

DEEP BLUE FINANCIAL LIMITED
Company Registration No. 3816301 (England and Wales)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005



DEEP BLUE FINANCIAL LIMITED

COMPANY INFORMATION

Directors	C R Corbett A R Peters
Secretary	A R Peters
Company number	3816301
Registered office	3 Quayside Commerce Centre, Lower Quay Fareham Hampshire PO16 0XR
Auditors	Donnelly Hamilton Brent Limited Carnac Place Cams Hall Estate Fareham Hampshire PO16 8UY
Business address	3 Quayside Commerce Centre, Lower Quay Fareham Hampshire PO16 0XR
Bankers	Barclays Bank plc 43/44 High Street Gosport Hampshire PO12 1DN

DEEP BLUE FINANCIAL LIMITED

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DEEP BLUE FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2005

The directors present 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 is that of providing services as financial intermediation.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final ordinary dividend or non voting dividend.

Directors

The following directors have held office since 1 August 2004:

C R Corbett

A R Peters

D G Porter

(Resigned 13 December 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 July 2005	1 August 2004
C R Corbett	50	50
A R Peters	50	50

	Non voting ordinary shares of £ 1 each	
	31 July 2005	1 August 2004
C R Corbett	3,400	3,400
A R Peters	4,000	4,000

Mr A and Mrs D Peters jointly hold 4,000 non voting shares and Mr C and Mrs J Corbett jointly hold 3,400 non voting shares.

Charitable donations	2005 £	2004 £
During the year the company made the following payments:		
Charitable donations	458	20

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Donnelly Hamilton Brent Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

DEEP BLUE FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2005

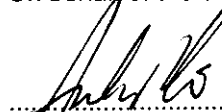
Directors' responsibilities

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 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 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.

On behalf of the board



A R Peters

Director

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DEEP BLUE FINANCIAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEEP BLUE FINANCIAL LIMITED

We have audited the financial statements of Deep Blue Financial Limited on pages 5 to 15 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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

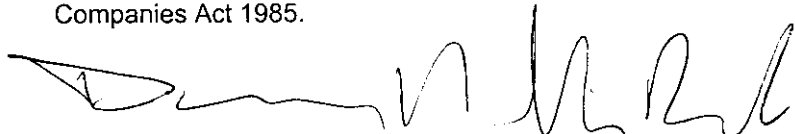
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

DEEP BLUE FINANCIAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEEP BLUE FINANCIAL LIMITED

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.



Donnelly Hamilton Brent Limited
Chartered Accountants
Registered Auditor
A member firm of the UK 200 Group

29/11/2005

Carnac Place
Cams Hall Estate
Fareham
Hampshire
PO16 8UY

DEEP BLUE FINANCIAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Turnover	2	476,524	361,516
Cost of sales		(75,619)	(28,396)
Gross profit		400,905	333,120
Administrative expenses		(221,390)	(171,320)
Operating profit	3	179,515	161,800
Other interest receivable and similar income	4	547	258
Profit on ordinary activities before taxation		180,062	162,058
Tax on profit on ordinary activities	5	(35,186)	(31,069)
Profit on ordinary activities after taxation		144,876	130,989
Dividends	6	(154,400)	(113,700)
Retained (loss)/profit for the year	14	(9,524)	17,289

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 notes on pages 9 to 15 form part of these financial statements.

DEEP BLUE FINANCIAL LIMITED

BALANCE SHEET AS AT 31 JULY 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7		38,539		17,475
Current assets					
Stocks	8	1,000		1,000	
Debtors	9	8,457		10,161	
Cash at bank and in hand		45,126		66,868	
		<u>54,583</u>		<u>78,029</u>	
Creditors: amounts falling due within one year	10	<u>(61,283)</u>		<u>(55,202)</u>	
Net current (liabilities)/assets			<u>(6,700)</u>		<u>22,827</u>
Total assets less current liabilities			<u>31,839</u>		<u>40,302</u>
Provisions for liabilities and charges	11		<u>(1,061)</u>		<u>-</u>
			<u>30,778</u>		<u>40,302</u>
Capital and reserves					
Called up share capital	13		7,500		7,500
Profit and loss account	14		23,278		32,802
Shareholders' funds - equity interests	15		<u>30,778</u>		<u>40,302</u>

The financial statements were approved by the Board on 29/11/05


A R Peters
Director


C R Corbett
Director

The notes on pages 9 to 15 form part of these financial statements.

DEEP BLUE FINANCIAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		197,907		167,520
Returns on investments and servicing of finance				
Interest received	547		258	
Net cash inflow for returns on investments and servicing of finance		547		258
Taxation		(31,070)		(8,750)
Capital expenditure				
Payments to acquire tangible assets	(34,726)		(18,015)	
Net cash outflow for capital expenditure		(34,726)		(18,015)
Equity dividends paid		(154,400)		(113,700)
Net cash (outflow)/inflow before management of liquid resources and financing		(21,742)		27,313
Financing				
Issue of ordinary share capital	-		3,400	
Net cash (outflow)/inflow from financing		-		3,400
(Decrease)/increase in cash in the year		(21,742)		30,713

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005 £	2004 £
	Operating profit	179,515	161,800
	Depreciation of tangible assets	13,662	7,270
	Decrease/(increase) in debtors	1,704	(6,463)
	Increase in creditors within one year	3,026	4,913
	Net cash inflow from operating activities	197,907	167,520

2	Analysis of net funds	1 August 2004 £	Cash flow £	Other non-cash changes £	31 July 2005 £
	Net cash:				
	Cash at bank and in hand	66,868	(21,742)	-	45,126
	Net funds	66,868	(21,742)	-	45,126

3	Reconciliation of net cash flow to movement in net funds	2005 £	2004 £
	(Decrease)/increase in cash in the year	(21,742)	30,713
	Movement in net funds in the year	(21,742)	30,713
	Opening net funds	66,868	36,155
	Closing net funds	45,126	66,868

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents commissions receivable for services net of trade discounts.

