

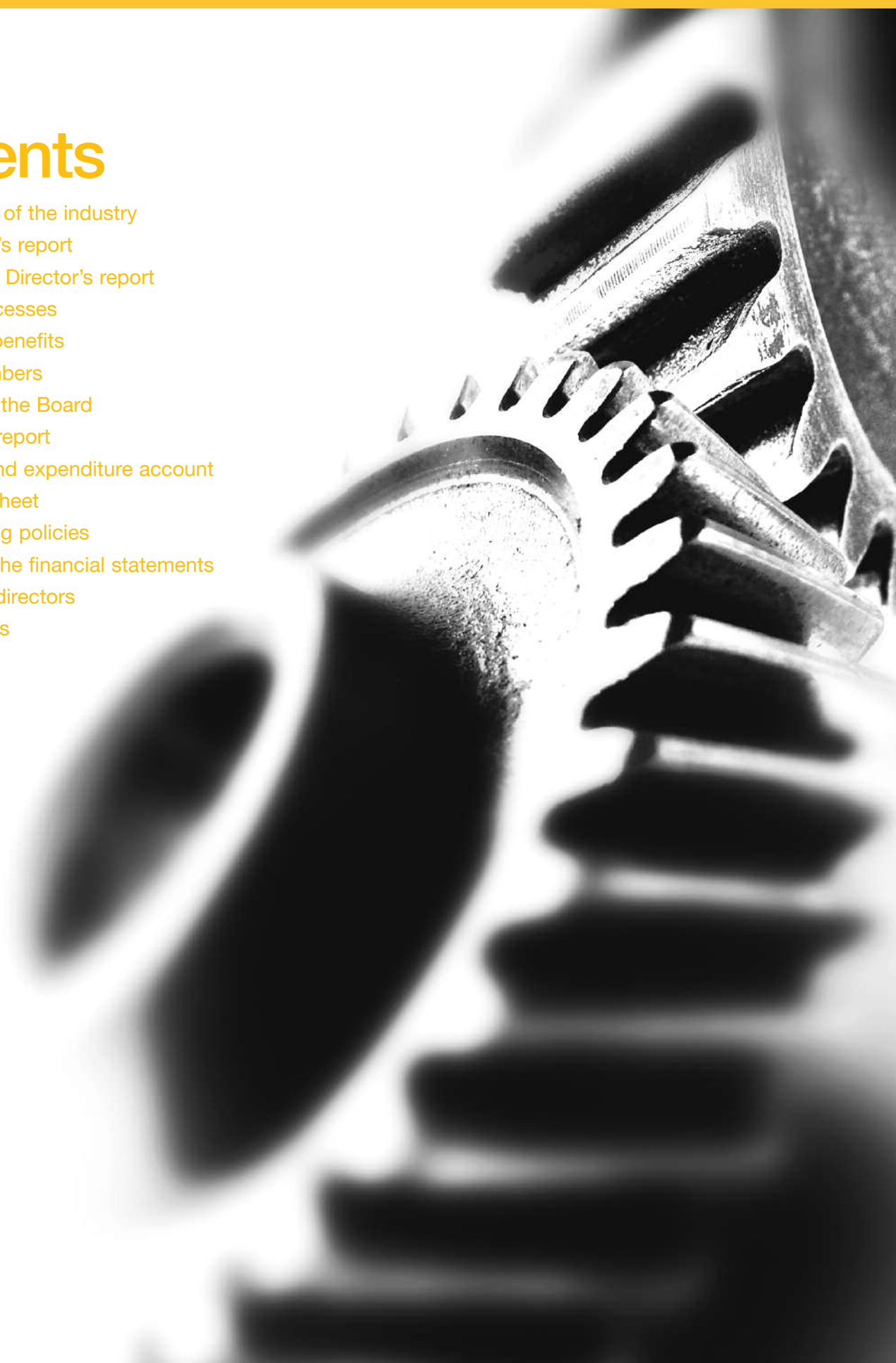
Annual Review & Financial Statements 2008



The Direct Marketing Association (UK) Ltd

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The Direct Marketing Association (UK) Ltd

The Voice of the Industry

The DMA (UK) is the leading voice for the UK direct marketing industry, championing best practice and self-regulation so that DMA members can gain competitive advantage and maximise the value of their businesses in an atmosphere of consumer confidence and trust. From headquarters in central London and operating regionally in the West, North, Scotland and Northern Ireland, the DMA delivers the core membership services around legal advice, networking, training and events, research, best practice, awards and information for our members.

The DMA represents three separate industries in advertisers, agencies and suppliers. This is unique and gives us a broad scope and true representation. In addition, we have over fourteen separate channels of direct marketing that are represented at Board, Executive and Council level. With membership standing at over 900 companies, representing over 6000 practitioners, we are truly the voice of direct marketing.

On behalf of our members, we lobby against overly restrictive legislation and promote responsible marketing and the development of the direct marketing industry, working in partnership with Government and other industry bodies. The DMA also works closely with the Federation of European Direct and Interactive Marketing (FEDMA) and international DMAs, of which we are the second largest.

The DMA runs the Preference Services which act as the consumer protection and opt-out choices around telephone, mail and fax marketing. DMA PR campaigns aim to promote the direct marketing industry in a positive light, change consumer and media perceptions and raise awareness of the DMA logo, which stands for professionalism and trustworthiness and is known to influence consumer choice.

We invite all DMA members to participate directly in shaping the future of direct marketing with us and through us. Every organisation engaged in direct marketing needs the DMA to defend the industry from unprofessional practitioners who can bring direct marketing into ill repute, trigger restrictive legislation and create consumer mistrust.

The DMA is funded by member contributions. If you are a professional and trustworthy direct marketing practitioner, committed to safeguarding the future of your business, you cannot afford not to be a member.

Chairman's Report



Rosemary Smith
Chairman

Trade associations have to develop and grow to mirror the industries that they represent. During the last year, the DMA Board and Directorate have taken some significant decisions to change the structure and strategic direction of the Association whilst maintaining a robust response to a significant portfolio of 'business-as-usual' issues and a number of new challenges.

Our emphasis throughout the year has been on providing the business of direct marketing with a sustainable platform for future growth.

Our best response to restrictive Government proposals is to demonstrate that we are capable of robust self-regulation. I am, therefore, delighted at the transformation of the DM Authority into the Direct Marketing Commission which – under the steady guidance of Matti Alderson – has re-invented itself as an industry regulator which is demonstrably fit for purpose.

Self regulation is also about the identification and propagation of best practice and, this year, the DMA has added to its canon of best practice documentation. Largely through the hard work of the Council Committees and supported by the DMA Legal team and the Governance Committee, the DMA has issued new or revised Best Practice Guidelines for Field Marketing, Data, Inserts, Response Management and Mobile Marketing. We have also launched two new accreditation schemes in Response Management and Field Marketing and there is evidence that other Councils may follow suit.

These documents and accreditations help us to prove that we are serious about improving the quality and professionalism of all areas of direct marketing.

This year we not only celebrated the 25th birthday of the Mailing Preference Service but also witnessed the re-birth of the Your Choice preference service for Door-to-Door material. These schemes

play a vital role in our relationship with consumers – showing that we acknowledge their wishes and respect their right to refuse marketing material.

The legal challenges we faced during the year – at European, national and regional levels – were manifold but there were some positive signs that Ministers recognise the growing footprint of direct marketing as an important part of UK economy.

Our lobbying was consistent and brought results – for example the release of deceased data for list cleaning purposes for the first time – but there were challenges too, particularly on the privacy, postal and environmental fronts.

In a year which encompassed some of the worst data security breaches in living memory (both by Government departments and commercial organisations) it was almost inevitable that the general public should become even more concerned about their data.

The DMA rebutted calls for further restrictions on data use but supported the suggestion of increased powers for the Information Commissioner. A threat to the availability of the Electoral Roll also emerged in July 2008 in the wake of 'datagate' and the DMA continues to represent the views of members whose activities involve significant use of this data source.

There were also some major consultations on postal matters during the year, watched with interest by the mailing house community. The DMA gave its views on Zonal Pricing and Access and sought to influence PostComm in its regulation of the postal market.

