

dsicmm Limited
(formerly Direct Solutions International Limited)

Report and Accounts
30 June 2007

TUESDAY



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COMPANIES HOUSE

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

AM Burrows
TM Drake
MT Felstead
KE Hayley
AD MacLean
YJ Noble
DN Reynolds
MR Williams
A Young

Company Secretary

A Young

Auditors

Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Bankers

Lloyds TSB Bank Plc
4 High Street
Dartford
Kent
DA1 1BY

Registered Office

International House
Thamesview Business Centre
Barlow Way
Rainham
Essex
RM13 8EW

Registered Number

2788181

The directors present their report and accounts of the group for the period to 30 June 2007.

Principal activities and business review

dsicmm Limited provides a diverse range of services in the processing of data, printing, mailing, distribution and the distribution of information via the Internet. The results for the group show a pre-tax profit of £1.4 million (2006: £1.1 million) for the period and sales of £32.5 million (2006: £33.6 million). The group has net debt of £6.3 million (2006: £4.2 million). Net cash inflow from operation activities for 2007 was £0.6 million (2006: £1.8 million). On 9 July 2007, the company changed its name from Direct Solutions International Limited to dsicmm Limited.

Business environment

In discussing the business environment it should be recognised that the structure of the industry reflects the diversity of its products and fragmented nature of its markets. The printing, packaging and graphics communications industry is part of the UK's fourth largest manufacturing industry by turnover and second largest by value added. It remains extremely competitive and competition is fragmented and there continues to be a great deal of consolidation within the sectors that dsicmm operates.

In overall terms however the business environment in which dsicmm operates is buoyant but is undergoing significant change.

- Selection, speed and access to information becoming drivers
- Personalised content and communication is increasingly more expected
- Continued integration between print and electronic media
- Increase in print & communication on demand using the web to drive print
- Increasingly clients expect real-time communication
- Traditional areas of our business (e.g. litho printing) are increasingly becoming commodities traded at the lowest price

Strategy

The group's overriding objective is to achieve attractive and sustainable rates of growth and returns through a combination of organic growth and acquisitions.

There are four key elements to the group's strategy for growth. They are:

- Strategic acquisitions and mergers
- To continue to pioneer and develop solutions in the emerging media channels, such as colour digital printing and "soft" delivery options
- Relocate the various operational centres of the company to a single site to improve efficiency and quality
- Investment in new equipment

Strategic Acquisition and Mergers

dsicmm has become too big to be considered a niche player, but has not necessarily got the scale to compete with the larger integrated business process output players in the UK and global markets. It is therefore the intention of dsicmm to develop the group in size and scale to compete more effectively. On the 1st July 2007, the business and assets of CMM Group Ltd were merged with dsicmm.

Emerging Media

dsicmm has established itself as a world leader in the processing of data and the output of variable data printing and internet based delivery of information. Throughout the year dsicmm has refined its in-house software to develop faster processing, improved graphics handling and improved integration to new media channels such as the internet, DVD and SMS. A broader resource of developers and supporting staff have been trained to provide greater capacity to deliver evermore complex output solutions.

New Premises

As dsicmm has grown it has leased a number of industrial units to house its growing operation. In the southeast it has over 20 buildings on three sites to the east of London and one to the west. To facilitate growth and maintain quality it is essential that dsicmm relocates its key operations to a single southern site.

Investment in New Equipment

To ensure that dsicmm continues to deliver the quality of service its clients require dsicmm will continue to invest in new technology to deliver their changing requirements.

Supplier payment policy

The group's current policy concerning the payment of its creditors is to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders. The group will abide by these terms of payment.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and company that the training, career development and promotion of disabled persons should, as far as possible, be identical to other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Group structure changes

There were no changes in the year.

Results and dividends

The trading results for the period and the group's financial position at the end of the period are shown in the attached accounts.

A dividend of £400,000 (2006: £nil) was paid during the period.

The directors

The directors who served the company during the period were as follows

AM Burrows
TJ Drake
MT Felstead
DN Reynolds
A Young
SA Felstead (resigned 2 July 2007)
P Ring (resigned 2 July 2007)
AC Rodgers (resigned 2 July 2007)
TA Wickens (resigned 2 July 2007)

G Bull, KE Hayley, AD MacLean, YJ Noble and MR Williams were appointed as directors of the company on 2 July 2007. G Bull resigned as a director on 31 December 2007.

