nil) as an unprovided liability.

The amounts provided for are payable as follows:

	2012 £'000	2011 £'000
In one year or less	**125**	2,400
In more than one year but less than five years	**-**	250
	125	2,650

The amounts provided have not been discounted.

32. Related parties

Ian Robinson, Non- Executive Director, is also a director of Anne Street Partners Limited. The services of Ian Robinson and Andrew Wilson as Non- Executive Directors of the Company are purchased from Anne Street Partners Limited for an annual fee of £15,000 (2011: £15,000) each. At the year end £nil (2011: £nil) was outstanding to Anne Street Partners Limited.

Charles Buddery Non-Executive Director, is also a director of Kaizen IT Solutions Limited, a company which supplies IT services to Scope Creative Marketing Limited. During the year Scope Creative Marketing Limited paid £9,070 (2011: £38,890) to Kaizen IT Solutions for such services and £nil (2011: £2,468) was due to Kaizen IT Solutions Limited at the year end. Charles Buddery is also a partner in Players House LLP which owns the building occupied by Scope Creative Marketing Limited. During the year Scope Creative Marketing Limited paid rent of £101,502 (2011: £126,000), owing £nil (2011: £ nil) at the year end.

Martin Boddy is a partner in West Window LLP which trades as Launchpad. Lauchpad trades with Alphanumeric Limited who have invoiced Launchpad, since 1 March 2012, for services totalling £19,197, this amount was owing at the year end.

33. Accounting estimates and judgements

Accounting estimates

Impairment of goodwill

The carrying amount of goodwill is £29,753,000 (2011: £29,777,000). The Directors are confident that the carrying amount of goodwill is fairly stated, and have carried out an impairment review (see note 13).

Other intangible assets

The valuation of customer lists is based on key assumptions which the Directors have assessed, and are satisfied that the carrying value of these assets is fairly stated (see note 14). An impairment review has been carried out.

Share-based payment

The share based payment charge consists of two elements, the charge for the fair value at the date of grant and a charge for the employers NI.

The charge for the fair value at the date of grant of the share based remuneration calculated using the Black-Scholes method, in previous years a trinomial pricing model was adopted. In considering an appropriate charge the Directors have used an internally generated calculation to derive an appropriate charge. Based on these calculations a charge of £370,000 (2011: £587,000) has been made. In the year to 31 March 2009 the Directors commissioned an independent valuation from American Appraisal UK Limited and adopted their findings.

Fair values on acquisition

The Directors have assessed the fair value of assets and liabilities on the acquisition of the subsidiary companies.

Deferred consideration

The Directors have provided an estimate of the amount payable in respect of deferred contingent consideration. See note 31.

Accounting judgements

Recognition of revenue as principal or agent

The Directors consider that they act as a principal in transactions where the Group assumes the credit risk. Where this is via an agency arrangement and the Group assumes the credit risk for all billings it therefore recognises gross billings as revenue.

34. Financial risk management

The Group uses various financial instruments. These include loans, cash, issued equity investments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk
Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk
The Group is only minimally exposed to translation and transaction foreign exchange risk.

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

The Group policy throughout the period has been to ensure continuity of funding.

Short-term flexibility is achieved by overdraft facilities.

The maturity of borrowings is set out in notes 17 and 18 to the consolidated financial statements.

Interest rate risk
The Group finances its operations through a mixture of retained profits and bank borrowings. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings. In 2007 the Group purchased an interest rate swap of 6.19% for the period June 2007 to June 2012 for £4,000,000 of its borrowings. The contract was marked to market at 31 March 2012 and was valued with a net liability of £52,000 (2011: £244,000). Hedge accounting has been applied through the period but due to the hedge being no longer effective has been discontinued from 31 March 2012.

The interest rate exposure of the financial assets and liabilities of the Group is shown in the table below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	2012 £'000	2011 £'000	2010 £'000
Financial assets:			
Floating interest rate:			
Cash	**61**	9,307	7,399
Zero interest rate:			
Trade receivables	**7,229**	8,605	9,437
	7,290	17,912	16,836
Financial liabilities:			
Floating interest rate:			
Overdrafts	**233**	8,159	6,443
Bank loans	**3,000**	5,311	8,213
Zero interest rate:			
Trade payables	**1,428**	1,382	2,790
	4,661	14,852	17,446

Sensitivity to interest rate fluctuations
If the average interest rate payable on the net financial asset / net financial liabilities subject to a floating interest rate during the year had been 1% higher than reported on the average borrowings during the year, then profit before tax would have been £41,150 lower, and if the interest rate on these liabilities had been 1% lower, profit before tax would have improved by £41,150.