Meanwhile, the Financial Services Council consulted and advised members on the 'Treating Customers Fairly' initiative and on the introduction of The Markets in Financial Instruments Directive (MiFID).

But it was surely in the environmental arena that members sought most advice and guidance from the DMA. Having established a knowledge base and promoted strategic co-operation with major organisations such as Envirowise and BSI, the DMA was able to demonstrate to DEFRA that the industry intends to take green issues seriously. There is, however, a pressing need for all direct marketers to do more to establish green credentials.

The DMA's remit includes the dissemination of information, knowledge and research about direct marketing which continued through some nine major research projects and ongoing studies such as the email benchmarking reports; hundreds of informational events were also supported by the DMA at a national and regional level.

The regions played a big part in member recruitment and retention during the year,

as well as leading the lobbying of the Scottish Parliament and Welsh Assembly.

Strong membership growth and good retention during the year also produced a solid financial performance for the DMA with a second year surplus available as a fillip for next year's activities.

Finally then, I want to report on the structural and strategic changes we pioneered this year. The Board has agreed to a major re-structure of member representation designed to make the governance of the Association more transparent and the election of (a reduced number) of Board Members more democratic.

All organisations need periodically to take stock of their strategic direction and performance and for this reason the Board also commissioned PA Consulting to conduct a strategic review of the DMA. The results of that review showed that fairly major changes of emphasis were needed if the DMA was to serve member and industry interests effectively.

The Board has, therefore, set in train a number of workstreams which will see the DMA emerge as an organisation which delivers real stakeholder value and thought leadership through effective communications to members and non members; it will represent a stronger client portfolio and offer bespoke services to meet member needs. It will be truly

channel neutral and it will focus on demonstrating the value that direct marketing – in its broadest sense – can deliver.

I believe that these changes are essential and will create the kind of DMA that will be able to not only support, but also lead, the industry through these challenging times.



Rosemary Smith
Chairman

Managing Director's Report



James Kelly
Managing Director

Direct marketing continued on its growth path in 2007/08, with industry expenditure rising significantly to £18bn from the £16.4bn spent in 2006. It would seem that this increase is due not just to higher spending in each company but also due to the increase in the number of companies using direct marketing as a key business tool. Clearly this expenditure is an effective return on investment, as estimated sales generated by direct marketing have increased way above inflation, and employment generated by the industry now represents nearly 3.5% of total UK employment.

This is a healthy environment and means the DMA can tackle the expected economic downturn from a position of strength. I'm very pleased to report that this industry growth was mirrored by the Association's performance, with the achievement of a surplus which we re-directed to additional investment in member services.

Notably, we surpassed our ambitious new member revenue target having placed continued priority on client company recruitment in targeted sectors and regions. A total of 123 new members joined the DMA, a 4.5% increase on the previous year. Nearly a quarter of these are client companies, the very organisations we are targeting for further expansion of the DMA. Many are blue chip household names, including The Body Shop, Arcadia, Xerox, Monarch Airlines, Brita, RNLI, Ticketmaster, and Stroud & Swindon Building Society.

We enjoyed another good year of member retention too, with 89% of members renewing their subscriptions. Such a high level of customer loyalty would appear to attest to the perceived value of the relationship felt by members, and has been achieved through an intensive effort on the part of the DMA's Membership Department and other expert staff who are continually guiding members in the conduct of their business.

In 2007/08 we sought to position the DMA and the DM industry as leaders in responsible marketing, based on environmental/CSR initiatives, best practice and self-regulation. We developed a new PR Strategy and Plan, with key messages on each of these issues, and

engaged with trade and business media, to explain in a positive light the steps that the DMA was taking to future-proof the industry with regard to materials use, responsible behaviour and general understanding of environmental issues. Major proactive liaison with Government was a key part of the strategy to develop a visible reputation for industry leadership in this field.

Our close partnership with British Standards Institute (BSI) to develop the Environmental Standard, described later in this report in more detail, was groundbreaking in its attempt to benchmark environmental claims, whilst the DMA's work with Envirowise and Friends of the Earth led to the production of a range of best practice guides which have proved popular amongst members wanting to reduce their own environmental impact.

This whole area of thought leadership has been given added impetus following the strategic review of the Association undertaken in the first half of 2008. One of the key outcomes of this exercise was the conclusion that industry behavioural change would deliver benefits to the future sustainability and stakeholder perception of the industry in the long term. This vindicates our extensive work in helping members reduce their environmental impact and our other considerable activity in this area.

It is likely too that increased focus will be given to addressing client issues in order to increase the relevance of the Association to the client community, together with additional investment in thought leadership for the industry. I look forward to reporting further on

these plans and their implementation in next year's report.

We faced continuing pressure on sources of funding for the industry's pillars of self-regulation, yet the DMA took the bold step to approve significant incremental funding for the relaunch of the Direct Marketing Authority as the Direct Marketing Commission. The new body will have an expanded remit addressing not just the conduct of member companies but also those outside DMA membership; the benchmark for their adjudications will continue to be the industry's Direct Marketing Code of Practice.

At the same time, funding from the Masbof levy has been reducing as mailing volumes decline and the postal market has fragmented; with more companies now acting as mail carriers the collection of this levy, which constitutes a very important contribution to self-regulatory funding by client companies, has become similarly fragmented and more complex. I genuinely hope that all players in the market will continue to give every support to the industry's record in effective self-regulation; to this end the DMA is working hard to engender the support of all new postal carriers, in order to sustain adequate investment in this industry privilege.

We have been robust in our defence of the industry's commercial freedoms, especially in our dealings with Defra, having pursued an aggressive strategy of proactive engagement directly with the Minister and her senior officials. Members have responded to our theme of moderating traditional business models and to develop further consumer protection mechanisms which have been a long-

standing desire of Government. Thus 2008 saw the relaunch of Your Choice, the consumer opt-out preference service for unaddressed mail. Such proactive engagement with Government, and recognition of consumer preferences, has brought significant benefit for the door drop sector, having avoided the imposition of more restrictive regulation.

We have facilitated direct interaction between Defra's senior advisers and industry practitioners to achieve wider industry engagement and better understanding by Government of the business perspective. This has been supported by complementary engagement with the newly-formed Department of Business, Enterprise and Regulatory Reform (BERR), to help disseminate the direct marketing industry's messages via an internal Government champion.

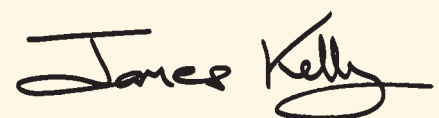
Notwithstanding that we have very limited resources with which to reach school students, I am delighted that our education profile was enhanced this year with the roll-out of the Young Direct Marketing Awards which secured more entries and finalists than previous years. The schools scheme extended our reach into the educational arena and generated some very complimentary endorsements from senior teaching staff.

I would especially like to acknowledge the efforts of the DMA's many Councils who give their time to shape the industry's development. These are too numerous to list here but there have been some particularly exciting projects this year, including the Agencies Council's pioneering work on developing tools

to help members measure and communicate the value of marketing to their clients. The Field Marketing Accreditation scheme was finalised in Autumn 2007, following extensive consultation, to give clients and buyers even more reason to trade with accredited member companies. The Email Marketing Council's National Email Benchmarking Report also warrants selective mention, offering unrivalled industry intelligence in this increasingly important medium.

We've had some significant successes in the postal arena too, more of which you can read later in this report. We were especially pleased to see a successful outcome on our opposition to Royal Mail's Zonal Pricing proposals, as Postcomm rejected these in December 2007. Shortly after this the Government commissioned an independent review of the postal services market and identified the DMA as a key stakeholder. We met with the Review chairman to convey our views and concerns personally, followed by the submission of formal written evidence. We await with anticipation the Review findings, expected in late 2008.

Finally, an acknowledgement of the enormous efforts of the DMA staff who each year serve a growing number of members on a wider and more diverse range of services. They are truly dedicated, enthusiastic and immensely proud of the member companies that they represent and support.



James Kelly
Managing Director

DMA successes



Caroline Roberts
Director of Public
and Legal Affairs

Governance issues

Code of Practice on Direct Marketing

The DMA's Code of Practice on Direct Marketing sets out standards of ethical conduct and best practice in direct marketing. To reflect new legislation and industry practice various amendments to the Code were made during the year. Work continues on a general revision of the Code.

