**DVC Turquoise Limited (formerly DVC Entri Research Limited; formerly Entri Research Limited)**

# Directors' report and financial statements

Registered number 2099933

31 December 2002

# Contents

# Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### Change of name

The company changed its name from Entri Research Limited to DVC Entri Research Limited on 13 November 2002. On 27 February 2003, the company then changed its name to DVC Turquoise Limited.

### 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
M J Harvey
T R Coates
L Ollerenshaw
T M Graunke
J C Hanson-Smith
R T Algar (appointed 1 January 2002)

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.

### 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.

### Auditors

During the year Arthur Andersen resigned as auditors and KPMG LLP were appointed to fill the vacancy arising.

By order of the board

**TR Coates**
*Director*

Lauder Lane
Roundswell
Barnstaple
Devon
EX31 3TA

13 June 2003

## 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

KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

# Report of the independent auditors to the members of DVC Turquoise Limited (formerly DVC Entri Research Limited; formerly Entri Research 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 2002 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*

13 June 2003

# Profit and loss account

*for the ended 31 December 2002*

| | *Notes* | **2002** | 2001 |
|---|---|---|---|
| | | **£** | £ |
| **Turnover** | *2* | **1,433,253** | 1,248,098 |
| Cost of sales | | **(1,077,885)** | (902,201) |
| **Gross profit** | | **355,368** | 345,897 |
| Distribution costs | | **(150,806)** | (92,913) |
| Administrative expenses | | **(195,235)** | (210,999) |
| **Operating profit** | *3* | **9,327** | 41,985 |
| Interest payable | | **(40)** | (4,767) |
| **Profit on ordinary activities before taxation** | | **9,287** | 37,218 |
| Tax on profit on ordinary activities | *5* | **(6,220)** | (12,324) |
| **Profit on ordinary activities after taxation** | | **3,067** | 24,894 |
| **Retained profit for the financial year** | | **3,067** | 24,894 |

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 2002*

| | *Notes* | 2002 £ | 2002 £ | 2001 £ | 2001 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | *6* | | **82,733** | | 164,833 |
| **Current assets** | | | | | |
| Stocks | *7* | **36,300** | | 17,400 | |
| Debtors | *8* | **255,196** | | 231,033 | |
| Cash at bank and in hand | | **194,678** | | 163,316 | |
| | | **486,174** | | 411,749 | |
| **Creditors: amounts falling due within one year** | *9* | **(275,867)** | | (289,412) | |
| **Net current assets** | | | **210,307** | | 122,337 |
| **Total assets less current liabilities** | | | **293,040** | | 287,170 |
| **Provisions for liabilities and charges** | | | | | |
| Deferred taxation | *10* | | **(2,803)** | | - |
| Net assets | | | **290,237** | | 287,170 |
| **Capital and reserves** | | | | | |
| Called up equity share capital | *12* | | **9,750** | | 9,750 |
| Share premium account | *13* | | **4,862** | | 4,862 |
| Profit and loss account | *13* | | **275,625** | | 272,558 |
| **Equity shareholders' funds** | *14* | | **290,237** | | 287,170 |

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

These financial statements were approved by the board of directors on 13 June 2003 and were signed on its behalf by:

DW Morgan

**DW Morgan**
*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. The company has adopted FRS 19 "Deferred tax" in these financial statements.

***Basis of preparation***

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

In accordance with Financial Reporting Standard No 1 (Revised), no cash flow statement is presented as the company's results are consolidated in the financial statements of DVC Worldwide LLC, the ultimate parent company, whose consolidated financial statements are publicly available.

As the company is a wholly owned subsidiary of DVC Worldwide LLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore 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 Worldwide LLC within which this company is included, can be obtained from the address given in note 16.

***Turnover***

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

***Tangible fixed assets***

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 asset over its expected useful life, as follows:

| | | |
|---|---|---|
| Leasehold property | - | 15 years straight line, even when the lease term is shorter |
| Plant and machinery | - | 15% reducing balance |
| Technical equipment | - | 25% straight line |
| Motor vehicles | - | 25% straight line |

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

***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.

***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.

***Pension costs***

The company 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.

# 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, except as otherwise required by FRS 19.

***Foreign currencies***

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the profit and loss account.

## 2 Turnover

Of the company's turnover, 4% *(2001: 5%)* related to non UK markets.

## 3 Operating profit

Operating profit is stated after charging:

| | **2002** | 2001 |
|---|---|---|
| | **£** | £ |
| Staff pension contributions | **41,279** | 32,968 |
| Depreciation | | |
| - owned | **25,963** | 32,157 |
| - held under finance leases | **-** | 23,275 |
| (Profit)/Loss on disposal of fixed assets | **(1,356)** | 1,749 |
| Auditors' fees for audit services | **5,000** | 5,000 |

## 4 Directors' emoluments

| | **2002** | 2001 |
|---|---|---|
| | **£** | £ |
| Directors' emoluments | **186,412** | 151,487 |

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

| | **2002** | 2001 |
|---|---|---|
| | **Number** | Number |
| Money purchase scheme | **3** | 2 |