Credit risk
The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables.

In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The Directors consider that the Group's trade receivables were impaired for the year ended 31 March 2012 and a provision for £204,000 (2011: £303,000) has been provided accordingly. See note 16 for further information on financial assets that are past due.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2012 £'000	2011 £'000	2010 £'000
Financial assets			
Loans and receivables			
Trade and other receivables	**7,460**	8,807	9,625
Cash and cash equivalents	**61**	9,307	7,399
	7,521	18,114	17,024
Financial liabilities			
Non current:			
Borrowings - financial liabilities measured at amortised cost	**-**	-	(6,522)
Financial derivatives - hedging instrument carried at fair value	**(52)**	(244)	(416)
Current:			
Financial liabilities measured at amortised cost			
Borrowings	**(3,233)**	(13,470)	(8,134)
Trade and other payables	**(5,845)**	(9,148)	(12,741)
Provisions for liabilities	**(116)**	(123)	(187)
	(9,246)	(22,985)	(28,000)
Net financial assets and liabilities	**(1,725)**	(4,871)	(10,976)
Plant, property and equipment	**1,172**	1,586	1,752
Goodwill	**29,753**	29,777	45,653
Other intangible assets	**9,473**	11,273	14,272
Prepayments	**1,871**	1,375	1,999
Deferred tax	**174**	243	208
Inventories	**81**	143	212
Taxation payable	**(729)**	(286)	(254)
Provisions for deferred tax	**(2,326)**	(3,119)	(4,133)
	39,469	40,992	59,709
Total equity	**37,744**	36,121	48,733

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital for the reporting period under review is summarised as follows:

	2012 £'000	2011 £'000	2010 £'000
Total equity	**37,744**	36,121	48,733

Company profit and loss account

	Note	2012 £'000	2011 £'000
Administrative expenses		**(651)**	(3,657)
Reduction in carrying value of investments	12	**(1,493)**	(13,582)
Total administrative expenses	2	**(2,144)**	(17,239)
Operating loss	3	**(2,144)**	(17,239)
Income from fixed asset investments	4	**9,738**	3,100
Interest receivable and similar income		**1**	1
Interest payable and similar charges	5	**(474)**	(498)
Profit/(loss) on ordinary activities before taxation		**7,121**	(14,636)
Taxation on ordinary activities	6	**237**	536
Profit/(loss) on ordinary activities after taxation	22	**7,358**	(14,100)

All of the activities of the parent Company are classed as continuing.

The Company has no recognised gains or losses for the year other than the loss for the year as set out above.

The accompanying notes to the parent Company financial statements form an integral part of these financial statements.

Company balance sheet

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	10	**14**	2
Intangible assets	11	**-**	-
Investments	12	**48,777**	50,295
		48,791	50,297
Current assets			
Cash		**-**	331
Debtors	13	**2,212**	2,393
		2,212	2,724
Current liabilities			
Creditors: amounts falling due within one year	14	**(9,083)**	(18,747)
Net current liabilities		**(6,871)**	(16,023)
Net assets		**41,920**	34,274
Capital and reserves			
Called up share capital	16	**34,051**	34,051
Share premium account	17	**6,608**	6,608
Share option reserve	18	**207**	329
Treasury shares	19	**(25)**	(42)
Capital redemption reserve	20	**125**	125
Profit and loss account	21	**954**	(6,797)
Equity shareholders' funds	22	**41,920**	34,274

These financial statements were approved by the Board of Directors on 11 July 2012 and were signed on its behalf by:

Keith Sadler
Director

The accompanying notes to the parent Company financial statements form an integral part of these financial statements.

Notes to the parent company financial statements

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards and have been prepared under the historical cost convention.

The principal accounting policies of the Company are set out below. The policies remain unchanged from the previous year.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

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:

Fixtures & fittings 20-33% straight line.

Investments

Investments are included at cost, less amounts written off.

Classification of instruments issued by the Company

Instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Share based payment

The fair value at the date of grant of share based remuneration has been calculated using a Black Scholes model and charged to the profit and loss account over the vesting period of the award. The charge to the profit and loss account, in respect of the Company's employees, takes account of the estimated number of shares that will vest. All share based remuneration is equity settled. Provision is made for national insurance when the Group is committed to settle this liability. The charge to the profit and loss account takes account of the options expected to vest, is deemed to arise over the vesting period and is discounted.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

2. Other operating charges

	2012 £'000	2011 £'000
Share based payment charge	**354**	395
Related national insurance credit	**(359)**	-
Administrative expenses	**656**	3,262
Write down and impairment of carrying value of investments	**1,493**	13,582
Total administrative expenses	**2,144**	17,239

3. Operating profit/(loss)

	2012 £'000	2011 £'000
Operating profit/(loss) is stated after charging:		
Depreciation of owned fixed assets	**2**	2

4. Income from fixed asset investments

	2012 £'000	2011 £'000
Dividends received from subsidiaries	**9,738**	3,100

During the year the Company has received dividends from its subsidiary companies.