Compliance and Accreditation

The DMA Compliance Team continues to work closely with members to ensure compliance through self-regulation. We are delighted to say that we had a 100% completion rate of the Annual Compliance Questionnaires last year. The team continued to carry out regular compliance visits, with the total number reaching 93 for this period. Five Compliance Awareness Seminars were held throughout the country, the format and presentation of which has now been revamped to give the seminars a more contemporary feel.

There are now two accreditation schemes in existence administered by the Compliance team: the Field Marketing Best Practice (FMBP) accreditation launched in September 2007 and has been well received by clients and suppliers alike; and the Accredited Response Management (ARM) scheme which is a joint initiative between the DMA, Institute of Sales Promotion and Incorporated Society of British Advertisers and launched in April 2008.

Direct Marketing Commission

The Direct Marketing Commission (formerly the Direct Marketing Authority) has had a busy year. In December, the DMA Board approved major changes to the role, organisation and funding of the newly named Direct Marketing Commission, including an increase of members to five independent and four industry Commissioners. Increased funding has allowed the employment of an additional member of staff and an enhanced media and general profile-raising programme. In January 2008, the Commission was registered as a company limited by guarantee.

The Commission's normal work has continued: over 300 complaints were received about possible Code breaches by DMA members during the year. Commissioners have again participated in Compliance Awareness Seminars and other DMA activities and events. The Board also approved the appointment of a new industry member of the Commission, David Coupe.

Legislative issues

During the year, a number of major pieces of legislation affecting the

industry were introduced, particularly in the areas of consumer law and financial services. The DMA lobbied the Government, regulators, Parliament, devolved assemblies and the European institutions to promote the interests of direct marketing, working closely with members on the practical implications of new legislation which included:

- Data Protection Act 1998 – new Information Commissioner's Office (ICO) powers and penalty clauses
- Gambling Act 2005 – provisions on prize draws and competitions
- Implementation of the Unfair Commercial Practices Directive
- Distance Selling Directive Review and business guidance
- EU Consumer Acquis Review
- Consumer Credit Act 2006
- EU Consumer Credit Directive
- VAT on Insurance and Financial Services
- Revision of the EU Directive on Audio-Visual Media Services
- Rome II – private international law relating to non-contractual obligations
- Byron Review on children, videos and the internet
- Marketing and advertising of alcohol and food

Throughout the year, the DMA made a number of formal representations to several Government Departments, regulators and European Union institutions in response to consultation papers. These covered a wide range of proposed legislation and included submissions on the following:

- ICO's Data Protection Strategy
- ICO's Framework Code of Practice for sharing personal information
- ICO's CCTV Code of Practice

- ICO's revised guidance on Privacy and Electronic Communications Regulations
- OFCOM's revised statement of policy on the persistent misuse of an electronic communications network or service
- Walport Review – data sharing
- Department of Business, Enterprise & Regulatory Reform (BERR) – implementation of Unfair Commercial Practices Directive (UCPD)
- Office of Fair Trading – guidance on UCPD Regulations
- European Commission Green Paper on Review of Consumer Acquis (2)
- Department of Trade & Industry – Implementation of Companies Act 2006
- European Commission Green Paper on Retail Financial Services
- Financial Services Authority (FSA) – Conduct of Business regime
- FAS's Review of Insurance Selling & Administration
- FAS's Telephone Recording
- European Commission review of Doorstep Selling Directive
- BERR's effective consultation procedures
- Institute of Fundraising's Code of Fundraising Practice on Direct Mail

Legal queries

The DMA's Legal team offers free legal guidance to members on a range of topics. During the year, the team handled around 1,600 legal queries. The main areas for guidance are data protection, email and SMS marketing, prize draws and competitions, copyright issues and practical employment matters.

Data Protection issues

The DMA continues to enjoy a constructive relationship with the

Information Commissioner and his Office. The Legal team has participated fully in all consultations throughout the year and members have been kept informed of key developments such as ICO Reports, enforcement action, Information Tribunal cases, guidance and good practice notes. Data security issues have been highlighted this year following a number of high profile public security lapses and the DMA has issued advice to members on how to ensure that data is handled, stored and transferred securely in accordance with the Act.

The Legal team has also advised members on EU data protection issues, such as the Commission's position on UK data protection legislation, Article 29 Working Party Reports, Binding Corporate Rules and the Commission's review of the Privacy & Electronic Communications Directive.

Data on Deceased Persons

The DMA has lobbied over many years for access to death registration information for the purposes of list-cleaning and keeping data accurate. This year we lobbied ministers to make the appropriate provision for access under the Police and Criminal Justice Act 2006 on the grounds that the suppression process would also highlight any attempts at identity theft and fraudulent applications for credit. We were pleased, therefore, in January 2008, when Ministers announced that this data would now be accessible for the purposes of fraud prevention.

Financial Services Legislation

The DMA continues to enjoy a good relationship with the Financial Services Authority (FSA) and responded to the various relevant consultations where

members' commercial interests were at stake. The FSA regularly invites the DMA to attend pre-consultation meetings in advance of the publication of regulatory proposals: this presents an excellent opportunity to influence policy development at an early stage and to advise the FSA on how future decisions could affect the direct marketing industry.

There has been much activity in the area of financial services during this period. The DMA has submitted a number of representations to the European Commission and UK Government. The European Commission Green Paper on Retail Financial Services in the Single Market gave us the opportunity to advise caution in seeking legislative solutions where these may not necessarily be the correct answer to a perceived problem, and to call for further study of obstacles preventing effective single market integration. The FSA consulted on Non-MiFID deferred matters (including telephone recording) in May 2007; having raised concerns about the cost implications and implementation timetable, the DMA was pleased to obtain concessions in these areas.

The DMA had responded in June 2006 to the EC Consultation Paper on modernising Value Added Tax obligations for financial services and insurances stressing the need for legal certainty particularly in the area of outsourcing to third parties. It was therefore heartening to see that the proposed Council Directive on value added tax, as regards the treatment of insurance and financial services is particularly addressing the growth of outsourcing and whether outsourcing to third parties will attract VAT.

DMA successes

continued

Consumer Protection

A major new piece of legislation was introduced in May 2008 when the Unfair Commercial Practices Directive was transposed into UK law as the Consumer Protection from Unfair Trading Regulations 2008 and the Business Protection from Unfair Trading Regulations 2008. The DMA has played a full part in representing the direct marketing industry's interests in discussions with Government departments and in responses to formal consultations as this legislation has been implemented. The Legal team produced a guide to the new Regulations and held a briefing seminar for members in June, at which representatives from BERR and the Trading Standards Institute gave presentations.

The Legal team has reissued guidance to members on new rules in the Gambling Act 2005 on prize competitions, lotteries and prize draws. Presentations on the practical implications of the legislation have been given at several legal seminars during the year as this subject is a common point for members' queries.

Employment legislation

It has been a busy year on the employment front with a great deal of legislation enacted. The DMA has lobbied, when appropriate, and issued guidance to members on the following:

- Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)
- Employment Equality (Age) Regulations 2006
- Amendments to the Working Time Regulations
- Equality and Human Rights Commission guidelines
- Changes to Fire Safety law
- National Minimum Wage increases
- Work and Families Act 2006

- Employment Tribunal Awards Limits
- Road Safety Act 2006 – mobile phone penalties for drivers
- Information and Consultation of Employees Regulations 2004
- Temporary Agency Workers Directive

Conferences and Legal Seminars

The annual DMA Data Protection Conference was held at the Royal Institute of British Architects in March, with the Information Commissioner, Richard Thomas, giving the key speech. The theme of the conference was data security: other speakers represented Government, the legal profession and the industry.

The annual DMA Law and Practice Conference was held in October on the theme of the Consumer and the DM Industry. Speakers covered a variety of topics including forthcoming European legislation, self-regulation, marketing to children, intellectual property, employment law and online marketing.

Legal update seminars were also held for members in Edinburgh, Bristol and Manchester. The Solicitors Regulatory Authority awards Continuing Professional Development points as accreditation for those attending the DMA's legal conferences.

