

## **REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 BY ADRIAN WILLIAMS (CHAIRMAN)**

### **Principal activities**

The principal activity of the group during the year was that of customer recruitment and database management.

### **Business review and future developments**

This has been a difficult trading year for the group. Nonetheless, the group has an increasingly positive net cash position in spite of the operating losses it has experienced.

Turnover has increased by 11% to £11,527k (2013: £10,398k) and operating profit has improved to a profit of £837k (2013: loss £883k). Markets are expected to remain challenging.

The group's cash position remains strong. The net cash surplus, after deducting any bank debt from the group's total cash, plus realisable financial investments held at fair value increased to a combined total of £3,442k (2013: £3,157k).

### **Risks and uncertainties**

Business risk arises mainly from legislative changes, and this situation is constantly under review. The possibility of a postal strike is also judged to be a risk. The board keeps this matter under review so that, should there be a postal strike, the impact on profits is kept to a minimum by forward planning.

### **Liquidity, interest rate and cash flow risk**

In order to create adequate finance for the group's operations, the group uses various financial instruments including cash, bank loans, trade receivables and trade payables. The main risks arising from these financial instruments are cash flow risk, interest rate risk and liquidity risk.

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Management review cashflow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements. Management also consider the exposure to variable interest rates to be acceptable given that the group currently has no net debt and that the current climate has been one where the recent trend has been for rates to be reasonably steady and low by historical standards.

The directors do not consider credit or currency risk to be significant given the group's pattern of trading in this market. The group has not used any financial hedges.

The company places any surplus cash on short term deposits or in publicly traded investments.

### **KPIs**

The general market for data, the size and quantity of customer databases and the response rates to individual competitions are the key drivers of revenue and gross profit. The general market for data is still low by historical standards and the response rates in tests have been improving throughout 2014 and beyond suggesting an improvement in trade in future.

**Adrian Williams**  
**Chairman**

10<sup>th</sup> April 2015