

DMA Annual report

2013



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Directors and officers

DIRECTORS



Amanda Merron
Anthony John Kane
Christopher Porte Combemale
Fedelma Good
Malcolm Green
William Gilbert
Julia Porter
Shaun Bailey
Scott Morrison Logie
Richard James Dutton
Michelle Mary de Souza

(appointed 2 January 2013)
(appointed 2 January 2013)

SECRETARY

James Milligan

REGISTERED OFFICE

DMA House
70 Margaret Street
London W1W 8SS

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Chairman's report



The notion of truly effective one-to-one marketing is predicated on always placing the customer at the centre of everything we do. Gearing the industry to do so is an ongoing process of change that must be led from the top.

Over the past 12 months, the DMA has invested considerable resources in laying the groundwork for producing a new code of practice. Following an extensive stakeholder consultation the DM Code has been updated to focus on five core principles that are critical to achieving long-term customer relationships: putting the customer first, respecting privacy, honesty and fairness, data and responsibility. The new Code will be supported by channel-specific practitioner guides detailing best practice across the full range of data-driven channels.

The ever-growing reach of the DMA means that a significant portion of the industry now abides by the DMA's standards of best practice. For the first time in the DMA's 21-year history the number of companies in membership now exceeds 1,000. This leap in membership has been primarily driven by the ongoing success of the DMA's repositioning in the market, with widespread industry recognition of the DMA as the umbrella association for all data-driven marketing.

This is a burgeoning community, and to support this we will be implementing in the next few months a new content strategy focused on one-to-one to millions communication. Again, stakeholders were consulted to ascertain how the DMA could best serve them. The result will be a move towards user-generated and co-created content, and the launch of a new website that tailors a personalised visitor experience based on their interests.

One of the many reasons companies and organisations flock to DMA membership is because of the influence it wields as the voice of the industry. The Association has been instrumental in raising the industry's concerns about the potential impact on businesses of the draft EU Data Protection Regulation with Westminster and Brussels lawmakers. While the Regulation is still passing through the European Parliament we can be satisfied that the proposals currently being debated are considerably less damaging than those outlined in the first draft of the Regulation. The DMA has also achieved notable success on behalf of its members affected financially by the issue of postal reversions. The Association led a working party that included Royal Mail to arrive at a resolution to the problem that was equitable for all.

The notable successes of the DMA over the past year speak highly of the ambition, dedication and talent of its management and support teams. However, the DMA's real strength comes from the volunteers that selflessly give up their time to serve on the Association's 15 special-interest councils and committees. I would like to thank them for their outstanding contributions, and I look forward to working with them on our mission to promote and grow the industry.

Scott Logie
Chair of the DMA

Date: 31 October 2013

DMA activities

Executive Director's Report



In the past 12 months we welcomed 209 new members and closed the year with over 1,000 companies in membership for the first time in our history. Against this backdrop of growth we've made significant progress in the long-term project of transforming the organisation to meet the ever-evolving business needs of our diverse and growing membership. We've challenged a number of legislative and commercial threats to the business interests of our members. And we've taken a huge leap forward in positioning the DMA at the centre of the vibrant one-to-one to millions marketing community.

In the autumn we launched our first *Innovation Summit* for senior management and industry leaders. The annual DMA Awards was refreshed and revamped with a new look, new direction, new categories and the inspirational Wayne Hemmingway serving as chair of judges. Entries grew by 12% compared to the previous year and the winners were toasted in a ceremony attended by more than 950 of the cream of the industry's talent.

Our 15 sector-specific councils and committees, which comprise nearly 250 of our most engaged members, made a profound contribution to our year's successes. Over the past 12 months, they've convened 122 meetings, produced 186 pieces of content, 40 pieces of research and run 24 practitioner events.

The Governance Committee, working closely with the Direct Marketing Commission and councils, embarked on a significant overhaul of the DM Code of Practice. This resulted in a shift towards a 'principles-based' approach focusing on the behaviours and outcomes we aspire to as an industry. The Code will be supported by a set of practitioner guides that are currently being written by our councils. The completed work will launch in December 2013.