Political contact programme

The DMA has continued to work with Bell Pottinger Public Affairs on a lobbying and political contact programme, complementing the work of the DMA's PR Committee aimed at the industry and the consumer. The Legal Team worked with DMA Scotland on their second lobbying event held in the Scottish Parliament and with DMA West on lobbying Members of the Welsh Assembly on environmental issues.

DMA Representation on External Organisations

- FEDMA – the UK DMA has continued to participate fully at all levels in the activities of our European trade federation, FEDMA, and have had a major input into the new online annex to the FEDMA Code of Conduct and the construction of alternative model contracts for data transfer outside the EEA, as well as working with FEDMA to lobby the European institutions on key legislation. The UK DMA continues to hold the chair of FEDMA's Ethics Committee, which covers self-regulatory mechanisms such as Codes of Practice and consumer preference schemes.
- Committee for Advertising Practice – the DMA has played a full part in the work of CAP and its Direct Response and Sales Promotion Panel, as well as ad hoc working parties to examine legislation for Code purposes and as part of a major revision of the CAP and BCAP Codes.
- Broadcasting Committee for Advertising Practice – the DMA continues to participate in the work of BCAP, the co-regulatory body for broadcasting.
- Advertising Association – the DMA is represented on the AA Council and Executive and has participated fully in AA activities, working closely with AA staff on lobbying issues on behalf of the industry.
- CBI – the DMA continues to support the CBI through membership of its Data Protection, Consumer Affairs and Employment Panels, ad hoc Working Groups and the Trade Association Forum.
- International Chambers of Commerce – the DMA has continued to work with the ICC on a range of European policy issues.



Robert Keitch
Director of Media
Channel Development

Environmental Campaign

The last financial year continued to see increasing pressure from both Government and the public for all businesses to show they are monitoring, and looking at ways to reduce their environmental impact – and it wasn't just about print.

The DMA embarked on a challenging environmental campaign which involved forming a close working relationship with the British Standards Institute (BSI), arguably the world's foremost standards setting body. The campaign started with a first for any industry, i.e. creating a Standard of Environmental Performance for Sustainable Direct Marketing – or PAS2020 for short. This standard will follow BSI's well developed consultative process for constructing standards and is intended to be published by the end of 2008.

Additionally the DMA and BSI teamed up to provide members with an offer for a preferential service to assist them with the implementation and certification of ISO 14001. ISO 14001 is the international management system standard for controlling and improving an organisation's significant environmental impacts and can be implemented by a wide variety of organisations, whatever their current level of environmental maturity. Not only did members gain the competitive advantage

of environmental transparency and accountability, but they also saved approximately £2,000 in reduced rates – a thank you for being a DMA member!

On a final environmental note the DMA continued to provide the membership with high quality information via the Greenmatters environmental newsletter. Contributions to the publication have been highly regarded by members including an article from Joan Ruddock – then Defra Minister for Waste.

Postal Affairs

It's been a year of change and the DMA has been closely involved with all the significant developments in the European and UK postal markets. We successfully lobbied the European Parliament, as members of FEDMA and the Postal Users Group, to adopt the 3rd Postal Directive that sets out a timetable for full liberalisation of postal services throughout the European Union. The Directive is also significant for the UK market because it changes the way in which the Universal Service can be funded.

Closer to home the DMA was one of the major opponents to Royal Mail's application for Zonal Pricing of bulk mail products. We provided both written and verbal responses to the consultation and spoke out against Royal Mail's proposals at a number of industry seminars and conferences. After having reviewed all the responses, Postcomm announced in December 2007 that it was rejecting the Zonal Pricing proposals.

The same month saw Government announcing an independent review of the postal services market where the DMA was identified as a key stakeholder.

We were invited to provide verbal evidence with face to face meetings with the review panel and BERR before submitting formal written evidence.

Responding to Postcomm consultations throughout the year have enabled the DMA to represent the industry's views on the development of the postal market on issues such as price control, downstream access, the licensing framework and industry compensation schemes. We've also taken the opportunity to represent the views of direct marketing users and suppliers by speaking at a number of postal industry seminars and conferences.

We've worked hard over the last year to develop good working relationships with Royal Mail and other major postal services suppliers and met regularly to resolve operational problems, discuss product specifications, explore how to reduce the environmental impact of mail and provide input into new product development. We're confident that this cooperation will result in new products and services being introduced over the next 12 months that will benefit DMA members and the industry as a whole.

DMA successes

continued

Councils and Committees

Agencies Council

The Agencies Council aims to ensure that DMA member agencies enjoy substantially greater commercial success as a direct result of their DMA membership and a clear and sustainable competitive advantage over non-member agencies.

2007 saw the start of a seminal project designed to tackle the complex issue of valuing the contribution of 'marketing'. The objective is to ultimately provide members with a tool which allows them to qualify and communicate the value of their work in terms that clients' board directors understand. The project is being led by the distinguished academic Professor Robert Shaw of CASS Business School fame.

The Council has also focused on the key issue of appointing and managing agencies. A site www.dmagency.org.uk has been developed to promote the use of DMA agency members and provide best practice advice to both clients and agencies.

Business to Business

With the aim of raising the profile and standard of B2B marketing communications, the B2B Committee of the DMA, together with six other associations, embarked upon the creation of the first ever best practice guidelines for the B2B Marketing Communications sector.

The joint initiative, the 'B2B Best Practice Alliance', covered 14 distinct areas of B2B marketing. It initially involves the Internet Advertising Bureau (IAB); the British Promotional

Merchandising Association (BPMA); the Institute of Direct Marketing (IDM); the Association of Business-to-Business Agencies (ABBA); the Institute of Sales Promotion (ISP); and the Market Research Society (MRS) as well as eight DMA Councils. It is expected that the dialogue cemented by this initiative will continue into other areas and that more associations will join the Alliance.

The eight DMA Councils involved in the initiative comprise the Contact Centres and Telemarketing Council; the Field Marketing Council; the Agencies Council; the Email Marketing Council; the Mailing Houses Council; the Data Council; the Inserts Council; and the Response Management Council.

Contact Centres and Telemarketing

The Council published a Client's Guide to Outsourcing in 2007. This is an eminently practical guide to help clients protect their brand by ensuring they understand the regulatory environment and best practice standards which impact on telemarketing. In addition, the Council is drafting comprehensive best practice guidance for contact centres, focusing on both inbound and outbound activity and the latest developments in automated voice technology and how to make the most effective use of self-service functionality.

Creative Forum

'Live & Direct' the Creative Forum blog is now live for Forum members, with the aim of eventually widening it among colleagues and friends. The blog is a useful platform to show work, exchange ideas and insightful industry comment. The blog also promotes DMA events and has environmental, student and freelance areas.

The Graeme Robertson Trust goes from strength to strength. As well as receiving entries from 1st, 2nd and 3rd year students the competition is now also open to graduates and individuals looking to move into a career in creative DM. An evening event at the Royal Mail Media Centre has also been introduced and this is an opportunity for tutors to meet with top industry professionals and to learn more about what the industry needs from their students. Sponsorship from Royal Mail has continued with the first prize of £1,000 going to the winning brief and three individuals/teams being interviewed for the chance to win the bursary of three months work placement in a London agency. This year's competition saw the addition of a new sponsor Photolibary Group who not only provided the brief but also supported two £500 runners up prizes.

Data Council

Few would argue that data is one of the core drivers of the DM industry and now, more than ever before, the Data Council has a vital role to play working in tandem with the DMA and the data membership to push the industry forward.

Best Practice is at the heart of the Data Council's agenda. 2007 saw the Council pioneer a major and exhaustive review of the Data Best Practice Guidelines incorporating the DMA Direct Marketing Code of Practice, new legislation and other developments in the data industry.

Additionally, the environment has continued to occupy considerable time and has resulted in the Council setting up an Environmental Working Party. With this issue set to top many agendas for 2008, the Council will continue to

work closely with the DMA Directorate to provide cogent industry direction.

Door to Door Council

As part of the Council's continuing commitment to developing workshops and networking opportunities for all companies interested in door drop marketing it ran another successful Annual Practitioners Conference in November 2007. The Council now aims to build on the success of its conferences by expanding its regional involvement in 2008/09.

The Council worked hard on the enhancement of the Your Choice preference scheme for unaddressed mail resulting in the scheme being successfully released in April 08. The Council's attention is now focussed on the communications plan to support the scheme.

