

DEEP BLUE FINANCIAL LIMITED
Company Registration No. 3816301 (England and Wales)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004



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DEEP BLUE FINANCIAL LIMITED

COMPANY INFORMATION

Directors	C R Corbett A R Peters D G Porter
Secretary	A R Peters
Company number	3816301
Registered office	3 Quayside Commerce Centre, Lower Quay Fareham Hampshire PO16 0XR
Auditors	Donnelly Hamilton Brent Limited 5 Spring Garden Lane Gosport Hampshire PO12 1HY
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 2004

The directors present 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 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.

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

Directors

The following directors have held office since 1 August 2003:

C R Corbett
A R Peters
D G Porter

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 July 2004	1 August 2003
C R Corbett	50	50
A R Peters	50	50
D G Porter	-	-

	Non voting ordinary shares of £ 1 each	
	31 July 2004	1 August 2003
C R Corbett	3,400	-
A R Peters	4,000	4,000
D G Porter	-	-

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	2004	2003
	£	£

During the year the company made the following payments:

Charitable donations	20	650
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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 2004

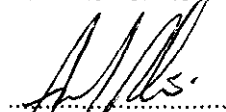
Directors' responsibilities

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

26/11/2004

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 14 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 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.

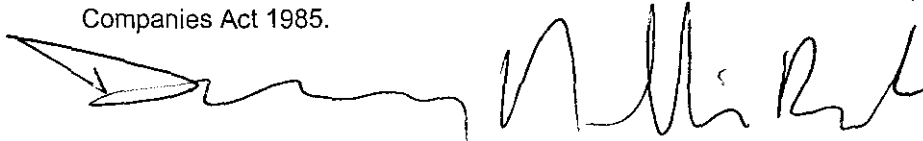
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 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

26/11/2004

5 Spring Garden Lane
Gosport
Hampshire
PO12 1HY

DEEP BLUE FINANCIAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £	2003 £
Turnover	2	361,516	265,642
Cost of sales		(28,396)	(15,082)
Gross profit		333,120	250,560
Administrative expenses		(171,320)	(207,193)
Operating profit	3	161,800	43,367
Other interest receivable and similar income	4	258	861
Profit on ordinary activities before taxation		162,058	44,228
Tax on profit on ordinary activities	5	(31,069)	(8,750)
Profit on ordinary activities after taxation		130,989	35,478
Dividends	6	(113,700)	(56,100)
Retained profit/(loss) for the year	13	17,289	(20,622)

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 14 form part of these financial statements.

DEEP BLUE FINANCIAL LIMITED

BALANCE SHEET AS AT 31 JULY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	7		17,475		6,730
Current assets					
Stocks	8	1,000		1,000	
Debtors	9	10,161		3,698	
Cash at bank and in hand		66,868		36,155	
		<u>78,029</u>		<u>40,853</u>	
Creditors: amounts falling due within one year	10	<u>(55,202)</u>		<u>(27,970)</u>	
Net current assets			<u>22,827</u>		<u>12,883</u>
Total assets less current liabilities			<u>40,302</u>		<u>19,613</u>
Capital and reserves					
Called up share capital	12		7,500		4,100
Profit and loss account	13		32,802		15,513
Shareholders' funds - equity interests	14		<u>40,302</u>		<u>19,613</u>

The financial statements were approved by the Board on 26th November 2004.


A R Peters
Director


C R Corbett
Director

The notes on pages 9 to 14 form part of these financial statements.

DEEP BLUE FINANCIAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		167,520		64,253
Returns on investments and servicing of finance				
Interest received	258		861	
	<u>258</u>		<u>861</u>	
Net cash inflow for returns on investments and servicing of finance		258		861
Taxation		(8,750)		(18,066)
Capital expenditure				
Payments to acquire tangible assets	(18,015)		(4,075)	
	<u>(18,015)</u>		<u>(4,075)</u>	
Net cash outflow for capital expenditure		(18,015)		(4,075)
Equity dividends paid		(113,700)		(56,100)
		<u>(113,700)</u>		<u>(56,100)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		27,313		(13,127)
Financing				
Issue of ordinary share capital	3,400		-	
Net cash inflow/(outflow) from financing		3,400		-
		<u>3,400</u>		<u>-</u>
Increase/(decrease) in cash in the year		<u>30,713</u>		<u>(13,127)</u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2004