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial period which 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 accounts, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Rees Pollock were appointed as auditors in succession to Kingston Smith LLP, and have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

A Young
Director

6 May 2008



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF dsicmm LIMITED (formerly Direct Solutions International Limited)

We have audited the accounts of dsicmm Limited (formerly Direct Solutions International Limited) on pages 6 to 25 which have been prepared under the accounting policies set out on pages 10 to 11

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 auditors' 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 the directors and the auditors

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the directors' report is consistent with the accounts. In addition we 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and 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 accounts 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 accounts in accordance with United Kingdom generally accepted accounting practice.

Opinion

In our opinion

the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group as at 30 June 2007 and of the profit of the group for the period then ended,
the accounts have been properly prepared in accordance with the Companies Act 1985, and
the information given in the Directors' Report is consistent with the accounts

Rees Pollock
Chartered Accountants
Registered Auditor
7 May 2008

dsicmm Limited (formerly Direct Solutions International Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period to 30 June 2007

	Note	30 June 2007 £	Year to 31 July 2006 £
Turnover group and share of joint ventures		40,516,437	42,183,622
Less share of joint ventures		(8,012,254)	(8,609,661)
GROUP TURNOVER	2	32,504,183	33,573,961
Cost of sales		(19,556,183)	(23,328,100)
GROSS PROFIT		12,948,000	10,245,861
Operating costs before deprecation and amortisation		(10,333,116)	(8,300,048)
Other operating income		34,100	402,728
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION		2,648,984	2,348,541
Depreciation		(874,744)	(949,899)
Amortisation		(140,938)	(149,617)
GROUP OPERATING PROFIT	3	1,633,302	1,249,025
Share of operating profit/(loss) in			
Joint ventures	6	226,186	321,653
Associates	6	10,688	(25,164)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,870,176	1,545,514
Interest receivable			
– Group		6,068	4,415
– Associates		959	–
– Joint ventures		1,524	–
Interest payable and similar charges	7		
– Group		(418,903)	(451,753)
– Associates		–	–
– Joint ventures		(15,138)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,444,686	1,098,176
Tax on profit on ordinary activities	8	(616,986)	(458,541)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		827,700	639,635
Minority interests		(48,296)	(8,029)
PROFIT FOR THE FINANCIAL PERIOD		779,404	631,606

All the activities of the group are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

DSCIMM Limited (formerly Direct Solutions International Limited)

CONSOLIDATED BALANCE SHEET

at 30 June 2007

	Note	£	2007 £	2006 £
FIXED ASSETS				
Intangible fixed assets	11		2,067,910	2,148,848
Tangible fixed assets	12		4,345,571	3,906,089
Investments	13		1,740,998	1,612,067
			<u>8,154,479</u>	<u>7,667,004</u>
CURRENT ASSETS				
Stocks	14	370,895		403,833
Debtors	15	8,118,994		6,707,440
Cash at bank		4,687		332,465
			<u>8,494,576</u>	<u>7,443,738</u>
CREDITORS: amounts falling due within one year	16	(11,286,251)		(10,635,353)
NET CURRENT LIABILITIES			(2,791,675)	(3,191,615)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,362,804</u>	<u>4,475,389</u>
CREDITORS, amounts falling due after more than one year	17		(1,284,212)	(724,751)
			<u>4,078,592</u>	<u>3,750,638</u>
PROVISIONS FOR LIABILITIES AND CHARGES	20		(1,029,845)	(963,708)
DEFERRED INCOME	21		(316,683)	(482,566)
			<u>2,732,064</u>	<u>2,304,364</u>
CAPITAL AND RESERVES				
Called-up equity share capital	23		29,906	29,906
Other reserves	25		838,674	838,674
Profit and loss account	24		1,807,134	1,427,730
SHAREHOLDERS' FUNDS – EQUITY INTEREST	25		<u>2,675,714</u>	<u>2,296,310</u>
MINORITY INTERESTS	27		56,350	8,054
			<u>2,732,064</u>	<u>2,304,364</u>

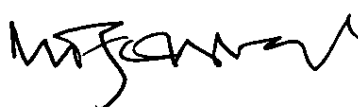
The accounts on pages 6 to 25 were approved by the board on
and signed on its behalf by

6 May 2008

A Young
Director



M Felstead
Director



The notes on pages 10 to 25 form part of these accounts

DSCIMM Limited (formerly Direct Solutions International Limited)