Email Marketing Council

It is estimated that up to 25% of all opt-in email messages (those which have been specifically requested by the recipients) are undelivered as a result of blocking and filters at Internet Service Providers (ISP) level. The Council continues to investigate ways in which to guarantee the delivery of legitimate email and assist in the global fight against spam, which has the potential to bring email marketing into disrepute. The Council has published a White Paper to raise awareness of the issue and provide guidance for both Email Service Providers (ESPs) and their clients.

The National Email Benchmarking Report, now in its third year, is the first piece of UK research to establish valid email marketing response rates for the industry. The Report represents a

significant membership benefit and its value has been widely and enthusiastically reported in the trade press.

Field Marketing Council

The Field Marketing Council has committed a large amount of time and effort to developing, maintaining and raising the status of field marketing within the direct marketing industry. To assist this process the Council has levelled a great deal of focus on creating and implementing an accreditation scheme.

The Field Marketing Accreditation Scheme was finalised in September 2007 following extensive and positive consultation with clients and professional procurement agents. The Council will now work on actively promoting the Scheme within the industry with the clear message that clients and buyers are guaranteed the very best when selecting an accredited FM company.

Financial Services Council

Looking back, 2007 was a bit of a mixed bag in the financial services sector. As the Financial Services Authority (FSA) has moved towards a 'Treating Customers Fairly' regime, there has been a welcome reduction in the volume of consultation papers.

The introduction of the Markets in Financial Instruments Directive (MiFID) has, so far, passed without too much adverse effect within the industry. And, pleasingly, it has provided the DMA and the Financial Services Council with an opportunity to create an on-going dialogue with the FSA.

Towards the end of 2007 and into 2008, the industry is facing up to new challenges created by the credit

crunch and the high profile consumer data breaches.

Inserts Council

The highlight of last year was the very successful Inserts Conference in November 2007. Thought leaders came together to share their insights into the inserts marketing industry. Issues covered included legislative changes affecting the industry, development in the printing process and how environmental pressures will impact on the industry.

The recently created environmental sub-committee has already developed a series of industry top tips for practitioners. The aim is to build on the existing best practice guidelines to include recommendations for environmental best practice. The Council will also be actively engaging with Defra and inviting them to a meeting in 2008.

In addition, two key projects for the next year include expanding the existing Inserts Monitor to include B2B and research into the impact that inserts can have in driving online response.

Mailing House Council

A major concern of the Council has been the postal strike and its impact on members' business. The Council put together a review of what had happened, the quality of information supplied and the delays following the ending of the strike, this has been submitted to both Postwatch and Postcomm as part of an industry view.

The Council also provided input into the DMA's formal and informal responses on consultations about Zonal Pricing and Access.

DMA successes

continued

Another issue that has affected Mailing Houses recently is Royal Mail's introduction of Online Business Account (OBA) and again, the Council was able to provide feedback to the regulatory bodies that OBA wasn't working as well as it could have.

Continuing development of Royal Mail's service fee is ongoing and the Council will be looking to resolve the current administration problems early in 2008.

The Council has also created a Relationships Working Party to look at developing partnerships, unique to the mailing houses industry, to promote the DM channel and add value to mailing houses member businesses.

In December 2007 the Department for Business Enterprise and Regulatory Reform (BERR – formerly DTI) announced a review of the postal market and the impact of liberalisation, so an important part of the Council's work in the first part of 2008 was concerned with providing input into the DMA's submission.

Mobile Marketing Council

As a relatively new medium, mobile marketing best practice is thin on the ground. Yet mobile is a complex technology, encompassing SMS, MMS, Bluetooth and other sub-media. The Council has produced Best Practice Guidelines to provide much needed guidance for marketers on a multitude of issues.

Due to the scarcity of mobile research, the Council has developed the UK's first Mobile Marketing Insight Study. The survey has been conducted amongst leading mobile service providers and aggregators. It provides amonised data on the volumes of text messages, MMS messages, opt-out messages and WAP Push messages that respondents send and receive, and analyses the data provided in the following categories: acquisition, retention and transactional.

Response Management Council

After a number of years in development and working with other trade associations, the Council launched the Accredited Response Management (ARM) scheme in April 2008. The scheme will ensure that accredited suppliers of any aspect of the response management process provide every part of those services to a common standard for the better reassurance of advertisers, media owners, consumers and co-suppliers in the process.

The Council is also working on a complete update of the Best Practice Guidelines to reflect changes in the industry and to provide DMA members with a competitive edge on issues relating to legislation and best practice.



Mike Barnes
Director of Marketing and
Business Development

Membership

This year we were delighted to welcome 123 new members to the DMA from all sectors of the industry: agencies, suppliers and clients – an increase of 9% on the previous financial year. Some notable names joining the DMA included Activision, Arcadia Group, The Body Shop, Brita Water Filters, Greater London Authority, Monarch Airlines, The Rezidor Hotel Group, RNLi, Ticket Master, Westminster City Council and Xerox UK.

The number of organisations enquiring about membership rose by 5% and those applying for membership rose by 1%. Our most successful recruitment channel came through the DMA website. Leads generated by previous employees of member companies encouraging their new organisations to join was also a successful recruitment channel.

Member retention rates remain healthy with reported figures showing 88.3% by revenue and 86.50% by number. The year closed with a total membership number of 923 organisations.

DMA Research

The DMA is now established as the first port of call for direct marketing statistics and information. In 2007/08 the DMA released nine industry reports: The Economic Impact Analysis provides

expenditure, employment and sales figures for the direct marketing industry and acts as a powerful lobbying and sales tool for both the DMA and its members. As well as researching the industry as a whole the DMA also released a report that looked specifically at the economic impact of the direct mail industry. For the first time the DMA also commissioned an economic impact analysis of the Scottish direct marketing industry, which showed that it is a particularly vital contributor to job creation and plays a considerable role in the well-being of the Scottish economy.

In November 2007 the DMA released its third Participation Media report. This study compares consumers' perceptions of direct marketing with their actual experiences, which includes recording the communications they receive, the sectors they are from and how they responded.

In partnership with the Email Marketing Council, the DMA continues to conduct and release the quarterly National Email Benchmarking Report, which aggregates data from leading UK email service providers (ESPs). Alongside this the DMA also conducts an annual email marketing report that surveys clients and gathers their thoughts on the use of the email channel within their respective organisations.

All DMA research is available via the online DMA Research Centre and is free to members. Fulfilling its role as a key information provider the DMA also promotes its members' research as well as relevant reports from research partners. Members report that DMA research is a significant member benefit and is accessed and used by them, as a sales and/or retention tool, on a daily basis.

PR Activities

The DMA PR strategy has focused on a proactive drive to position the DMA and the industry as leaders in responsible marketing, best practice and self-regulation. Environmental and waste reduction initiatives continue to be front of mind and the DMA led the initial discussions ahead of the publication of Publicly Available Specification – PAS2020 – a standard for reducing the environmental impact of direct marketing.

DMA Research continues to position the DMA as a thought leader and the voice of the industry, adding benefit for members in terms of promoting the value of DMA membership and raising understanding and awareness of the industry. Sector specific initiatives showcase best practice and further the development of these sectors. And initiatives such as the Young Direct Marketing Awards continue to extend the DMA's voice within consumer markets.

DMA successes

continued

DMA Knowledge & Networking

The DMA Knowledge & Networking Centre has focused on ensuring the content and speakers at our events remain of the highest calibre to attract delegates in an increasingly competitive market.

Workshops provide an invaluable and ongoing source of training for the industry. We have worked hard on ensuring that our repeat workshops are up-to-date with the latest industry developments. Data Protection Compliance, Introduction to Integrated Direct Marketing, Open Minds (creativity), Sharpen Up (copywriting) have all be re-designed covering new areas, particularly the impact of digital technology, and with new speakers. We were particularly pleased to have Giles Andraea, writer, artist and creator of Edward Monkton and Purple Ronnie speaking at the Open Minds workshop.

We are continuing our relationship with the Internet Advertising Bureau (IAB) and have developed an exciting new half-day interactive workshop, Ready Steady Email!, which has been extremely well received by delegates.

Our large scale conferences continue to attract audiences, with the Data Protection Conference and Email Conferences being particular draws, facilitating learning and networking.