During the year we launched the Direct Marketing Foundation, supported by independent Trustees and leadership. We're very pleased that the DMF made its first charitable investments on behalf of projects that benefit the whole industry during the year. We anticipate their ongoing contribution to the industry with enthusiasm.


On the legislative front we've led the industry response in challenging the proposed EU Data Protection Regulation, which is the single greatest threat to the future of the one-to-one to millions marketing industry. This has involved an ongoing lobbying campaign to ensure that lawmakers in Westminster and Brussels understand the need to produce a piece of legislation that fairly balances the data privacy rights of the consumer with the commercial needs of business. We also created for our members a Data Protection Toolkit to help them understand the issues in layman's terms and how to undertake their own lobbying to speak up for their businesses. To date, our efforts have been extremely fruitful, with the UK Government and Information Commissioner backing our calls for a more business-friendly Regulation. We are now quietly confident there will be a positive outcome for the industry.

We've also had great success in dealing with major challenges to the direct mail, telemarketing and mobile marketing sectors.

We formed a working party to tackle the issue of so-called 'reversions' costs levied by Royal Mail on bulk mailers, which threatened to financially cripple many businesses in the sector. By bringing businesses and Royal Mail together at the negotiating table we helped to secure a solution that was equitable to all.

For many months the media was abuzz with stories about 'nuisance calls' and SMS spam caused by rogue companies, which inflicted serious damage on the legitimate telemarketing and mobile marketing sectors. Through a media relations campaign and by leading a concerted industry response to meet with politicians, regulators and consumer advocacy groups we clarified the issues at hand to ensure legitimate businesses were not tarnished by a misguided clampdown on the sectors. The solutions to the problem are complex, but we continue to call for a stronger enforcement regime to punish those who break the law and to deter others from doing so. We've seen some success from applying pressure to the regulators and will continue to do so until the problem of rogue companies is eliminated.

DMA Activities



From January to March we conducted an extensive consultation with more than 200 stakeholders to ascertain how best to provide our members with the content they want in the way they want it. This work will form the basis of a top-down overhaul of our content and communications that will launch by December 2013.

Our council and committee members have been instrumental in helping us to shape our new content strategy, as well as the new-look DM Code of Practice. These members selflessly volunteer their time and expertise; I would like to thank each of them for providing the expertise and credibility that defines the DMA.

I would also like to thank the rest of our members, senior management, staff and community of stakeholders, all of whom should be extremely proud of what their hard work has achieved in the past 12 months.



Chris Combemale
Executive Director

Date: 31 October 2013

Report of the board

The board presents its report and the financial statements of The Direct Marketing Association (UK) Limited for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The company is the principal trade association for companies and organisations involved in the direct marketing industry in the United Kingdom.

DIRECTORS

The following directors have held office since 1 April 2012:

Amanda Merron	
Anthony John Kane	
Christopher Porte Combemale	
Fedelma Good	
William Gilbert	
Julia Porter	
Shaun Bailey	
Malcolm Green	
Scott Morrison Logie	
Richard James Dutton	(appointed 2 January 2013)
Michelle Mary de Souza	(appointed 2 January 2013)

CHARITABLE DONATIONS

During the year the company made a donation of £nil (2012: £400,000) to the Direct Marketing Foundation.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to re-appoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the Annual General Meeting.

SMALL COMPANIES PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.



By order of the board

Scott Logie
DMA Chairman

Date: 31 October 2013

Board's responsibilities in the preparation of financial statements

The directors are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent; and,
- c. 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 disclose 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 Direct Marketing Association (UK) Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of The Direct Marketing Association (UK) Ltd

We have audited the financial statements on pages 9 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditor

As more fully explained in the Boards' Responsibilities Statement set out on page 7, 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, applicable to smaller entities; and,
- 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the directors' report.




DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Dated: 31 October 2013

Income and expenditure account

for the year ended 31 March 2013

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		2013 £	2012 £
INCOME		3,238,869	3,228,991
Cost of sales		<u>(445,000)</u>	<u>(454,923)</u>
GROSS SURPLUS		2,793,869	2,774,068
Operating expenses		<u>(3,029,721)</u>	<u>(2,955,628)</u>
OPERATING DEFICIT		(235,852)	(181,560)
Income from fixed asset investments	1	—	1,500,000
Interest receivable		<u>44,413</u>	<u>8,620</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(191,439)	1,327,060
Taxation credit	3	<u>401</u>	<u>19,443</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR	10	<u><u>(191,038)</u></u>	<u><u>1,346,503</u></u>

Balance sheet

31 March 2013

Limited by guarantee

Company Registration No. 2667995

		2013 £	2012 £
FIXED ASSETS			
Tangible assets	4	144,668	170,682
Investments in subsidiary undertaking	5	<u>1,002</u>	<u>1,002</u>
		145,670	171,684
CURRENT ASSETS			
Debtors	6	2,292,297	1,973,624
Cash at bank and in hand		<u>2,267,036</u>	<u>2,059,069</u>
		4,559,333	4,032,693
CREDITORS: Amounts falling due within one year	7	<u>(2,126,276)</u>	<u>(1,434,612)</u>
NET CURRENT ASSETS		<u>2,433,057</u>	<u>2,598,081</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,578,727	2,769,765
CREDITORS: Amounts falling due after one year	8	(61,575)	(61,575)
NET ASSETS		<u><u>2,517,152</u></u>	<u><u>2,708,190</u></u>
RESERVES			
Income and expenditure account	10	<u><u>2,517,152</u></u>	<u><u>2,708,190</u></u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 9 to 15 were approved by the board of directors and authorised for issue on 31 October 2013 and are signed on its behalf by:



S Logie
Chairman



A Merron
Hon Treasurer

Accounting policies

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), "FRSSE 2008".

GOING CONCERN

The directors have considered the 12 month period following approval of the accounts and consider that it is appropriate to prepare the accounts on the going concern basis.

FORMAT

Advantage has been taken under section 369 of the Companies Act 2006 which allows the format of accounts to be adapted to reflect the special nature of the company's business

INCOME

Income comprises the total amount receivable by the company in the ordinary course of business for subscriptions and services provided, exclusive of Value Added Tax. Subscriptions are credited to the income and expenditure account according to the proportion of each member's subscription year falling within the company's accounting period.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	15%-33%
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INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The investments in subsidiary undertakings are stated at cost.

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments and charged to the income and expenditure account.

CONSOLIDATION

The company and its subsidiary undertakings form a small group. The company has therefore taken advantage of the exemption provided by section 399 of the Companies Act 2006 not to prepare group accounts and hence the financial statements present information about the company as an individual undertaking only.

DEFERRED TAXATION

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are only recognised when the directors consider it more likely than not that they will be realised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

OPERATING LEASES

The annual rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

PENSION COSTS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the financial statements

for the year ended 31 March 2013

1 INCOME FROM FIXED ASSET INVESTMENTS

During the year the company received dividends of £nil (2012: £1,500,000) from its subsidiary undertaking The Telephone Preference Service Limited. The dividend received in 2012 added to the reserves of the business and has been substantially retained.

2 DEFICIT (2012: SURPLUS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£

The deficit (2012: surplus) on ordinary activities before taxation is stated after charging:

Depreciation	88,642	74,089
Auditor's remuneration for statutory audit services	14,000	13,500
Operating lease rentals - plant and machinery	4,080	4,285
- land and buildings	375,000	375,000
Charitable donation to the Direct Marketing Foundation	—	400,000
	—	400,000

Directors' remuneration comprised sums paid to directors of £143,471 (2012: £112,644). No director accrued retirement benefits under the defined contribution pension scheme in either year.

3 TAXATION CREDIT

	2013	2012
	£	£

Adjustments in respect of previous periods	401	9,606
Deferred taxation:		
Origination and reversal of timing differences	—	9,837
	401	19,443

The company has tax losses of £150,000 (2012: £nil) carried forward. A deferred tax asset has not been provided as the timing of recovery is uncertain.