COMPANY BALANCE SHEET

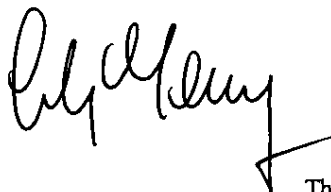
at 30 June 2007

	Note	£	2007 £	2006 £
FIXED ASSETS				
Intangible assets	11		2,036,926	2,169,730
Tangible assets	12		4,280,055	3,704,413
Investments	13		1,076,477	1,394,027
			<u>7,393,458</u>	<u>7,268,170</u>
CURRENT ASSETS				
Stocks	14	370,895		403,833
Debtors	15	7,667,755		6,617,104
Cash at bank and in hand		2,258		247,733
			<u>8,040,908</u>	<u>7,268,670</u>
CREDITORS: amounts falling due within one year	16	(10,761,617)		(10,300,109)
NET CURRENT LIABILITIES			(2,720,709)	(3,031,439)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,672,749</u>	<u>4,236,731</u>
CREDITORS: amounts falling due after more than one year	17		(1,145,096)	(565,689)
			<u>3,527,653</u>	<u>3,671,042</u>
PROVISIONS FOR LIABILITIES	20		(1,029,845)	(948,293)
DEFERRED INCOME	21		(316,683)	(482,566)
NET ASSETS			<u>2,181,125</u>	<u>2,240,183</u>
CAPITAL AND RESERVES				
Called-up equity share capital	23		29,906	29,906
Other reserves	25		838,674	838,674
Profit and loss account	24		1,312,545	1,371,603
SHAREHOLDERS' FUNDS – EQUITY INTEREST			<u>2,181,125</u>	<u>2,240,183</u>

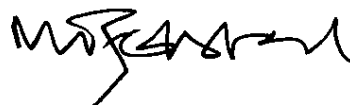
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6 May 2008

A Young
Director



M Felstead
Director



The notes on pages 10 to 25 form part of these accounts

dsicmm Limited *(formerly Direct Solutions International Limited)*

GROUP CASH FLOW STATEMENT

for the period to 30 June 2007

	Note	30 June 2007 £	Year to 31 July 2006 £
NET CASH FLOW FROM OPERATING ACTIVITIES	29	649,132	1,831,968
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Bank interest received		6,068	4,415
Bank interest paid		(228,783)	(231,882)
Hire purchase and finance lease interest paid		(190,120)	(212,021)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(412,835)	(439,488)
TAXATION		(564,314)	(257,113)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(87,098)	(247,111)
Receipts from sale of fixed assets		82,969	138,976
Payments to acquire intangible fixed assets		(60,000)	—
NET CASH FLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(64,129)	(118,135)
ACQUISITIONS AND DISPOSALS			
Payments to acquire trade and assets		—	(55,000)
Net overdrafts acquired with subsidiary		—	(116,183)
Net cash acquired with subsidiaries		—	45,664
NET CASH FLOW FOR ACQUISITIONS AND DISPOSALS		—	(125,519)
EQUITY DIVIDENDS PAID		(400,000)	—
CASH OUTFLOW BEFORE FINANCING		(792,146)	891,713
FINANCING			
Capital element of hire purchase contract payments		(749,070)	(573,779)
NET CASH OUTFLOW FROM FINANCING		(749,070)	(573,779)
(DECREASE)/ INCREASE IN CASH	31	(1,541,216)	317,934

The notes on pages 9 to 25 form part of these accounts

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 30 June 2007 and its share of the results and post-acquisition reserves of associated undertakings and joint ventures

The profits and losses of subsidiary undertakings, associated undertakings and joint ventures are consolidated from the date of acquisition to the date of disposal. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired and is amortised through the profit and loss account in equal instalments over its estimated useful life of twenty years. Negative goodwill is written off in the year of acquisition.

Tangible fixed assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	– Over the remaining lease period up to a maximum of 10 periods
Plant & machinery	– 10% straight line
Fixtures & fittings	– 10% straight line
Motor vehicles	– 20% straight line
Computer equipment	– 20% straight line

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at cost. The carrying value of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Pension costs

The group operates a defined contribution pension scheme for directors and employees. The assets of the scheme are held separately from those of the group. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred taxation is provided on all material timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the period, stated net of value added tax.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure incurred.

Reverse lease premium

Amounts received as an incentive to enter into operating leases are capitalised and amortised through the profit and loss account on a straight line basis over the shorter of the period up to the date of the first rent review or the expiry of the lease itself resulting in a market rent.

