



THE  
DESIGN  
PORTFOLIO  
MARKETING  
SERVICES  
LIMITED



Financial statements  
for the year ended 31 July 2005

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## 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

## Directors' report

*for the year ended 31 July 2005*



The directors have pleasure in presenting their report and financial statements for the year ended 31 July 2005.

### 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 8.

The directors do not recommend the payment of a dividend.

### 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:

		Ordinary shares of £ 1 each	
	Class of share	31 July 2005	1 August 2004
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

### AUDITORS

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

Directors' report  
*for the year ended 31 July 2005*



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*

A.A.E. GOLD  
Secretary

7 Ensign House, Admirals Way

London

E14 9XQ

Date: ..... 19 January 2006

## Directors' responsibilities & report of the auditors

*for the year ended 31 July 2005*



### 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 2005. 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.

## Directors' responsibilities & report of the auditors

*for the year ended 31 July 2005*



### 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.

Directors' responsibilities & report of the auditors  
*for the year ended 31 July 2005*



**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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Kingston Smith*

**KINGSTON SMITH**

*Chartered Accountants and Registered Auditors*

*Orbital House*

*20 Eastern Road*

*Romford*

*Essex, RM1 3DP*

*Date: 27 February 2006*



## Profit and Loss Account

*For the year ended 31 July 2005*



		2005	2004
	Notes	£	£
Turnover		1,762,102	868,888
Cost of sales		(792,113)	(417,642)
Gross profit		969,989	451,246
Administrative expenses		(967,581)	(385,620)
Operating profit	2	2,408	65,626
Other interest receivable and similar income		71	—
Profit on ordinary activities before taxation		2,479	65,626
Tax on profit on ordinary activities	3	—	—
Profit on ordinary activities after taxation	8	2,479	65,626

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

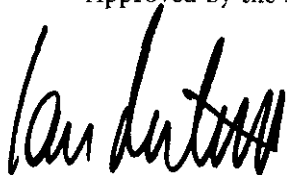
There are no recognised gains and losses other than those passing through the profit and loss account.

## Balance Sheet

As at 31 July 2005

	Notes	2005 £	2004 £
<b>Current Assets</b>			
Stocks		220	985
Debtors	5	399,193	171,227
Cash at bank and in hand		209,814	174,857
		609,227	347,069
<b>Creditors: Amounts falling due within one year</b>	6	(594,077)	(334,398)
<b>Net Current Assets</b>		15,150	12,671
<b>Total Assets Less Current Liabilities</b>		15,150	12,671
<b>Capital and Reserves</b>			
Called up share capital	7	100	100
Profit and loss account	8	15,050	12,571
<b>Shareholders' Funds – Equity Interests</b>		15,150	12,671

Approved by the Board on... 19 January 2006



I.B. RESTALL  
Director



C.C. VANN  
Director

## Notes to the financial statements

for the year ended 31 July 2005



### 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 and computers    25% straight line

Fixtures and fittings                      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. In the year to 31 July 2005 6% of the company's turnover was to markets outside 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. Contributions paid during the year were £3,838 (2004: £1,725).

## Notes to the financial statements

for the year ended 31 July 2005

### 2 OPERATING PROFIT

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets:		
Owned assets	—	2,285
Operating lease rentals	31,000	—
Auditors' remuneration	2,500	—
Directors' emoluments	35,783	77,479

No auditors remuneration was charged in these accounts in the prior period. The audit fee for the company was borne by the parent company and was reflected in the accounts of Flathill Communications Group plc.

