

The Design Portfolio Marketing Services Limited

Company No. 3677122

Financial Statements

For the year ended

31 July 2004



The Design Portfolio Marketing Services Limited

Company Information

Directors

I.B. Restall
C.C. Vann
J.E. Holdsworth

Secretary

A.A.E. Gold

Registered Office

7 Ensign House, Admirals Way
London
E14 9XQ

Auditors

Kingston Smith
Orbital House,
20 Eastern Road
Romford
Essex, RM1 3DP

The Design Portfolio Marketing Services Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 July 2004.

Principal activities and review of the business

The principal activity of the company throughout the year was that of design and marketing services.

The results for the year and the financial position at the year end were considered to be satisfactory by the directors who expect the financial position of the company to improve in the future.

Results and dividends

The results for the year are set out on page 3.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

Directors' interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the parent company at the beginning (or subsequent date of appointment) and end of the year, were as follows:

	Class of share	Ordinary shares of £ 1 each	
		31 July 2004	1 August 2003
I.B. Restall	Class 'A' shares	4,171	4,171
	Class 'B' shares	1,460	1,460
C.C. Vann	Class 'A' shares	3,829	3,829
	Class 'B' shares	1,340	1,340

J.E. Holdsworth was appointed as a director on the 1st August 2003.

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed they be re-appointed auditors to the company for the ensuing year.

Small company rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with applicable accounting standards.

By order of the Board



A.A.E. Gold
Secretary

7 Ensign House, Admirals Way
London
E14 9XQ

Date: 12 December 2004 .

The Design Portfolio Marketing Services Limited

Directors' Responsibilities & Report of the Auditors

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 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 a going concern basis unless it is inappropriate to assume 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 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.

Independent Auditors' Report to the Shareholders of The Design Portfolio Marketing Services Limited

We have audited the financial statements of The Design Portfolio Marketing Services Limited which comprise the Profit and Loss Account, the Balance Sheet and the related notes for the year ended 31 July 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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 auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Orbital House,
20 Eastern Road
Romford
Essex, RM1 3DP

Date: 12 December 2004



Kingston Smith
Chartered Accountants
and Registered Auditors

The Design Portfolio Marketing Services Limited
Profit and Loss Account
For the year ended 31 July 2004

		2004	2003
	Notes	£	£
Turnover		868,888	304,815
Cost of sales		(417,642)	(272,082)
Gross profit		451,246	32,733
Administrative expenses		(385,620)	(45,423)
Profit/(Loss) on ordinary activities before taxation	2	65,626	(12,690)
Tax on profit/(loss) on ordinary activities	3	-	606
Profit/(Loss) on ordinary activities after taxation	8	65,626	(12,084)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The Design Portfolio Marketing Services Limited
Balance Sheet
As at 31 July 2004

	Notes	2004 £	£	2003 £	£
Fixed Assets					
Tangible assets	4		-		2,285
Current Assets					
Stocks		985		-	
Debtors	5	171,227		123,184	
Cash at bank and in hand		174,857		7,578	
		<u>347,069</u>		<u>130,762</u>	
Creditors: Amounts falling due within one year	6	<u>(334,398)</u>		<u>(186,002)</u>	
Net Current Assets/(Liabilities)			<u>12,671</u>		<u>(55,240)</u>
Total Assets Less Current Liabilities			<u>12,671</u>		<u>(52,955)</u>
Capital and Reserves					
Called up share capital	7		100		100
Profit and loss account	8		12,571		(53,055)
Shareholders' Funds Equity Interests			<u>12,671</u>		<u>(52,955)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on



I.B. Restall

Director



C.C. Vann

Director

The Design Portfolio Marketing Services Limited

Notes to the Financial Statements

For the year ended 31 July 2004

1 Accounting Policies

a) Accounting basis and standards

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

There has been no change in accounting policies applied in the year under review.

b) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line

c) Stocks and work in progress

Work in progress is stated at the lower of cost and net realisable value. The work in progress figure represents expenses incurred by the company relating to specific jobs which were in progress at the year end, but it does not include any staff costs as these are considered an overhead expense of the company.

d) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax. It is attributable to the principal activity of the group being that of design and marketing services and is derived wholly from within the United Kingdom.

e) Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

f) Pension scheme arrangements

The company operates a money purchase pension for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. All contributions were paid during the year. Contributions paid during the year were £1,725 (2003: £780).