# Notes *(continued)*

## 5 Tax on profit on ordinary activities

Analysis of charge in period

| | 2002 £ | 2002 £ | 2001 £ | 2001 £ |
|---|---|---|---|---|
| **Current Tax** | | | | |
| UK Corporate tax on profits of the period | **1,597** | | 12,700 | |
| Adjustments in respect of previous periods | **1,820** | | (376) | |
| | | **3,417** | | 12,324 |
| **Deferred Tax** | | | | |
| Origination and reversal of timing differences | **2,803** | | - | |
| | | **2,803** | | - |
| **Tax on profit on ordinary activities** | | **6,220** | | 12,324 |

**Factors affecting tax charge for the period:**

The tax assessed for the period differs from the standard rate of corporate tax in the UK (30%). The differences are explained below:

| | 2002 £ | 2001 £ |
|---|---|---|
| Profit on ordinary activities before tax | **9,287** | 37,218 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK (30%) | **2,786** | 11,165 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **1,894** | 3,010 |
| Capital allowances in the period in excess of depreciation | **(3,083)** | (1,475) |
| Prior year tax charge | **1,820** | (376) |
| **Current tax charge for period** | **3,417** | 12,324 |

# Notes *(continued)*

## 6 Tangible fixed assets

| | Leasehold property £ | Plant and machinery £ | Technical equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|---|
| ***Cost*** | | | | | |
| At 1 January 2002 | 147,000 | 52,347 | 117,623 | 30,000 | 346,970 |
| Additions | 9,142 | 40,790 | 35,050 | - | 84,982 |
| Disposals | - | (1,654) | (30,275) | (30,000) | (61,929) |
| Group transfers | (147,000) | (50,693) | - | - | (197,693) |
| At 31 December 2002 | 9,142 | 40,790 | 122,398 | - | 172,330 |
| ***Depreciation*** | | | | | |
| At 1 January 2002 | 35,203 | 21,994 | 100,565 | 24,375 | 182,137 |
| Charge | 3,643 | 5,497 | 14,948 | 1,875 | 25,963 |
| Disposals | - | (760) | (30,275) | (26,250) | (57,285) |
| Group transfers | (38,467) | (22,751) | - | - | (61,218) |
| At 31 December 2002 | 379 | 3,980 | 85,238 | - | 89,597 |
| ***Net book value*** | | | | | |
| **At 31 December 2002** | **8,763** | **36,810** | **37,160** | **-** | **82,733** |
| At 31 December 2001 | 111,797 | 30,353 | 17,058 | 5,625 | 164,833 |

*Finance lease agreements*

Included within the net book value of £82,733 is £nil *(2001: £Nil)* relating to assets held under finance lease agreements. The depreciation charged to the year in respect of assets held under finance lease agreements amounted to £nil *(2001: £23,275)*.

## 7 Stock

| | 2002 £ | 2001 £ |
|---|---|---|
| Work in progress | **36,300** | 17,400 |

## 8 Debtors: amounts falling due within one year

| | 2002 £ | 2001 £ |
|---|---|---|
| Trade debtors | **156,278** | 168,520 |
| Amounts owed by group undertakings | **95,694** | 60,872 |
| Other debtors | **3,224** | 1,641 |
| | **255,196** | 231,033 |

# Notes *(continued)*

## 9 Creditors: amounts falling due within one year

| | **2002** | 2001 |
|---|---|---|
| | **£** | £ |
| Payments received on account | **-** | 8,000 |
| Trade creditors | **155,116** | 119,732 |
| Amounts owed to group undertakings | **929** | 51,030 |
| Corporation tax | **16,117** | 12,700 |
| PAYE and social security | **19,401** | 19,756 |
| VAT | **29,221** | 30,214 |
| Other creditors | **55,083** | 47,980 |
| | **275,867** | 289,412 |

## 10 Deferred taxation

The movement in the deferred taxation provision during the year was:

| | **2002** | 2001 |
|---|---|---|
| | **£** | £ |
| Provision brought forward | **-** | - |
| Charge in profit and loss account | **2,803** | - |
| Provision carried forward | **2,803** | - |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

| | **2002** | 2001 |
|---|---|---|
| | **£** | £ |
| Excess of taxation allowances over depreciation on fixed assets | **2,803** | - |

## 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

| | 2002 £ | 2001 £ |
|---|---|---|
| ***Authorised*** | | |
| Equity shares | | |
| 20,000 ordinary shares of £1 each | **20,000** | 20,000 |
| ***Allotted, called up and fully paid*** | | |
| 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** | **272,558** |
| Retained profit for the financial year | **-** | **3,067** |
| Balance carried forward | **4,862** | **275,625** |

## 14 Reconciliation of movement in shareholders' funds

| | 2002 £ | 2001 £ |
|---|---|---|
| Profit for the financial year | **3,067** | 24,894 |
| Net addition to equity shareholders' funds | **3,067** | 24,894 |
| Opening equity shareholders' funds | **287,170** | 262,276 |
| Closing equity shareholders' funds | **290,237** | 287,170 |

## 15 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.

# Notes *(continued)*

## 16 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, 7 Albemarle Street, London, W15 4HQ.

DVC Worldwide LLC is the parent company of the largest group in which the company's results are consolidated. Copies of the consolidated financial statements are available from The Secretary, 7 Albemarle Street, London, W15 4HQ.