2. TURNOVER

The turnover and operating profit for the period was derived from the company's principal continuing activity

Geographical analysis

	30 June 2007	Year to 31 July 2006
	£	£
United Kingdom	32,504,183	31,661,534
United States	–	1,115,092
Rest of the World	–	797,335
	<u>32,504,183</u>	<u>33,573,961</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	30 June 2007	Year to 31 July 2006
	£	£
Depreciation – owned assets	387,562	650,796
– assets held under finance lease agreement	487,182	299,103
Amortisation charge	140,938	149,617
Loss on disposal of fixed assets	8,257	30,426
Loss on disposal of fixed asset investments	334	–
Auditors' remuneration		
– audit fees	66,000	77,305
– non-audit work	32,275	49,840
Operating lease costs:		
– plant and equipment	1,084,811	810,125
– other assets	899,780	777,241
Net (gain)/loss on foreign currency translation	<u>(598)</u>	<u>2,178</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to

	30 June 2007	Year to 31 July 2006
	No.	No.
Number of administrative staff	103	95
Number of sales staff	1	2
Number of operational staff	377	370
	<u>481</u>	<u>467</u>

The aggregate payroll costs of the above were

	30 June 2007	Year to 31 July 2006
	£	£
Wages and salaries	10,596,188	10,673,555
Social security costs	1,064,016	1,064,982
Other pension costs	39,397	114,521
	<u>11,099,600</u>	<u>11,853,058</u>

5. DIRECTORS' EMOLUMENTS

	30 June 2007	Year to 31 July 2006
	£	£
Emoluments	1,627,100	1,668,582
Value of company pension contributions to money purchase schemes	7,800	29,280
	<u>1,634,900</u>	<u>1,697,862</u>

	30 June 2007	Year to 30 June 31 July 2006
	£	£
Emoluments of highest paid director	411,838	456,698
Total emoluments (excluding pension contributions)	<u>411,838</u>	<u>456,698</u>

The number of directors who are accruing benefits under company pension schemes were as follows

	30 June 2007	Year to 31 July 2006
	No.	No.
Money purchase schemes	<u>1</u>	<u>3</u>

6. SHARE OF JOINT VENTURES AND ASSOCIATES' PROFIT

Joint ventures	30 June 2007	Year to 31 July 2006
	£	£
Existing operations	226,186	321,653
Amortisation of goodwill	—	—
	<u>226,186</u>	<u>321,653</u>

Associates	30 June 2007	Year to 31 July 2006
	£	£
Existing operations	10,688	(25,164)
Amortisation of goodwill	—	—
	<u>10,688</u>	<u>(25,164)</u>

7. INTEREST PAYABLE

	30 June 2007	Year to 31 July 2006
	£	£
Interest payable on bank borrowing	232,013	238,941
Finance charges payable	191,936	212,021
Other similar charges	10,092	791
	<u>434,041</u>	<u>451,753</u>

8. TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in period	30 June 2007	Year to 31
	£	July 2006
		£
Current tax		
UK corporation tax	455,895	441,447
Share of taxation on joint ventures	94,954	92,791
Total current tax	550,849	534,238
Deferred taxation credit	66,137	(75,697)
Tax on profit on ordinary activities	<u>616,986</u>	<u>458,541</u>

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2006 30%)

The differences are explained below

	30 June 2007	Year to 31
	£	July 2006
		£
Profit on ordinary activities before tax	<u>1,444,686</u>	<u>1,098,176</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	433,406	329,453
Effects of		
Expenses not deductible for tax	50,905	100,830
Timing differences on fixed assets	31,767	146,811
Other timing differences	20,397	–
Marginal relief	(13,314)	–
Effect of tax differences in the group	<u>27,688</u>	<u>(42,856)</u>
Current tax charge for the period (note 8(a))	<u>550,849</u>	<u>534,238</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £340,936 (2006 £313,430)

10. DIVIDENDS

	30 June 2007	Year to 31
	£	July 2006
		£
Ordinary dividends paid	<u>400,000</u>	<u>–</u>

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 August 2006	3,263,780
Additions	60,000
At 30 June 2007	<u>3,323,780</u>
Amortisation	
At 1 August 2006	1,114,932
Charge for the period	140,938
At 30 June 2007	<u>1,255,870</u>
Net book value:	
At 30 June 2007	<u>2,067,910</u>
At 31 July 2006	<u>2,148,848</u>
Company	Goodwill £
Cost	
At 1 August 2006	2,905,129
Additions	—
At 30 June 2007	<u>2,905,129</u>
Amortisation	
At 1 August 2006	735,399
Charge for the period	132,804
At 30 June 2007	<u>868,203</u>
Net book value:	
At 30 June 2007	<u>2,036,926</u>
At 31 July 2006	<u>2,169,730</u>