2 Operating Profit/(Loss)

	2004	2003
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets:		
Owned assets	2,285	3,350
Directors' emoluments	77,479	-
	<u>79,764</u>	<u>3,350</u>

No auditors' remuneration is charged in these accounts. The audit fee for the company is borne by the parent company and is reflected in the accounts of Flathill Communications Group PLC.

The Design Portfolio Marketing Services Limited
Notes to the Financial Statements
For the year ended 31 July 2004 (continued)

3 Taxation	2004 £	2003 £
Deferred tax		
Deferred tax (credit)/charge	-	(606)
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	65,626	(12,690)
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	12,469	(2,411)
	<u> </u>	<u> </u>
Non deductible expenses	193	-
Depreciation	434	637
Capital allowances	(371)	(124)
Tax losses utilised	(12,725)	-
Unrelieved losses to carry forward	-	1,898
	<u> </u>	<u> </u>
	(12,469)	2,411
	<u> </u>	<u> </u>
Current tax charge	-	-
	<u> </u>	<u> </u>

The company has estimated losses of £nil (2002: £9,992) available for carry forward against future trading profits.

A deferred tax asset has not been recognised as a result of the crystallisation of the tax losses currently available as there is insufficient evidence at this time to suggest that these losses will be recoverable.

4 Tangible Assets	Plant and machinery etc £
Cost	
At 1 August 2003 & at 31 July 2004	14,959
	<u> </u>
Depreciation	
At 1 August 2003	12,674
Charge for the year	2,285
	<u> </u>
At 31 July 2004	14,959
	<u> </u>
Net book value	
At 31 July 2004	-
	<u> </u>
At 31 July 2003	2,285
	<u> </u>

The Design Portfolio Marketing Services Limited
Notes to the Financial Statements
For the year ended 31 July 2004 (continued)

5 Debtors	2004	2003
	£	£
Trade debtors	157,326	102,421
Other debtors	13,901	20,763
	<u>171,227</u>	<u>123,184</u>

6 Creditors: Amounts Falling Due Within One Year	2004	2003
	£	£
Trade creditors	165,995	1,481
Amounts owed to group undertakings and undertakings in which the company has a participating interest	89,609	120,857
Taxation and social security	26,915	30,784
Other creditors	51,879	32,880
	<u>334,398</u>	<u>186,002</u>

The company's bankers have agreed a group overdraft facility of £50,000. The group has a banking arrangement which means that in essence the bank loans and overdraft and cash at bank should be considered together when evaluating the company's net cash position. At the balance sheet date the group had a net bank balance of £118,986. During the period subsequent to the year end the group has continued to meet its working capital requirements through the use of an overdraft facility which is repayable on demand.

7 Share Capital	2004	2003
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Design Portfolio Marketing Services Limited
Notes to the Financial Statements
For the year ended 31 July 2004 (continued)

8 Shareholders' funds

2004	Called up share capital	Profit and loss account	Total
	£	£	£
Balance at 1 August 2003	100	(53,055)	(52,955)
Retained profit for the year	-	65,626	65,626
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2004	100	12,571	12,671
	<hr/>	<hr/>	<hr/>
 2003	 Share capital	 Profit and loss account	 Total
	£	£	£
Balance at 1 August 2002	100	(40,971)	(40,871)
Retained loss for the year	-	(12,084)	(12,084)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2003	100	(53,055)	(52,955)
	<hr/>	<hr/>	<hr/>

9 Controlling Party

The ultimate controlling party is Mrs C.M. Restall, the majority shareholder in the parent company Flathill Communications Group PLC, a company incorporated in England and Wales. The group accounts are available from: Flathill Communications Group PLC, 7 Ensign House, Admirals Way, London, E14 9XQ.

Under the exemptions granted by FRS 8, transactions with the parent company are not required to be disclosed due to the availability of group accounts.