We are in the process of installing an online registration system. Delegates will be able to book and pay online. This will bring us in line with the rest of the industry and assist us in delivering a higher standard of customer service to our delegates.

DMA Awards

The DMA Awards, in association with Royal Mail, continued its run of success in 2007. Judges reported that the quality of the entries was much improved on previous years. Judges follow a rigorous process of elimination to ensure the winning entries successfully reflect the tripartite judging criteria – creativity, strategy and results.

In addition to the usual categories, this year we enhanced the digital categories and launched a Green Initiative category to recognise environmental best practice. Each of the 29 categories were judged by a panel of at least seven experts spanning a range of leading agency and client organisations. This year Golds were awarded in 27 of the 29 categories.

Encouragingly, there were many companies entering for the first time. All of the Gold Award winners were judged to find the entry that would take the top prize – Tim Smit, Chief Executive of The Eden Project, chair of this year's Judges, commented "What judges they were. The respect shown for the work of colleagues drove me to distraction as I tried to hurry them along. They took the whole affair with a seriousness that should leave you totally confident in the integrity and importance of these awards".

"Marketing is one of Britain's great talents and the quality of the entries was breathtaking in both their execution and in their inventiveness. The decision on the overall winner was tight as tight can be, but was also unanimous".

On the Grand Prix winner, Smit went on to say, "the brand itself is internationally famous and to that extent the challenge is all the fiercer because expectations are so high anyway. The judges loved the elegance, playfulness and punchiness of the delivery. So the team at TMW deserve the highest accolade for their bravura entry for Guinness".

DMA North

The Council have been focussing on delivering excellent value for money for members regionally through promotional opportunities and networking events. Alongside this has been awareness raising of both the DMA and DM issues; forging strategic alliances with key stakeholders in the region and the launch of an online members only newsletter.

It has once again been a year of well supported regional activity with events such as two Legal Update seminars, and a lively debate on the merits of Door to door v Online v Inserts. The Council have formed working parties to ensure a high level of activity and participation and are committed to the growth and development of the region.

DMA Scotland

DMA Scotland is now in its 15th year and continues to see a growth in membership from both the supply and client side. The 16 strong Council carried out a restructure at the beginning of 2008, agreeing a vision and strategic direction for the next three years.

The Council has five working parties, each with a chair and vice chair. The working parties have each identified objectives, highlighting critical success factors, followed with measurements in the form of key performance indicators. The working parties are: Membership and Research, Environment & Engagement with Political Parties, Events & Training, PR & Comms and Young Spark Award & Young Direct Marketing Award.

DMA Scotland has had meetings with the Scottish Government, SEPA (Scottish Environment Protection Agency) and SWAG (Scottish Waste Awareness Group) to discuss recycling and other environmental issues. DMA Scotland works very closely with other bodies throughout the region, including the Marketing Society, IPA and various Chambers of Commerce. The events programme has again been very successful, with various evening forums, half day seminars, an annual conference, and social events including a ball, golf outings and a pub crawl challenge.

DMA West

2008 was another highly successful year for DMA West with the achievement of member recruitment targets and the Regional Council becoming ever stronger with the arrival of a number of newly-elected members in January. As a result, DMA West has gained an enviable reputation as an active, innovative and dynamic region with a clear mission and strategy. A full programme of well attended and profitable events also ran throughout the year, with a number taking place in various regional hubs including the Midlands.

The Annual Dinner was a highlight of 2008 with TV presenter and environmentalist Chris Packham attending as guest speaker. His unique view of the implications of climate change provided guests with a fascinating insight into the environmental challenge. The event was a sell-out success and took place at the historic Roman Baths and

Pump Room in Bath. Funds were also raised on the night for the Cystic Fibrosis Trust – DMA West's nominated charity for 2008.

Strategic alliances with the Institute of Direct Marketing, Chartered Institute of Marketing, Chartered Institute of Public Relations, Bristol Media and Spark South West continue to raise the profile of the region and showcase the excellent work produced within it.



DMA successes

continued



Mike Lordan
Director of Consumer
Services, Compliance
and Accreditation

Preference Services

The Preference Services are now well established mechanisms for the consumer to choose whether to receive unsolicited marketing messages by mail, telephone and fax. Indeed, this year the Mailing Preference Service (MPS) celebrated its 25th birthday.

The MPS remains a self-regulatory service set up and administered by the DMA. The Telephone Preference Service (TPS), Corporate Telephone Preference Service (CTPS) and Fax Preference Services (FPS), are the central opt out registers required under the Privacy and Electronic Communications Regulations 2003 and are managed by the Telephone Preference Service Limited (TPSL) under contract with Ofcom. TPSL is a subsidiary company of the DMA.

The TPSL Board, with the agreement of the Secretary of State, agreed to reduce the price of the licence fee for TPS and FPS by 10% this year, making a compound reduction of 38% over the last three years.

Mailing Preference Service (MPS)

At the end of this financial year there are almost 4 million registrations on MPS an increase of 15% over the year. The MPS has helped many local authorities to promote the service as part of their environmental concerns. The service continues to work well with a relatively low level of complaints. On a year on year basis the number of complaints dropped by 10%.

Telephone Preference Service (TPS)

The number of registrations on TPS has stayed relatively static in the past year. At the end of the financial year there were almost 14 million, an increase of less than 1%. This is due to the fact that registrations are slowing considerably and line cessations from BT are keeping pace with them. 60% of landlines are now registered on TPS. In the last year the Information Commissioner's Office (ICO) has taken action against companies that flout the regulations. The DMA welcomes and is very supportive of this action, and the TPS has worked in close collaboration with the ICO. This may go some way to explaining the slowdown of registrations. In addition, we have a more compliant industry and a critical mass has been reached.

Corporate Telephone Preference Service (CTPS)

The CTPS now has 1.3 million numbers registered. The profile of these companies shows that almost 70% register only one number. There has been some disquiet however that the number of companies registering over 1,000 numbers has grown significantly. Compliance with the service has been high with a large take up of the file and very few complaints.

Fax Preference Service (FPS)

The FPS has remained relatively static. There are 2 million numbers registered. However we are pleased to see that the ICO has recently issued enforcement notices against companies that continue to flout the regulations.



Member benefits

The DMA is now Europe's largest trade body in the marketing communications sector. Belonging to such a strong trade body enables our members to gain a commercial advantage in three distinct areas. Taken together, we call this the Power of Association.

Protection

No matter how big or powerful we are we all occasionally need someone to stand up for us. The DMA exists to protect the UK direct marketing industry from legislative threats, to promote best practice, and to develop the sector as a whole. We do that very effectively, working to preserve maximum commercial freedom for our members' businesses at the highest level in Westminster and Europe and with organisations such as the Royal Mail and Ofcom.

Compliance with our Direct Marketing Code of Practice represents our members' commitment to best practice and self regulation, providing their businesses with a strong commercial advantage and their customers with the reassurance of their ethical conduct, quality and professionalism.

Intelligence

A single individual can never know more than the whole industry put together. Members find that they have the accumulated business intelligence of UK direct marketing at their disposal.

They benefit particularly from free personalised legal and best practice guidance on all aspects of direct marketing from our fully qualified Legal and Public Affairs Team. This saves them having to pay expensive legal fees. Indeed many members find that they can recoup their membership fee on this one benefit alone.

Networking and learning opportunities with peers and industry leaders are available at a wide variety of DMA events. Members also gather intelligence through other channels, including sector specific forums, regular bulletins and updates, industry research and the wealth of information contained within the DMA website.

Growth

Direct marketing is a growing industry. The total value of direct marketing to the UK economy has grown to £50.5 billion, representing 15% growth since 2006. DMA membership puts businesses in a better position to benefit from that growth.

Suppliers win new business, as more and more clients come to regard DMA membership as a hallmark of quality and a prerequisite for potential new suppliers. Our annual printed directory, Who's Who in Direct Marketing is widely regarded as the definitive source of such suppliers, as is our online directory, which attracts around 25,000 visitor sessions a month.

Practitioners gain from the fact that more and more consumers across all sectors regard the DMA logo as the sign of responsible direct marketing. Our consumer awareness campaigns actively encourage consumers to use DMA members and to look out for the DMA logo.