12. TANGIBLE FIXED ASSETS

Group	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 August 2006	343,361	5,521,705	1,937,800	750,574	8,553,440
Additions	–	1,001,657	67,098	336,696	1,405,451
Disposals	–	(23,148)	–	(296,597)	(319,745)
At 30 June 2007	<u>343,361</u>	<u>6,500,214</u>	<u>2,004,898</u>	<u>790,673</u>	<u>9,639,146</u>
Depreciation					
At 1 August 2006	114,587	2,989,321	1,213,660	329,783	4,647,351
Charge for the period	14,482	488,132	223,253	148,877	874,744
On disposals	–	(17,627)	–	(210,892)	(228,519)
At 30 June 2007	<u>129,069</u>	<u>3,459,826</u>	<u>1,436,913</u>	<u>267,768</u>	<u>5,293,576</u>
Net book value					
At 30 June 2007	<u>214,292</u>	<u>3,040,388</u>	<u>567,985</u>	<u>522,905</u>	<u>4,345,570</u>
At 31 July 2006	<u>228,774</u>	<u>2,532,384</u>	<u>724,140</u>	<u>420,791</u>	<u>3,906,089</u>

Hire purchase agreements

Included within the net book value of £4,345,570 is £2,684,224 (2006 - £1,840,448) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £487,182 (2006 - £299,103).

Company	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 August 2006	343,361	5,423,435	1,704,082	650,936	8,121,814
Additions	–	998,508	67,098	294,841	1,360,447
Transfers	–	–	233,718	34,995	268,713
Disposals	–	(23,148)	–	(252,018)	(275,166)
At 30 June 2007	<u>343,361</u>	<u>6,398,795</u>	<u>2,004,898</u>	<u>728,754</u>	<u>9,475,808</u>
Depreciation					
At 1 August 2006	114,587	2,919,055	1,080,678	303,081	4,417,401
Charge for the period	14,482	479,651	222,088	131,030	847,251
Transfers	–	–	132,984	5,832	138,816
On disposals	–	(17,627)	–	(190,088)	(207,715)
At 30 Jun 2007	<u>129,069</u>	<u>3,381,079</u>	<u>1,435,750</u>	<u>249,855</u>	<u>5,195,753</u>
Net book value					
At 30 June 2007	<u>214,292</u>	<u>3,017,716</u>	<u>569,148</u>	<u>478,899</u>	<u>4,280,055</u>
At 31 July 2006	<u>228,774</u>	<u>2,504,380</u>	<u>623,404</u>	<u>347,855</u>	<u>3,704,413</u>

12. TANGIBLE FIXED ASSETS (continued)

Hire purchase agreements

Included within the net book value of £4,280,055 is £2,639,943 (2006 - £1,759,529) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £469,335 (2006 - £274,794)

13. INVESTMENTS

	Group		Company	
	30 June 2007	31 July 2006	30 June 2007	31 July 2006
	£	£	£	£
Subsidiary undertakings	—	—	1,075,977	1,393,527
Participating interests	—	—	500	500
Joint ventures	1,660,228	1,542,609	—	—
Associates	80,771	69,458	—	—
	<u>1,740,999</u>	<u>1,612,067</u>	<u>1,076,477</u>	<u>1,394,027</u>
Group		Joint ventures	Associates	Total
		£	£	£
Cost and net book value				
At 1 August 2006		1,542,609	69,458	1,612,067
Share of profits in the period		117,619	11,647	129,266
Disposals in the period		—	(334)	(334)
At 30 June 2007		<u>1,660,228</u>	<u>80,771</u>	<u>1,740,999</u>
Company		Subsidiary undertakings	Participating undertakings	Total
		£	£	£
Cost				
At 1 August 2006		1,393,527	500	1,394,027
Additions		60,000	—	60,000
At 30 June 2007		<u>1,453,527</u>	<u>500</u>	<u>1,454,057</u>
Provisions for impairment				
At 1 August 2006		—	—	—
Written off in period		377,550	—	377,550
At 30 June 2007		<u>377,550</u>	<u>—</u>	<u>377,550</u>
Net book value				
At 30 June 2007		<u>1,075,977</u>	<u>500</u>	<u>1,076,477</u>
At 31 July 2006		<u>1,393,527</u>	<u>500</u>	<u>1,394,027</u>

13. INVESTMENTS (continued)

The following information is given in respect of the group's share of all joint ventures

	30 June 2007	31 July 2006
	£	£
Turnover	8,012,254	7,653,943
Fixed assets	1,944,401	1,895,155
Current assets	2,052,918	1,309,369
Liabilities due within one year	(2,156,978)	(1,547,896)
Liabilities due after one year	<u>(149,495)</u>	<u>(84,627)</u>