1	Reconciliation of operating profit to net cash inflow from operating activities			2004	2003
				£	£
	Operating profit			161,800	43,367
	Depreciation of tangible assets			7,270	7,032
	(Increase)/decrease in debtors			(6,463)	11,304
	Increase in creditors within one year			4,913	2,550
	Net cash inflow from operating activities			167,520	64,253
2	Analysis of net funds	1 August 2003	Cash flow	Other non-cash changes	31 July 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	37,816	29,052	-	66,868
	Bank overdrafts	(1,661)	1,661	-	-
	Net funds	36,155	30,713	-	66,868
3	Reconciliation of net cash flow to movement in net funds			2004	2003
				£	£
	Increase/(decrease) in cash in the year			30,713	(13,127)
	Movement in net funds in the year			30,713	(13,127)
	Opening net funds			36,155	49,282
	Closing net funds			66,868	36,155

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	7,270	7,032
Operating lease rentals	7,850	7,600
Auditors' remuneration	4,433	5,826

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

4	Investment income	2004	2003
		£	£
	Bank interest	258	397
	Other interest	-	464
		<u>258</u>	<u>861</u>
5	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	31,069	8,750
	Current tax charge	<u>31,069</u>	<u>8,750</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	162,058	44,228
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 18.68%)	<u>30,791</u>	<u>8,262</u>
	Effects of:		
	Non deductible expenses	714	454
	Depreciation add back	1,381	1,314
	Capital allowances	(1,817)	(1,280)
		<u>278</u>	<u>488</u>
	Current tax charge	<u>31,069</u>	<u>8,750</u>
6	Dividends	2004	2003
		£	£
	Ordinary interim paid	36,000	-
	Non-voting ordinary interim paid	77,700	43,200
	Non-voting ordinary final proposed	-	2,900
	Ordinary final proposed	-	10,000
		<u>113,700</u>	<u>56,100</u>

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

7 Tangible fixed assets

	Land and buildings Leasehold	Computer	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2003	1,017	12,170	22,559	-	35,746
Additions	-	4,159	495	13,361	18,015
At 31 July 2004	1,017	16,329	23,054	13,361	53,761
Depreciation					
At 1 August 2003	914	8,969	19,133	-	29,016
Charge for the year	72	2,728	1,519	2,951	7,270
At 31 July 2004	986	11,697	20,652	2,951	36,286
Net book value					
At 31 July 2004	31	4,632	2,402	10,410	17,475
At 31 July 2003	103	3,201	3,426	-	6,730

8 Stocks

	2004 £	2003 £
Stationery stock	1,000	1,000

9 Debtors

	2004 £	2003 £
Trade debtors	5,442	207
Prepayments and accrued income	4,719	3,491
	10,161	3,698

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

10 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	5,550	4,193
Corporation tax	31,069	8,750
Other taxes and social security costs	959	2,782
Directors' current accounts	8,571	6,000
Accruals and deferred income	9,053	6,245
	<u>55,202</u>	<u>27,970</u>

11 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 £13,479 (2003 - £9,231).

12 Share capital	2004 £	2003 £
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	4,000
	<u>7,500</u>	<u>4,100</u>

During the year 3,400 non voting shares of £1 each were allotted and fully paid at par for cash consideration.

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2003	15,513
Retained profit for the year	17,289
	<u>32,802</u>
Balance at 31 July 2004	

DEEP BLUE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

14 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the financial year	130,989	35,478
Dividends	(113,700)	(56,100)
	<hr/>	<hr/>
	17,289	(20,622)
Proceeds from issue of shares	3,400	-
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	20,689	(20,622)
Opening shareholders' funds	19,613	40,235
	<hr/>	<hr/>
Closing shareholders' funds	40,302	19,613
	<hr/>	<hr/>

15 Financial commitments

At 31 July 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date:		
In over five years	7,500	7,500
	<hr/>	<hr/>

16 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	19,089	57,644
Company pension contributions to money purchase schemes	12,089	7,713
	<hr/>	<hr/>
	31,178	65,357
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

17 Transactions with directors

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 2004

18 Employees

Number of employees

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

	2004 Number	2003 Number
Directors	2	2
Administrative	3	3
	<u>5</u>	<u>5</u>

Employment costs

	£	£
Wages and salaries	63,079	101,368
Social security costs	5,164	8,993
Other pension costs	13,479	9,231
	<u>81,722</u>	<u>119,592</u>