### 3 TAXATION

	2005	2004
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,479	65,626
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2004: 19.00%)	—	12,469
Non deductible expenses	—	193
Depreciation	—	434
Capital allowances	—	(371)
Tax losses utilised	—	(12,725)
	—	(12,469)
Current tax charge	—	—

## Notes to the financial statements

for the year ended 31 July 2005



### 4 TANGIBLE ASSETS

	Plant, machinery and computers £
Cost	
At 1 August 2004	14,959
Cost of assets transferred to parent company	(14,959)
At 31 July 2005	—
Depreciation	
At 1 August 2004	14,959
Depreciation charged on assets transferred to parent company	(14,959)
At 31 July 2005	—
Net book value	
At 31 July 2005	—
At 31 July 2004	—

### 5 DEBTORS

	2005 £	2004 £
Trade debtors	365,815	157,326
Other debtors	33,378	13,901
	<u>399,193</u>	<u>171,227</u>

### 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	312,780	165,995
Amounts owed to group undertakings and undertakings in which the company has a participating interest	93,032	89,609
Taxation and social security	100,661	26,915
Other creditors	87,604	51,879
	<u>594,077</u>	<u>334,398</u>

## Notes to the financial statements

for the year ended 31 July 2005



### 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

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 £137,508 in credit. 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

	2005 £	2004 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

### 8 SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
<b>2005</b>			
Balance at 1 August 2004	100	12,571	12,671
Retained profit for the year	—	2,479	2,479
Balance at 31 July 2005	100	15,050	15,150
	Share capital £	Profit and loss account £	Total £
<b>2004</b>			
Balance at 1 August 2003	100	(53,055)	(52,955)
Retained profit for the year	—	65,626	65,626
Balance at 31 July 2004	100	12,571	12,671

## Notes to the financial statements

*for the year ended 31 July 2004*



### 9 FUTURE FINANCIAL COMMITMENTS

#### *a) Pension commitments*

##### *Defined contribution*

	2005	2004
	£	£
Contributions payable by the company for the year	3,838	1,725

### 10 RELATED PARTY TRANSACTIONS

Sales totalling £80,628 (2004: £18,115) were made to and purchases totalling £3,575 (2004: £1,000) were made from Ford Sinclair Ltd during the year. At the year end, Ford Sinclair Ltd owed the company £1,122 (2004: £355), included within trade debtors. Ford Sinclair is a company in which Mrs C.M. Restall has a controlling interest.

### 11 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.

# Management Information Based on the Financial Statements

*For the year ended 31 July 2005*



THE  
DESIGN  
PORTFOLIO  
MARKETING  
SERVICES  
LIMITED



## Trading & profit & loss account

*for the year ended 31 July 2005*



	2005		2004	
	£	£	£	£
Turnover				
Sales		1,762,102		868,888
Cost of Sales				
Purchases	792,113		417,642	
		(792,113)		(417,642)
Gross Profit		969,989		451,246
Administrative expenses		(967,581)		(385,620)
Operating Profit		2,408		65,626
Other Interest Receivable and Similar Income				
Bank interest – received		71		—
Profit Before Taxation		2,479		65,626

## Trading & profit & loss account

for the year ended 31 July 2004



	2005	2004
	£	£
<b>Administrative Expenses</b>		
Wages and salaries (excl. N.I.)	374,485	73,723
Directors' remuneration	35,000	77,479
Employer's NI contributions	45,561	16,871
Staff pension costs defined contribution	3,838	1,725
Temporary staff	50,771	6,460
Recruitment expenses	18,292	—
Staff training	717	—
Rent and rates	44,189	16,530
Insurance	2,001	810
Light and heat	3,962	1,298
Repairs and maintenance	5,042	969
Cleaning	3,910	744
Printing, postage and stationery	24,978	10,017
Advertising	9,099	741
Computer running costs	1,599	—
Telephone	24,248	6,770
Motor running expenses	2,630	—
Travelling expenses	7,238	1,865
Entertaining	—	1,014
Legal and professional fees	4,050	—
Consultancy fees	430	—
Accountancy	2,500	—
Bank charges	1,418	761
Staff welfare	1,536	422
Charitable donations – covenanted	—	100
Sundry expenses	87	36
Management charges	300,000	165,000
Depreciation	—	2,285
	<b>967,581</b>	<b>385,620</b>