The following information is given in respect of the group's share of all associates

	30 June 2007
	£
Turnover	141,933
Fixed assets	1,220
Current assets	135,985
Liabilities due within one year	(93,130)
Liabilities due after one year	<u>(31)</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Directly held.			
ds1 Sameday Express Limited	Ordinary shares	75%	Counter services specialising in urgent deliveries
The Fulfilment Group Limited	Ordinary shares	100%	Dormant
ds1 Print Services Limited	Ordinary shares	100%	Dormant holding company
ds1 Digital Limited	Ordinary shares	100%	Dormant
Driscoll Direct Mail (Holdings) Limited	Ordinary shares	100%	Dormant
Driscoll Direct Mail Limited	Ordinary shares	100%	Dormant
ds1 Nexdoo Limited	Ordinary shares	100%	Dormant
ds1 Anydoc Limited	Ordinary shares	100%	Dormant
Indirectly held			
Talislake Limited	Ordinary shares	100%	Dormant
Donnybrook Finishers Limited	Ordinary shares	100%	Dormant and being struck off

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NOTES TO THE ACCOUNTS (continued)

for the period to 30 June 2007

13. INVESTMENTS (continued)

Significant interests	Holding	Proportion of voting rights and shares held	Nature of business
Directly held:			
dsi Billing Services Limited	Ordinary shares	50%	Billing and service providers
dsi International Distribution (Holdings) Limited	Ordinary shares	50%	Dormant holding company
Indirectly held:			
dsi International Distribution Limited	Ordinary shares	50%	International freight courier
SNRG Limited	Ordinary shares	50%	Print services management
Colourworks Docklands Limited	Ordinary shares	50%	Printing Services
Participating interests	Holding	Proportion of voting rights and shares held	Nature of business
Directly held			
European Direct Mail Specialists Limited	Ordinary shares	50%	Mailing and delivery services
Response Handling Centre Limited	Ordinary shares	34%	Administration support for fund raising companies

All of the above companies are registered in England and Wales except where otherwise indicated

14. STOCKS

	30 June 2007	Group 31 July 2006	30 June 2007	Company 31 July 2006
	£	£	£	£
Work in progress	134,640	175,044	134,640	175,044
Raw materials and consumables	236,255	228,789	236,255	228,789
	<u>370,895</u>	<u>403,833</u>	<u>370,895</u>	<u>403,833</u>

15. DEBTORS

	30 June 2007	Group 31 July 2006	30 June 2007	Company 31 July 2006
	£	£	£	£
Trade debtors	6,448,378	5,504,164	6,388,000	5,422,407
Amounts owed by group undertakings	—	—	48,902	106,491
Amounts owed by participating interests	893,763	476,489	479,622	439,025
Other debtors	81,281	123,180	80,449	110,211
Prepayments and accrued income	695,572	603,607	670,782	538,970
	<u>8,118,994</u>	<u>6,707,440</u>	<u>7,667,755</u>	<u>6,617,104</u>

Group trade debts amounting to £4,243,461 (2006 £3,852,852) have been sold under a debt purchase agreement to Lloyds TSB

dsicmm Limited (formerly Direct Solutions International Limited)

NOTES TO THE ACCOUNTS (continued)

for the period to 30 June 2007

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	30 June 2007	31 July 2006	30 June 2007	31 July 2006
	£	£	£	£
Bank loans and overdrafts	4,466,502	3,253,064	4,431,363	3,157,670
Trade creditors	3,371,159	2,504,022	3,350,181	2,454,079
Obligations under hire purchase contracts	638,890	629,068	626,676	599,017
Amounts owing to group undertakings	—	—	20,772	545,586
Amounts owing to participating interests	76,811	30,831	55,459	30,831
Corporation tax	483,317	591,735	424,282	470,833
Other tax and social security	956,054	1,082,639	854,113	916,411
Other creditors	923,436	442,908	649,394	147,416
Accruals and deferred income	370,082	2,101,086	349,377	1,978,266
	<u>11,286,251</u>	<u>10,635,353</u>	<u>10,761,617</u>	<u>10,300,109</u>

17 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	30 June 2007	31 July 2006	30 June 2007	31 July 2006
	£	£	£	£
Other creditors	114,175	114,175	—	—
Obligations under hire purchase contracts	1,170,037	610,576	1,145,096	565,689
	<u>1,284,212</u>	<u>724,751</u>	<u>1,145,096</u>	<u>565,689</u>

