

**DVC Turquoise Limited**

**Directors' report and financial  
statements**

**Registered number 2099933**

**31 December 2004**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activity

The principal activity of the company during the year was market research.

### Directors and their interests

The directors who served during the year were as follows:

D W Morgan

T R Coates

T M Graunke

J C Hanson-Smith

None of the directors who held office at the end of the financial year have any disclosable interests in the shares of the company or other group companies which are required to be disclosed under the provisions of the Companies Act 1985.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

By order of the board



TR Coates  
Director

Lauder Lane  
Roundswell  
BARNSTAPLE  
EX31 3TA

20<sup>th</sup> APRIL 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

### **Report of the independent auditors to the members of DVC Turquoise Limited**

We have audited the financial statements on pages 4 to 12.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

KPMG LLP

Chartered Accountants

Registered Auditor

20 April 2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Notes</i>	2004 £	2003 £
<b>Turnover</b>	2	1,048,240	1,061,331
Cost of sales		(756,809)	(894,978)
		<hr/>	<hr/>
<b>Gross profit</b>		291,431	166,353
Distribution costs		(65,565)	(108,555)
Administrative expenses		(165,750)	(157,354)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		60,116	(99,556)
Interest receivable and similar income		157	193
Interest payable and similar charges		(10)	(18)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>	3	60,263	(99,381)
Tax on profit/(loss) on ordinary activities	5	(21,874)	40,442
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities after taxation</b>		38,389	(58,939)
Dividends on equity shares		-	(59,200)
		<hr/>	<hr/>
<b>Retained profit/(loss) for the financial year</b>		38,389	(118,139)
		<hr/>	<hr/>

All of the activities of the company are classed as continuing.

The company has no recognised gains and losses other than the results for the year as set out above.

The accompanying notes are an integral part of this profit and loss account.

**Balance sheet**  
*as at 31 December 2004*

	Notes	2004	2003
		£	£
<b>Fixed assets</b>			
Tangible assets	6	96,472	124,908
<b>Current assets</b>			
Stocks	7	39,400	13,400
Debtors	8	247,198	179,187
Cash at bank and in hand		931	1,603
		<u>287,529</u>	<u>194,190</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(172,273)</u>	<u>(143,713)</u>
<b>Net current assets</b>		<b>115,256</b>	<b>50,477</b>
<b>Total assets less current liabilities</b>		<b>211,728</b>	<b>175,385</b>
<b>Provisions for liabilities and charges</b>	10	<b>(1,241)</b>	<b>(3,287)</b>
<b>Net assets</b>		<b>210,487</b>	<b>172,098</b>
<b>Capital and reserves</b>			
Called up share capital	12	9,750	9,750
Share premium account	13	4,862	4,862
Profit and loss account	13	195,875	157,486
<b>Equity shareholders' funds</b>	14	<b>210,487</b>	<b>172,098</b>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the board of directors on 20<sup>th</sup> April 2005 and were signed on its behalf by:



**T R Coates**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention rules and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement.

As the company is a wholly owned subsidiary of DVC Worldwide LLC, the company has not disclosed transactions or balances with entities, which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of DVC Holdings (UK) Ltd within which this company is included, can be obtained from the address given in note 18.

#### *Fixed assets and depreciation*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of assets over their expected useful life, as follows:

Leasehold property	-	15 years straight line
Plant and machinery	-	15% reducing balance
Technical equipment	-	25% straight line

Residual value is calculated on prices prevailing at the date of acquisition.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Post retirement benefits*

The Bray Leino group of companies operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Work in progress*

Work in progress is stated at the lower of cost and net realisable value, cost being the invoiced cost of goods and services supplied by outside parties for jobs in production.

Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover for a project is invoiced and recognised in two stages. This is to reflect the distinct parts of a project, the first being the planning and design of the project, and the second being the delivery of questionnaire results and analysis.

### 2 Turnover

Of the company's turnover, 21% (2003: 4%) related to non UK markets.

### 3 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2004 £	2003 £
Staff pension contributions	37,676	42,124
Depreciation of tangible fixed assets	27,467	25,099
Loss on disposal of fixed assets	-	761
Auditors' fees for audit services	5,000	5,000
	<hr/>	<hr/>

### 4 Directors' emoluments

	2004 £	2003 £
Directors' emoluments	-	114,351
	<hr/>	<hr/>

In 2004 all directors' emoluments were borne by other group companies. These emoluments have been disclosed in the relevant group companies.

During 2003 some directors' emoluments were borne by other group companies. These emoluments have been disclosed in the relevant group companies.