1.3 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	over 36 months
Computer	over 3 years
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	13,662	7,270
Operating lease rentals	8,550	7,850
Auditors' remuneration	5,907	4,433
	<u> </u>	<u> </u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

4	Investment income	2005	2004
		£	£
	Bank interest	547	258
		<u>547</u>	<u>258</u>
5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	34,124	31,069
	Adjustment for prior years	1	-
		<u>34,125</u>	<u>31,069</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	1,061	-
		<u>35,186</u>	<u>31,069</u>
		<u>35,186</u>	<u>31,069</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	180,062	162,058
		<u>180,062</u>	<u>162,058</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	34,212	30,791
		<u>34,212</u>	<u>30,791</u>
	Effects of:		
	Non deductible expenses	863	714
	Depreciation add back	2,596	1,381
	Capital allowances	(3,546)	(1,817)
		<u>(87)</u>	<u>278</u>
	Current tax charge	<u>34,125</u>	<u>31,069</u>
		<u>34,125</u>	<u>31,069</u>
6	Dividends	2005	2004
		£	£
	Ordinary interim paid	36,000	36,000
	Non-voting ordinary interim paid	118,400	77,700
		<u>154,400</u>	<u>113,700</u>
		<u>154,400</u>	<u>113,700</u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

7 Tangible fixed assets

	Land and buildings Leasehold £	Computer £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 August 2004	1,017	16,329	23,054	13,361	53,761
Additions	-	22,931	426	11,369	34,726
	<u>1,017</u>	<u>39,260</u>	<u>23,480</u>	<u>24,730</u>	<u>88,487</u>
At 31 July 2005	1,017	39,260	23,480	24,730	88,487
Depreciation					
At 1 August 2004	986	11,697	20,652	2,951	36,286
Charge for the year	31	7,420	1,392	4,819	13,662
	<u>1,017</u>	<u>19,117</u>	<u>22,044</u>	<u>7,770</u>	<u>49,948</u>
At 31 July 2005	1,017	19,117	22,044	7,770	49,948
Net book value					
At 31 July 2005	-	20,143	1,436	16,960	38,539
	<u>-</u>	<u>20,143</u>	<u>1,436</u>	<u>16,960</u>	<u>38,539</u>
At 31 July 2004	31	4,632	2,402	10,410	17,475
	<u>31</u>	<u>4,632</u>	<u>2,402</u>	<u>10,410</u>	<u>17,475</u>

8 Stocks

	2005 £	2004 £
Stationery stock	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

9 Debtors

	2005 £	2004 £
Trade debtors	3,627	5,442
Other debtors	284	-
Prepayments and accrued income	4,546	4,719
	<u>8,457</u>	<u>10,161</u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

10 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	2,320	5,550
Corporation tax	34,124	31,069
Other taxes and social security costs	2,135	959
Directors' current accounts	14,986	8,571
Accruals and deferred income	7,718	9,053
	<u>61,283</u>	<u>55,202</u>

11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	1,061
Balance at 31 July 2005	<u>1,061</u>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	<u>1,061</u>	<u>-</u>

12 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,446 (2004 - £13,479) in the year.

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

13 Share capital	2005 £	2004 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
9,000 Non voting ordinary shares of £1 each	9,000	9,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
7,400 Non voting ordinary shares of £1 each	7,400	7,400
	<u>7,500</u>	<u>7,500</u>
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 August 2004		32,802
Retained loss for the year		<u>(9,524)</u>
Balance at 31 July 2005		<u>23,278</u>
15 Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the financial year	144,876	130,989
Dividends	<u>(154,400)</u>	<u>(113,700)</u>
	<u>(9,524)</u>	17,289
Proceeds from issue of shares	<u>-</u>	3,400
Net (depletion in)/addition to shareholders' funds	<u>(9,524)</u>	20,689
Opening shareholders' funds	40,302	<u>19,613</u>
Closing shareholders' funds	<u>30,778</u>	<u>40,302</u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

16 Financial commitments

At 31 July 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	1,050	1,050
In over five years	7,500	7,500
	<u>8,550</u>	<u>8,550</u>

17 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	11,574	19,089
Company pension contributions to money purchase schemes	19,190	12,089
	<u>30,764</u>	<u>31,178</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004- 2).

18 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2005	2004	in year
	£	£	£
Director's current account (debit bal)	284	-	284
	<u>284</u>	<u>-</u>	<u>284</u>

Mr C R Corbett and Mr A R Peters each have a personal guarantee of £6,000 over the company's debt.

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Directors	2	2
Administrative	6	3
	<u>8</u>	<u>5</u>

Employment costs

	£	£
Wages and salaries	82,913	63,079
Social security costs	7,026	5,164
Other pension costs	23,446	13,479
	<u>113,385</u>	<u>81,722</u>