18 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Loan amounts are repayable as follows

	Group		Company	
	30 June 2007	31 July 2006	30 June 2007	31 July 2006
	£	£	£	£
Amounts payable within 1 period	638,890	629,068	626,676	599,017
Amounts payable after more than 1 periods	1,170,037	610,576	1,145,096	565,689
	<u>1,808,927</u>	<u>1,239,644</u>	<u>1,771,772</u>	<u>1,164,706</u>

19. PENSIONS

The group operates a defined contribution pension scheme for its directors and staff. The pension cost in the period was £39,397 (2006 £111,216)

20. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred taxation £	Dilapidations £	Total £
Balance at 1 August 2006	478,708	485,000	963,708
Profit and loss account movement arising during the period	66,137	—	66,137
	<u>544,845</u>	<u>485,000</u>	<u>1,029,845</u>
Company	Deferred taxation £	Dilapidations £	Total £
Balance at 1 August 2006	463,293	485,000	948,293
Transfer from fellow subsidiary	13,537	—	13,537
Profit and loss account movement arising during the period	68,015	—	68,015
	<u>544,845</u>	<u>485,000</u>	<u>1,029,845</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of fixed assets.

21. DEFERRED INCOME

Reverse Lease Premium

Group and Company	30 June 2007 £	31 July 2006 £
Balance brought forward	663,531	844,494
Released in period/year	(165,883)	(180,963)
Balance carried forward	<u>497,648</u>	<u>663,531</u>
Included within:		
Accruals and deferred income due within one year	180,965	180,965
Deferred income due after one year	316,683	482,566
	<u>497,648</u>	<u>663,531</u>

22. CONTINGENT LIABILITIES

The group and company have provided a guarantee to Lloyds TSB Bank plc as part of group finance facilities

The company has provided a guarantee in respect of leases entered into by ds1 International Distribution Limited

23. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2007 the group had annual commitments under non-cancellable operating leases as set out below

	30 June 2007		31 July 2006	
	Land & buildings £	Other items £	Land & buildings £	Other items £
Operating leases which expire				
Within 1 year	558,471	707,520	416,900	71,070
Within 2 to 5 years	–	377,291	–	1,145,210
After more than 5 years	507,192	–	497,450	–
	<u>1,065,663</u>	<u>1,084,811</u>	<u>914,350</u>	<u>1,216,280</u>

24. SHARE CAPITAL

Authorised share capital

	30 June 2007 £	31 July 2006 £
40,000 Ordinary shares of £1 each	40,000	40,000
60,000 Non-voting ordinary of £1 each	60,000	60,000
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid

	30 June 2007		31 July 2006	
	No	£	No	£
Ordinary shares of £1 each	<u>29,906</u>	<u>29,906</u>	<u>29,906</u>	<u>29,906</u>

The company has granted options for 2,499 non-voting ordinary shares to each of three key employees subject to a maximum holding of 1% of the issued share capital at the time the options are exercised. The option price is £40 per share and the option period lapses on 11 June 2012.

25. PROFIT AND LOSS ACCOUNT

Group	30 June 2007 £	31 July 2006 £
Balance brought forward	1,427,730	796,124
Profit for the financial period/year	779,404	631,606
Equity dividends paid	(400,000)	–
Balance carried forward	<u>1,807,134</u>	<u>1,427,730</u>
Company	30 June 2007 £	31 July 2006 £
Balance brought forward	1,371,603	1,058,173
Profit for the financial period/year	340,942	313,430
Equity dividends paid	(400,000)	–
Balance carried forward	<u>1,312,545</u>	<u>1,371,603</u>

dsicmm Limited (formerly Direct Solutions International Limited)

NOTES TO THE ACCOUNTS (continued)
for the period to 30 June 2007

26. OTHER RESERVES

Group and Company	Other reserves £	Capital redemption reserve £
Balance at 1 August 2005	–	7,500
Movement in year	831,174	–
Balance at 31 July 2006	831,174	7,500
Movement in period	–	–
Balance at 30 June 2007	831,174	7,500

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	30 June 2007 £	31 July 2006 £
Profit for the financial period	779,404	631,606
Fair value of shares issued in consideration of acquisition	–	837,000
	779,404	1,468,606
Equity dividends paid	(400,000)	–
Net (reduction)/addition to shareholders' funds	379,404	1,468,606
Opening equity shareholders' funds	2,296,310	827,704
Closing equity shareholders' funds	2,675,714	2,296,310