5. Interest payable and similar charges

	2012 £'000	2011 £'000
Bank interest payable	**474**	498

6. Tax on ordinary activities

The tax credit represents:	2012 £'000	2011 £'000
UK corporation tax at 26% (2011: 28%)	**(255)**	(466)
Adjustment in respect of prior period	**-**	(66)
Total current tax	**(255)**	(532)
Origination and reversal of timing differences	**18**	(4)
	(237)	(536)
The tax credit can be explained as follows:		
Profit/(loss) before tax	**7,121**	(14,100)
Tax using the UK corporation tax rate of 26% (2011: 28%)	**1,851**	(3,948)
Effect of:		
(Income)/expenses not taxable	**(2,532)**	3,476
Schedule 23 deductions	**(3)**	-
Expenses not deductible for tax	**3**	-
Impairment of carrying value of investments	**388**	-
Capital allowances for the period in excess of depreciation	**(1)**	-
Share based payment charges	**92**	-
Other	**(53)**	6
Prior year adjustment	**-**	(66)
Current year credit	**(255)**	(532)

7. Auditor's remuneration

Details of remuneration paid to the auditor by the Group are shown in note 8 to the consolidated financial statements.

8. Directors and employees

	2012 £'000	2011 £'000
Average number of staff employed by the Company	**6**	5
Aggregate emoluments (including those of Directors):		
Wages and salaries	**517**	756
Social security costs	**27**	91
Pension contribution	**3**	-
Total emoluments	**547**	847
Gain on exercise of share options	**12**	-
	559	847

Further information in respect of Directors is given in the Directors' Remuneration table on page 15.

9. Dividends

The Directors do not recommend the payment of a dividend for the current year (2011: £nil).

10. Tangible fixed assets

	Fixtures & fittings £'000
Cost at 1 April 2011	14
Additions	14
Cost at 31 March 2012	**28**
Depreciation at 1 April 2011	12
Charge for the year	2
Depreciation at 31 March 2012	**14**
Net book value at 31 March 2012	**14**
Net book value at 31 March 2011	2

11. Intangible fixed assets

	Capitalised goodwill £'000
Cost at 1 April 2011 and 31 March 2012	**517**
Amortisation at 1 April 2011 and 31 March 2012	**517**
Net book value at 31 March 2011 and 31 March 2012	-

12. Fixed asset investments

	Subsidiaries £'000
Cost at 1 April 2011	50,295
Reduction in deferred contingent consideration in 20:20 Technology	(25)
Impairment	(655)
Write down of investment on reorganisation	(838)
Cost at 31 March 2012	**48,777**

The Company has carried out an impairment review of the carrying amount of the investments in subsidiaries. The impairment review of investments was performed using the same cash flows and assumptions as were used in the group financial statements for the impairment review of goodwill, details of which can be found in note 13 in the group financial statements. This review has concluded that the carrying value of the Company's investments is impaired by £0.7 million (2011: £13.6m).

During the year a number of subsidiaries underwent reorganisations of their capital, the write down above is the matching adjustment.

At 31 March 2012 the Company held either directly or indirectly, 20% or more of the allotted share capital of the following companies:

		Proportion held		
	Class of share capital held	**By parent Company**	**By the Group**	**Nature of Business**
20:20 Agency Limited	Ordinary	100%	100%	Online marketing & media
20:20 Connect Limited	Ordinary	100%	100%	Dormant
20:20 Dialogue Limited	Ordinary	100%	100%	Dormant
2020 DMG Limited	Ordinary	100%	100%	Dormant
20:20 London Limited	Ordinary	100%	100%	Online marketing & media
20:20 Media and Analytics Limited	Ordinary	100%	100%	Online marketing & media
20:20 Network Limited	Ordinary	100%	100%	Online marketing & media
20:20 Technology Limited	Ordinary	100%	100%	Online marketing & media
Alphanumeric Limited	Ordinary	100%	100%	Data services & consultancy
Alphanumeric Group Holdings Limited	Ordinary	100%	100%	Holding company
Alphanumeric Holdings Limited	Ordinary	-	100%	Holding company
Dig for Fire Limited	Ordinary	-	100%	Dormant
Digital Marketing Group Services Limited	Ordinary	100%	100%	Dormant
Gasbox Limited	Ordinary	100%	100%	Direct marketing
Graphico New Media Limited	Ordinary	100%	100%	Dormant
HSM Limited	Ordinary	100%	100%	Online marketing & media, direct marketing
Hyperlaunch New Media Limited	Ordinary	100%	100%	Dormant
Inbox Media Limited	Ordinary	-	100%	Dormant
ISIS Direct Limited	Ordinary	-	100%	Dormant
Jaywing Limited	Ordinary	100%	100%	Dormant
Jaywing Central Limited	Ordinary	-	100%	Dormant
Jaywing Information Limited	Ordinary	100%	100%	Dormant
Junction Brand Communication Limited	Ordinary	-	100%	Dormant
Prodant Limited	Ordinary	-	100%	Dormant
Scope Creative Marketing Limited	Ordinary	100%	100%	Direct marketing
Digital Marketing Group Limited	Ordinary	100%	100%	Dormant

All the companies listed above are incorporated in England and Wales.

13. Debtors

	2012 £'000	2011 £'000
Amounts due from Group undertakings	**1,866**	1,892
Prepayments and accrued income	**78**	5
Other taxation and social security	**13**	12
Corporation tax	**255**	465
Deferred tax	**-**	19
	2,212	2,393

14. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans and overdrafts (note 15)	**6,373**	13,470
Trade creditors	**6**	30
Amounts owed to Group undertakings	**2,281**	1,640
Other taxation and social security	**18**	23
Other creditors	**7**	7
Accruals and deferred income	**273**	927
Deferred consideration payable on acquisition of subsidiary undertakings	**125**	2,650
	9,083	18,747

15. Borrowings and financial derivatives

	2012 £'000	2011 £'000
Summary:		
Bank overdraft	**3,373**	8,159
Bank loans	**3,000**	5,311
	6,373	13,470
Borrowings are repayable as follows:		
Within one year:		
Bank overdraft	**3,373**	8,159
Bank loans	**3,000**	5,311
Total due within one year	**6,373**	13,470
Bank loans:		
In more than one year but not more than two years	**-**	-
Total due in more than one year	**-**	-

In 2007 the Company purchased an interest rate swap of 6.19% for the period June 2007 to June 2012 for £4,000,000 of its borrowings. At 31 March 2012 the interest rate swap's fair value was a liability of £52,000 (2011: £244,000). This is not accounted for in the Company's UK GAAP accounts.

16. Share capital

Authorised:

	45p deferred shares £'000	5p ordinary shares £'000
Authorised share capital at 31 March 2011 and at 31 March 2012	**45,000**	**10,000**

Allotted, issued and fully paid:

	45p deferred shares Number	5p ordinary shares Number	£'000
At 31 March 2012 and 2011	**67,378,520**	**74,604,999**	**34,051**

The 5 pence ordinary shares have the same rights (including voting and dividend rights and rights on a return of capital) as the previous 50 pence ordinary shares. Holders of the 45 pence deferred shares do not have any right to receive notice of any general meeting of the Company or any right to attend, speak or vote at any such meeting. The deferred share holders are not entitled to receive any dividend or other distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of the amounts paid up on the shares after the amount paid to the holders of the new ordinary shares exceeds £1,000,000 per new ordinary share. The deferred shares will also be incapable of transfer and no share certificates will be issued in respect of them.

During the year the Company has reissued 70,175 5 pence ordinary shares which were previously held as treasury shares to settle share options exercised by employees. In addition holders of 412,011 share options received cash in lieu of the share options they were entitled to exercise.

Warrant over shares

The Company has granted warrants to Cenkos Securities PLC over 324,561 ordinary shares at £0.57 per share in lieu of services rendered prior to the formation of the Company and admission to the AIM. These warrants are exercisable at any time until 25 October 2012. The fair value of the warrants has been calculated at £50,000 which at the time of granting the warrants represented the value of the services provided.

17. Share premium account

	2012 £'000	2011 £'000
At start and at end of period	**6,608**	6,608

18. Share option reserve

	2012 £'000	2011 £'000
At start of year	**329**	419
Transfer to share capital on exercise of options	**-**	(25)
Transfer to profit and loss account	**(122)**	(65)
At end of year	**207**	329

The Board of Directors have approved the transfer of reserves from retained earnings to a designated share option reserve.