Our business development programme enables us to respond to industry needs and to develop initiatives that will help to grow our members' bottom line. These initiatives are continually being developed by the DMA Councils who represent specific direct marketing sectors and activities. They progress their industry, promote the benefits of working with DMA members and develop specific products and services, all giving DMA members a clear competitive advantage over non members.

Other benefits

DMA members can also save money on a range of business products and services, including software, insurance, suppression, market research, recruitment and more.



New members

From 1 April 2007 to 31 March 2008

The DMA welcomed 123 new members this financial year

Client members

Activision
Arcadia Group
Bank of Cyprus
Billscutter
Brita Water Filter Systems
Card Protection Plan
CompuCredit UK
Cottrills
DHC UK
Greater London Authority
Initiatives
LexisNexis UK
Monarch Airlines
Mortgage Advice & Practice
PIMS-SCA
Royal National Lifeboat Institution
Stroud & Swindon Building Society
The Body Shop
The London Mint Office
The Rezidor Hotel Group
Thomson Intermedia
Ticketmaster
Towergate Risk Solutions
Wells Fargo Bank
Westminster City Council
Xerox UK

Supplier members

1 Stop Data
Acceleration eMarketing
Accepted Financial
ADP Marketing UK
Advanced Mailing Solutions
Affiniti
Alpha Response Print & Mail
AlphaGraphics
Big Picture Interactive
BLUE Interactive Marketing
Candour Event Marketing
CharityMail
Cheetham Bell JWT
Communicator
Contact Field Marketing & Solutions
Creation ADM
Data8
Datafuel
Davies Readman Creative
Dianomi
Different Kettle
Emailcenter UK
Emax Group
Epsilon International
Experian CheetahMail
Facilities Management Online
FST Marketing
Greenstone Customer Insights LLP
Hartley-Stone
Horizon
Inbox
Intelligent Data
Intermedia Global
Intimis
ISD Computer Services
Ixion Holdings
J2 Design Marketing Internet
Kanjo
Lamb Direct
Latitude Group
Liz Holt – Copywriter
Mail Options
Mailondemand
Marketing Improvement
Marketing Metrix
Marketing Source
MassMedia Studios
Merit Outsourcing

Meteorite
MindShare UK
N2O
Neo Tempus Data Solutions
NewLogic
Nitecrest
OLM Group
OneSource Information Services
Opendoor Marketing (UK)
Pack-It Promotions
Phiz
Photolibrary Group
Phruit
PPL On-Line Services
Premier Print Group
Prime Litho Services
PrimeQ Interactive Advertising
Prospect Research
Realtime Promotions
Response Generation
Response Mobile
Return On Investment
Sandpiper Consulting
Satellite Marketing Communications
Serendipity 2
Serious Marketing Communications
Sharp Cat
Silverpop Systems
Sohnar
Sony DADC
Sprint International Express
Summerhall Direct
Tangent Communications
Tangible Response
Telecom Service Centres
Telecommerce
The Directory Distribution Company
The Gate
The Mail House
The TPF Group
The Trading Floor
Trinity Communications (UK)
Trinity Street Direct
txt4ever
Vivid Lime
Webloyalty International
White Box Digital
Wye Marketing
Yardstick Media

Report of the Board

For the year ended 31 March 2008

The Board presents its report and the financial statements of The Direct Marketing Association (UK) Limited for the year ended 31 March 2008.

Principal activities

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

Review of the business

The company is a not-for-profit organisation. The directors are satisfied with the results for the year.

Share capital

The company is limited by guarantee without share capital.

Directors

The board members since 1 April 2007 are listed on page 28.

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.

Auditors

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

Small companies provisions

The report of the directors has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

R Smith
Chairman

11 September 2008

Board's responsibilities in the preparation of the financial statements

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

Independent Auditor's report to the members of The Direct Marketing Association (UK) Limited

For the year ended 31 March 2008

We have audited the financial statements on pages 21 to 27.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The Board's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities.

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

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

We read other information contained in the annual report and consider whether it is consistent with the financial statements. The other information comprises only the Chairman's Report, Managing Director's Report and DMA Successes. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Board is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

04 November 2008

Income and expenditure account

For the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	1	3,007,068	3,242,905
Cost of sales		(603,487)	(712,986)
Gross income		2,403,581	2,529,919
Administration expenses		(2,390,721)	(2,572,192)
Operating Surplus/(Deficit)		12,860	(42,273)
Investment income	2	74,227	79,692
Surplus on Ordinary Activities before Taxation	3	87,087	37,419
Taxation	4	(19,409)	31,312
Surplus on Ordinary Activities after Taxation	11	67,678	68,731

The operating surplus for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account.

Balance sheet

For the year ended 31 March 2008

	Notes	2008 £	2007 £
Fixed Assets			
Tangible assets	6	35,417	52,620
Investments	7	1,002	1,002
		<u>36,419</u>	<u>53,622</u>
Current Assets			
Debtors	8	1,271,739	1,025,798
Cash at bank and in hand		1,007,981	1,032,660
		<u>2,279,720</u>	<u>2,058,458</u>
Creditors: Amounts falling due within one year	9	(1,925,982)	(1,789,601)
		<u>353,738</u>	<u>268,857</u>
Net Current Assets			
		<u>390,157</u>	<u>322,479</u>
Net Assets			
		<u>390,157</u>	<u>322,479</u>
Reserves			
Accumulated reserves	11	390,157	322,479
Members' Funds			
	11	390,157	322,479

The financial statement have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 21 to 27 were approved by the board of directors and authorised for issue on 11 September 2008 and are signed on its behalf by:



R Smith
Chairman



A Merron
Hon Treasurer

Accounting policies

For the year ended 31 March 2008

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Tangible Fixed Assets

Fixed assets are stated at historical cost.

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

Fixtures and fittings	10-25% straight line
Computer equipment	25% straight line

Investments

Participating interests are stated at cost in the company balance sheet.

Deferred Taxation

Deferred tax is recognised in respect of all 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 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leased Assets and Obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Pensions

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.

Turnover

Turnover comprises the total amount receivable by the company in the ordinary course of business for subscriptions, goods supplied 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.

Notes to the financial statements

For the year ended 31 March 2008

1. Turnover and surplus on ordinary activities before taxation

The company's turnover and surplus on ordinary activities were all derived from its principal activity. Sales were all made in the United Kingdom.

2. Investment income

	2008 £	2007 £
Bank interest receivable	74,227	79,692

3. Surplus on ordinary activities before taxation

	2008 £	2007 £
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year		
owned assets	29,658	76,893
Auditors' remuneration		
- statutory audit services	12,400	11,250
- tax compliance services	2,250	10,350
Operating lease rentals		
- plant and machinery	16,782	14,234
- land and buildings	377,690	370,000

4. Taxation

	2008 £	2007 £
UK corporation tax charge / (credit) at 20% (2007: 19%)	19,409	(31,312)
	2008 £	2007 £
Current tax		
UK corporation tax on surplus/(deficit) of the period	13,889	7,641
Adjustments in respect of previous periods	-	(17,319)
Total current tax	13,889	(9,678)
Deferred taxation		
Origination and reversal of timing differences	5,520	(21,634)
Total deferred tax	5,520	(21,634)
Tax on surplus/(deficit) on ordinary activities	19,409	(31,312)

	2008 £	2007 £
Factors affecting tax charge for the period		
The tax assessed for the period is higher than the standard small companies rate of corporation tax in the UK (20%). The differences are explained below:		
Surplus/(deficit) on ordinary activities before taxation	87,087	37,419
Surplus/(deficit) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK 20% (2007: 19%)	17,417	7,110
Effects of:		
Expenses not deductible for tax purposes	2,969	3,704
Capital allowances for period in excess of depreciation	(1,087)	6,716
Tax losses utilised	(7,517)	(9,889)
Adjustment to tax charge in respect of previous periods	-	(17,319)
Income taxable included in CT payment	97	-
Short-term timing difference	2,010	-
Tax charge/(credit) for period	13,889	(9,678)

5. Employees

	2008 No.	2007 No.
The average monthly number of persons employed during the year was:-	49	51
Staff costs for the above persons:		
Wages and salaries	1,328,788	1,345,362
Social security costs	127,363	143,669
Pension contributions	32,122	27,865
	1,488,273	1,516,896

No remuneration was paid to directors during the year.

6. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
1 April 2007	335,594	126,883	462,477
Additions	9,459	2,996	12,455
31 March 2008	345,053	129,879	474,932
Depreciation			
1 April 2007	324,488	85,369	409,857
Charged in the year	6,606	23,052	29,658
31 March 2008	331,094	108,421	439,515
Net book value			
31 March 2008	13,959	21,458	35,417
31 March 2007	11,106	41,514	52,620

Notes to the financial statements

For the year ended 31 March 2008

continued

7. Investments

				£
Cost				<u>1,002</u>
At 1 April 2007 and 31 March 2008				<u>1,002</u>
Company	Country of Incorporation	% shareholding	Activity	
The Telephone Preference Service Limited	England and Wales	100	Telephone and fax opt-out service	
NSF Limited	England and Wales	100	Data suppression service	

During its latest financial year ended 30 April 2008, The Telephone Preference Service Limited made a profit before tax of £739,336 following a profit before tax in the previous year of £805,673. At 30 April 2008 the aggregate surplus of capital and reserves was £2,530,610 (2007: £2,012,310). The Telephone Preference Service Limited has adopted a different accounting reference date due to the term of the contract with OFTEL which constitutes the trade of that company.

During the year ended 31 March 2008, NSF Limited made a profit before tax of £3,787 (2007: £3,486). At the end of that period the aggregate surplus of capital and reserves was £30,621 (2007: £26,835).

The trading results of both companies were broadly in line with expectations.

8. Debtors

	2008 £	2007 £
Due within one year:		
Trade debtors	281,343	335,853
Amounts owed by group undertakings	327,324	97,275
Other Debtors	28,807	40,355
Prepayments	246,741	182,506
	<u>884,215</u>	<u>655,989</u>
Due after one year:		
Other debtor	387,524	369,809
	<u>1,271,739</u>	<u>1,025,798</u>

Included within other debtors is a deferred tax asset of £16,114 (2007: £21,634) made up as follows:

	2008 £	2007 £
Accelerated capital allowances	12,604	13,067
Tax losses carried forward	-	7,142
Other timing differences	3,510	1,425
	<u>16,114</u>	<u>21,634</u>
Balance at 1 April 2007		21,634
Credited to the profit and loss		<u>(5,520)</u>
Balance at 31 March 2008		<u>16,114</u>

9. Creditors: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	488,602	330,303
Subscriptions in advance	645,866	638,827
Amounts owed to group undertakings	20,190	28,381
Corporation tax	14,374	-
Other taxation and social security	221,795	228,596
Other creditors	184,936	217,692
Accruals and deferred income	350,219	345,802
	1,925,982	1,789,601

10. Share Capital

The company is limited by guarantee without share capital.

11. Members' Funds

	2008 £	2007 £
1 April 2007	322,479	253,748
Surplus for the financial year	67,678	68,731
	390,157	322,479

12. Commitments under Operating Leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Office equipment expiring in the second to fifth year	17,174	14,234
Land and buildings expiring after five years	375,000	370,000
	392,174	384,234

13. Related Party Transactions

During the year, the company received subscriptions of £97,662 (2007: £150,908) from companies with common directors. At the year end the balance owing was £3,308 (2007: £3,212).

During the year, the company charged The Telephone Preference Service Limited fees for management services and rent of £394,000 (2007: £344,000). At the year end the balance owing from The Telephone Preference Service Limited was £305,511 (2007: creditor £65,052).

During the year the company charged NSF Limited fees for management services of £23,665 (2007: £25,780). At the year end the balance owing from NSF Limited was £21,813 (2007: £24,032).

14. Contingent Liabilities

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

Board of directors

From 1 April 2007 to 31 March 2008

Directors

Chris Arnold	Symple (formerly of Feel)
Justin Basini (appointed 17 Jan 2008)	Capital One Bank (Europe)
Malcolm George Black	Mediascene
Yvonne Balfour	Tangible Communications formerly Navigator
Michael John Colling	Mike Colling & Company
Chris Combemale	EmailVision
David Paul Coupe (resigned 17 Jan 2008)	Experian
Arjan Dijk	Google (formerly of Lexis Nexis)
Nick Fuller	Jaywing (formerly of Nick Fuller)
Christopher Michael Gadsby (resigned 17 Jan 2008)	BBC Worldwide
Victor Godding	Developing Data
Fedelma Good (appointed 17 Jan 2008)	Barclays Bank
Malcolm Green (appointed 17 Jan 2008)	Yell
Stephen Groom	Osborne Clarke Solicitors
Alan Michael James Halfacre (resigned 17 Jan 2008)	The QMP Register
Pam Hossain (resigned 15 Nov 2007)	News International
Anthony John Kane	Touchpoint Communications
Scott Logie (appointed 17 July 2007)	Occam DM
Ian Lovatt	Blue Sheep
Gillian Lyall	NB Group
Andrew Terence Lynam – Smith (resigned 17 Jan 2008)	The Reader's Digest Association
Chris Mitchell (appointed 15 Nov 2007)	News International
Amanda Merron	Willott Kingston Smith & Associates
David Allan Metcalfe	Lloyds TSB Foundation for Scotland
Janette Anne Morris (appointed 17 Jan 2008)	Mail Marketing Scotland
Jennifer Mary Moseley	Opt 4
Peter Gordon Phillips	Hexfax
Charles Michael Ping	Absolute Intuistic (formerly of Guardian Newspapers)
John Franklin Price	Price Direct
Joanna Reynolds	ReynoldsBusbyLee
Rosemary Kathleen Smith	RSA
Lucienne Stafford	MindShare (formerly of Tri- Direct)
John Watson	Watson Phillips & Norman
Alison Helen Williams	FDS Field Marketing
Andrew John Wilton (appointed 17 Jan 2008 resigned 27 Jun 2008)	The Readers Digest Association
Mark Peter Young	The Leaflet Company

Secretary

James Milligan

Registered office

DMA House
70 Margaret Street
London W1W 8SS

Auditors

Baker Tilly UK Audit LLP

Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Our thanks

Advertising Association (AA)
Advertising Standards Authority (ASA)
Advertising Standards Board of Finance (ASBOF)
Association of Publishing Agencies (APA)
AAR
British Printing Industries Federation (BPIF)
British Promotional Merchandise Association (BPMA)
Broadcasting Committee of Advertising Practice (BCAP)
Centaur Media
Chartered Institute of Marketing (CIM)
CMPi (United Business Media)
Communications, Advertising & Marketing Foundation (CAM)
Committee of Advertising Practice (CAP)
Confederation of British Industry (CBI)
Customer Contact Association (CCA)
Department of Environment Food and Rural Affairs (DEFRA)
Department of Trade and Industry (DTI)
Direct Selling Association (DSA)
e-Business Regulatory Alliance (ERA)
Federation of European Direct and Interactive Marketing (FEDMA)
Financial Services Authority (FSA)
Foreign & Commonwealth Office
Future Foundation
Haymarket Publications
HM Treasury
Home Office
Incorporated Society of British Advertisers (ISBA)
Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS)
Information Commissioner's Office (ICO)
Institute of Direct Marketing (IDM)
Institute of Practitioners in Advertising (IPA)
Institute of Sales Promotion (ISP)
Interactive Advertising Bureau (IAB)
International Chamber of Commerce (ICC)
International Direct Marketing Associations
Mail Order Traders Association (MOTA)
Mail Users Association (MUA)
Newspaper Publishers Association (NPA)
Newspaper Society (NS)
Office of Communications (Ofcom)
Office of Fair Trading (OFT)
Periodical Publishers Association (PPA)
Postal Users Group (PUG)
Postcomm
Postwatch
Regional Chambers of Commerce
Royal Mail (RM)
Safe Home Ordering Protection Scheme (SHOPS)
Telephone Users Association (TUA)
The Electoral Commission
Trade Partners UK (TPUK)
Universal Postal Union (UPU)





The Direct Marketing Association
(UK) Limited
is a company limited
by Guarantee.

Registration in England
No. 2667995.

Registered office as below.



The Direct Marketing Association (UK) Ltd

The Direct Marketing Association (UK) Limited

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