Company	30 June 2007 £	31 July 2006 £
Profit for the financial period	340,942	313,430
Fair value of shares issued in consideration of acquisition	–	837,000
Equity dividends paid	(400,000)	–
Net (reduction)/increase in shareholders' funds	(59,058)	1,150,430
Opening equity shareholders' funds	2,240,183	1,089,753
Closing equity shareholders' funds	2,181,125	2,240,183

28. MINORITY INTERESTS

	£
At 1 August 2005	42,819
Released on acquisition of entire share capital of ds1 Digital Limited	(42,819)
Investment in ds1 Sameday Limited	25
Profit on ordinary activities after taxation	8,029
At 1 August 2006	8,054
Profit on ordinary activities after taxation	48,296
At 30 June 2007	56,350

**29. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30 June 2007	Year to 31 July 2006
	£	£
Operating profit	1,633,302	1,249,025
Amortisation	140,938	149,617
Depreciation	874,744	949,899
Loss on disposal of fixed assets	8,257	31,901
Loss on disposal of fixed asset investments	334	–
Goodwill written off	–	45,528
Decrease in stocks	32,938	45,304
(Increase)/decrease in debtors	(1,411,554)	2,660,049
Decrease in creditors	(629,827)	(3,299,355)
Net cash inflow from operating activities	<u>649,132</u>	<u>1,831,968</u>

30. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	30 June 2007	Year to 31 July 2006
	£	£
Decrease in cash in the period	(1,541,216)	317,934
Capital element of finance lease payments	<u>749,070</u>	<u>630,886</u>
Change in net debt resulting from cash flows	(792,146)	948,820
New hire purchase agreements	<u>(1,318,353)</u>	<u>(811,100)</u>
Movement in net debt in the period	(2,110,499)	137,720
Net debt at 1 August 2006	(4,160,243)	(4,297,963)
Net debt at 30 June 2007	<u>(6,270,742)</u>	<u>(4,160,243)</u>

31. ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2006	Cash flows	Other changes	At 30 June 2007
	£	£	£	£
Net cash:				
Cash in hand and at bank	332,465	(327,778)	–	4,687
Overdrafts	<u>(3,253,064)</u>	<u>(1,213,438)</u>	–	<u>(4,466,502)</u>
	<u>(2,920,599)</u>	<u>(1,541,216)</u>	–	<u>(4,461,815)</u>
Debt:				
Hire purchase contracts	<u>(1,239,644)</u>	<u>749,070</u>	<u>(1,318,353)</u>	<u>(1,808,927)</u>
	<u>(1,239,644)</u>	<u>749,070</u>	<u>(1,318,353)</u>	<u>(1,808,927)</u>
Net debt	<u>(4,160,243)</u>	<u>(792,146)</u>	<u>(1,318,353)</u>	<u>(6,270,742)</u>

Other changes represent new hire purchase agreements entered into in the period

32. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions with subsidiaries where 90% or more of the voting rights are controlled within the group

The company entered into the following transactions with related parties in the period

		30 June 2007 £	Year to 31 July 2006 £
Subsidiaries			
dsi Sameday Express Limited	Purchases	382,209	473,034
	Costs recharged	232,936	—
Joint ventures and participating interests			
dsi Billing Services Limited	Sales	567,411	624,575
	Costs recharged	172,685	67,177
dsi International Distribution Limited	Sales	149,900	114,553
	Costs recharged	10,007	136,577
SNRG Limited	Sales	427,491	771,494
	Purchases	—	3,158
	Costs recharged	21,252	—
Colourworks Docklands Limited	Sales	113,935	483,429
	Purchases	—	753,048
	Costs recharged	266,360	—
European Direct Mail Specialists Limited	Sales	347,847	589,123
	Management charges	29,000	40,000
Response Handling Centre Limited	Sales	2,388	13,314
	Management charges	13,260	11,700
	Costs recharged	26,098	21,026

The following balances were owed to / (by) the group at the year end

	30 June 2007 £	31 July 2006 £
dsi Billing Services Limited	11,442	148,056
dsi International Distribution Limited	49,601	3,148
SNRG Limited	147,855	106,689
Colourworks Docklands Limited	243,198	(58,466)
European Direct Mail Specialists Limited	157,713	166,900
Response Handling Centre Limited	11,705	—

33. POST BALANCE SHEET EVENTS

On 1 July 2007, the trade and assets of Corporate Mailing Matters Limited was transferred to dsicmm Limited

34. ULTIMATE PARENT COMPANY

As of 1 July 2007, the ultimate parent company is dsicmm Group Limited