19. Treasury shares

	2012 £'000	2011 £'000
At start of year	**42**	-
Purchase of shares	**-**	117
Shares allotted on exercise of options	**(17)**	(75)
At end of year	**25**	42

20. Capital redemption reserve

	2012 £'000	2011 £'000
At start and at end of year	**125**	125

21. Profit and loss account

	2012 £'000	2011 £'000
At start of year	**(6,797)**	7,044
Credit in respect of share based payments	**354**	395
Transfer from share option reserve	**122**	65
Treasury shares issued to settle share options	**(17)**	(75)
Cash settlement of equity share options	**(66)**	(126)
Retained profit/(loss) for the year	**7,358**	(14,100)
At end of year	**954**	(6,797)

22. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
At start of year	**34,274**	48,222
Purchase of shares for treasury	**-**	(117)
Cash settled share options	**(66)**	(126)
Credit in respect of share based payments	**354**	395
Retained profit/(loss) for the year	**7,358**	(14,100)
At end of year	**41,920**	34,274

23. Share based payments

Share based payment (release)/charge is as follows:

	2012 £'000	2011 £'000
Share based payment	**354**	395
Related national insurance costs	**(359)**	-
	(5)	395

Details of the share options issued and the basis of calculation of the share based payments, which all relate to share options granted, are given in note 11 to the consolidated financial statements.

24. Contingent liabilities

There is a cross guarantee between members of the Weare 2020 plc group of companies on all bank overdrafts and bank borrowings with Barclays Bank plc. At 31 March 2012 the amount thus guaranteed by the Company was £nil (2011: £nil).

25. Related parties

The Company is exempt from the requirements to FRS 8 to disclose transactions with other 100% members of the Weare 2020 plc group of companies.

Transactions with other related parties are disclosed in note 32 to the consolidated financial statements.

26. Financial risk management objectives and policies

Details of Group policies are set out in note 34 to the consolidated financial statements.

Shareholder information

Annual General Meeting
The 2012 Annual General Meeting will be held on Wednesday 12 September 2012 at the offices of 20:20 Technology Limited, 5th Floor, 101 Finsbury Pavement, London, EC2A 1RS, at 11.00am.

Results
Announcement of half year results to 30 September 2012 – November 2012.
Preliminary announcement of the annual results for the year ending 31 March 2013 – July 2013.

Dividend
There is no dividend payable.

Multiple accounts on the shareholder register
If you have received two or more copies of this document, this means that there is more than one account in your name on the shareholders register. This may be caused by either your name or address appearing on each account in a slightly different way. For security reasons, the Registrars will not amalgamate the account without your written consent, so if you would like any multiple accounts combined into one account, please write to Capita Registrars at the address given below.

Documents
The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the AGM from at least 15 minutes prior to the meeting until its conclusion.

- Copies of the executive Directors' service agreements and the Non-Executive Directors' letters of appointment;
- The memorandum and articles of association of the Company; and
- Register of Directors' interests in the share capital of the Company maintained under Section 809 of the Companies Act 2006.

Particulars of the Directors' interest in shares are given in the Directors' remuneration report which is contained in the Report and Accounts for the year ended 31 March 2012.

Issued Share Capital
As at 11 July 2012 (being the last practicable date before the publication of this document) the Company's issued share capital comprised 74,604,999 ordinary shares of 5p each, of which 99,622 are held in Treasury. Therefore, as at 11 July 2012 the total voting rights in the Company were 74,505,377. On a vote by show of hands every member who is present in person or by proxy has one vote. On a poll every member who is present in person or by proxy has one vote for every ordinary share of which he or she is a holder.

Share dealing services
To purchase or sell shares in Weare 2020 plc log on to www.capitadeal.com or call 0871 664 0364 (Mon-Fri 8am-4.30pm). Capita Share Dealing Services is a trading name of Capita IRG Trustees Limited, which is authorised and regulated by the Financial Services Authority. If you are selling shares you must have the relevant certificate(s) in your possession. This is not a recommendation to buy or sell shares and this service may not be suitable for all shareholders.

Shareholder enquiries
Capita Registrars maintains the register of members of the Company. If you have any queries concerning your shareholding, or if any of your details change, please contact the Registrars:

Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0GA

Shareholder Helpline: 0871 664 0300 (calls cost 10p per minute plus network extras) Fax: 01484 606484.
Textphone for shareholders with hearing difficulties: 0871 664 0532 (calls cost 10p per minute plus network extras)
Capita Registrar also offer a range of shareholder information online at www.capitaregistrars.com.

Website
Information on the Group is available at www.weare2020.com

WEARE 2020 plc

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