Notes to the financial statements

for the year ended 31 March 2013

4	TANGIBLE FIXED ASSETS	£
	Plant and machinery cost:	
	1 April 2012	401,116
	Additions	62,628
		<hr/>
	31 March 2013	463,744
		<hr/>
	Depreciation:	
	1 April 2012	230,434
	Charged in the year	88,642
		<hr/>
	31 March 2013	319,076
		<hr/>
	Net book amount:	
	31 March 2013	144,668
		<hr/> <hr/>
	31 March 2013	170,682
		<hr/> <hr/>

5	INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	£	
	Cost		
	At 1 April 2012 and 31 March 2013	1,002	
		<hr/> <hr/>	
	Company	% shareholding	Activity
	The Telephone Preference Service Limited	100	Telephone and fax opt out service
	NSF Limited	100	Data suppression service
		<hr/> <hr/>	<hr/> <hr/>

During its latest financial period ended 31 January 2013 The Telephone Preference Service Limited made a profit before tax of £12,658 (2012: £7,947). At 31 January 2013 the aggregate surplus of capital and reserves was £42,018 (2012: £29,752). The Telephone Preference Service Limited has adopted a different accounting reference date due to the term of the contract with OFCOM which constitutes the trade of that company.

During the year ended 31 March 2013, NSF Limited made a profit before tax of £nil (2012: £nil). At 31 March 2013 the aggregate surplus of capital and reserves was £32,417 (2012: £32,417).

Notes to the financial statements

for the year ended 31 March 2013

6	DEBTORS	2013 £	2012 £
	Due within one year:		
	Trade debtors	1,466,696	507,448
	Amounts owed by group undertakings:		
	Other debtors	135,781	824,234
		<u>239,820</u>	<u>191,942</u>
		1,842,297	1,523,624
	Due after one year:		
	Other debtors	450,000	450,000
		<u>450,000</u>	<u>450,000</u>
		<u>2,292,297</u>	<u>1,973,624</u>
7	CREDITORS: Amounts falling due within one year	2013 £	2012 £
	Trade creditors	207,748	218,773
	Subscriptions in advance	1,366,047	599,160
	Other taxation and social security	198,163	90,563
	Other creditors	354,318	526,116
		<u>2,126,276</u>	<u>1,434,612</u>
8	CREDITORS: Amounts falling due after more than one year	2013 £	2012 £
	Rent deposit	<u>61,575</u>	<u>61,575</u>
9	PROVISION FOR LIABILITIES	2013 £	2012 £
	Deferred taxation:		
	At 1 April 2012	—	9,837
	Credit to the income and expenditure account	—	(9,837)
		<u>—</u>	<u>—</u>
	At 31 March 2013	<u>—</u>	<u>—</u>

Notes to the financial statements

for the year ended 31 March 2013

10	INCOME AND EXPENDITURE ACCOUNT	2012 £
	At 1 April 2012	2,708,190
	Deficit for the financial year	<u>(191,038)</u>
	At 31 March 2013	<u><u>2,517,152</u></u>

11	COMMITMENTS UNDER OPERATING LEASES	2013 £	2012 £
	At 31 March 2013 the company had commitments under non-cancellable operating leases as follows:		
	Expiring between two and five years	<u>379,080</u>	<u>379,285</u>

12 RELATED PARTY TRANSACTIONS

During the year, the company received subscriptions of £32,400 (2012: £34,303) from companies with common directors.

During the year, the company charged its subsidiary undertaking The Telephone Preference Service Limited fees for management services, rent, promotional services, administrative expenses and staff costs of £373,024 (2012: £1,177,371). The company received no dividend during the year (2012: £1,500,000). At the year end the balance owed by The Telephone Preference Service Limited was £127,884 (2012: £795,500).

During the year the company charged its subsidiary undertaking NSF Limited fees for management services of £13,515 (2012: £13,313). At the year end the balance owed by NSF Limited was £7,897 (2012: £28,734).

13 CONTINGENT LIABILITIES

The company has provided guarantees in respect of the performance obligations of NSF Limited up to an aggregate amount of £100,000 (2012: £100,000).

14 LIABILITY OF MEMBERS

The company is limited by guarantee not having a share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of it being wound up.