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

	2004 Number	2003 Number
Money purchase scheme	-	-
	<hr/>	<hr/>

## Notes (continued)

### 5 Tax on profit/(loss) on ordinary activities

Analysis of charge in period:

	2004		2003
	£	£	£
<b>Current Tax</b>			
UK Corporate tax on profit/(loss) of the period	22,229		(39,328)
Adjustments in respect of previous periods	1,691		(1,598)
	<hr/>		<hr/>
	23,920		(40,926)
<b>Deferred Tax</b>			
Origination and reversal of timing differences	(1,729)		484
Adjustment in respect of previous years	(317)		-
	<hr/>		<hr/>
	(2,046)		484
	<hr/>		<hr/>
<b>Tax on profit/(loss) on ordinary activities</b>	<u>21,874</u>		<u>(40,442)</u>

*Factors affecting tax charge for the period:*

The current tax charge for the period is higher (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

	2004	2003
	£	£
Profit/(Loss) on ordinary activities before tax	60,263	(99,381)
	<hr/>	<hr/>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)	18,079	(29,814)
Effects of:		
Expenses not deductible for tax purposes	1,764	1,589
Non-taxable income	-	(11,190)
Depreciation in the period in excess of capital allowances	2,386	87
Prior year tax charge	1,691	(1,598)
	<hr/>	<hr/>
<b>Current tax charge for period</b>	<u>23,920</u>	<u>(40,926)</u>

## Notes (continued)

### 6 Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Technical equipment £	Total £
<b>Cost</b>				
At 1 January 2004	32,831	47,233	136,894	216,958
Additions	-	-	660	660
Disposals	-	-	(14,902)	(14,902)
At 31 December 2004	32,831	47,233	122,652	202,716
<b>Depreciation</b>				
At 1 January 2004	2,279	10,298	79,473	92,050
Charge	2,189	5,540	19,738	27,467
Disposals	-	-	(13,273)	(13,273)
At 31 December 2004	4,468	15,838	85,938	106,244
<b>Net book value</b>				
At 31 December 2004	28,363	31,395	36,714	96,472
At 31 December 2003	30,552	36,935	57,421	124,908

### 7 Stock

	2004 £	2003 £
Work in progress	39,400	13,400

### 8 Debtors: amounts falling due within one year

	2004 £	2003 £
Trade debtors	85,121	124,081
Amounts owed by group undertakings	136,868	4,272
Other debtors	1,690	2,495
Corporation tax debtor	14,119	38,039
Prepayments	9,400	10,300
	247,198	179,187

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	2,471	1,077
Trade creditors	106,054	75,747
Taxation and social security	45,448	29,289
Accruals and deferred income	18,300	37,600
	<u>172,273</u>	<u>143,713</u>

### 10 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	3,287
Credit to the profit and loss for the year	(2,046)
At end of year	<u>1,241</u>

The elements of deferred taxation are as follows:

	2004 £	2003 £
Difference between accumulated depreciation and amortisation and capital allowances	1,241	3,287
Deferred tax liability	<u>1,241</u>	<u>3,287</u>

### 11 Contingencies

The company has entered into an omnibus guarantee and set off agreement with Lloyds TSB Bank plc in respect of the following group companies.

Bray Leino Group Limited  
 Bray Leino Limited  
 Blue Sky (UK) Limited  
 Bray Leino Training for Change Limited

## Notes (continued)

### 12 Share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity shares		
20,000 ordinary shares of £1 each	20,000	20,000
<i>Allotted, called up and fully paid</i>		
9,750 ordinary shares of £1 each	9,750	9,750

### 13 Share premium and reserves

	Share premium account £	Profit and loss account £
Balance brought forward	4,862	157,486
Retained profit/(loss) for the financial year	-	38,389
Balance carried forward	4,862	195,875

### 14 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Profit/(Loss) for the financial year	38,389	(58,939)
Equity dividends paid	-	(59,200)
Net addition/ (deduction) to equity shareholders' funds	38,389	(118,139)
Opening equity shareholders' funds	172,098	290,237
Closing equity shareholders' funds	210,487	172,098

## Notes (continued)

### 15 Commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004 £	2003 £
Operating leases which expire:		
Between two and five years	7,200	20,400

### 16 Pensions

The Bray Leino group of companies operates a defined contributions pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £37,676 (2003: £42,124).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 17 Related party transactions

The company is controlled by Bray Leino Limited, its immediate parent company. The ultimate parent company and ultimate controlling party is DVC Worldwide LLC.

During the year the company paid annual rent of £26,400 (2003: £26,400) to a partnership, in which Hannele Properties Limited has a 50% interest. The Director DW Morgan has a 100% beneficial interest in Hannele Properties Limited. As at the year end amounts due from and owed to Hannele Properties Limited amounted to nil (2003: nil).

### 18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary of DVC Worldwide LLC, incorporated in the United States of America.

DVC Holdings (UK) Limited, incorporated in England, is the parent company of the smallest group in which the company's results are consolidated. Copies of the consolidated financial statements are available from The Secretary, 1 Silk Street, London EC2Y 8HQ.

The largest group in which the results are consolidated is that headed by DVC Worldwide LLC. The consolidated accounts of this company are not available to the public. No other group accounts include the results of the company.