Bray Leino Training for Change Limited

Directors' report and financial statements

Registered number 02904433

31 December 2002

Contents

Directors' report

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

Principal activities and business review

The principal activity of the company during the year was that of training consultants.

The directors remain confident as to the company's future growth and prosperity.

Results and dividends

The trading result for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend *(2001: £Nil).*

Directors and their interests

The directors who served during the year were as follows:

D W Morgan	
T R Coates	
A de Bats	(Resigned 31 December 2002)
L C Walker	
D J Nelson	
T M Graunke	
J C Hanson-Smith	
N Walpole	
S Cooper	(Appointed 1 January 2002)
A N Bryant	(Appointed 5 August 2002)

None of the directors who held office at the end of the financial year have any 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.

Auditors

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

By order of the board

T R Coates
Director

The Old Rectory
Filleigh
Devon
EX32 0RX

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 Bray Leino Training for Change Limited

We have audited the financial statements on pages 4 to 13.

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 13 June 2003
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2002

	Notes	**2002**	2001
		£	£
Turnover		**4,891,287**	4,197,229
Cost of sales		**(3,304,832)**	(2,942,347)
Gross profit		**1,586,455**	1,254,882
Distribution costs		**(142,469)**	(82,863)
Administrative expenses		**(1,017,135)**	(806,131)
Operating profit	*2*	**426,851**	365,888
Interest receivable		**9,983**	10,219
Interest payable	*5*	**(879)**	(1,673)
Profit on ordinary activities before taxation		**435,955**	374,434
Tax on profit on ordinary activities	*6*	**(101,818)**	(127,373)
Profit on ordinary activities after taxation		**334,137**	247,061
Retained profit for the financial year		**334,137**	247,061

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					
Intangible assets	7		80,951		132,011
Tangible assets	8		287,344		167,952
			368,295		299,963
Current assets					
Stocks		18,300		10,300	
Debtors	9	1,258,232		818,337	
Cash at bank and in hand		618,412		901,980	
		1,894,944		1,730,617	
Creditors: amounts falling due within one year	10	(1,243,641)		(1,307,281)	
Net current assets			651,303		423,336
Total assets less current liabilities			1,019,598		723,299
Creditors: amounts falling due after more than one year	11		(20,296)		(40,590)
Provisions for liabilities and charges					
Deferred taxation	12		(3,456)		(21,000)
Net assets			995,846		661,709
Capital and reserves					
Called up equity share capital	14		100		100
Profit and loss account	15		995,746		661,609
Equity shareholders' funds	16		995,846		661,709

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
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 had 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 18.

Turnover

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

Tangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is three years. Provision is made for any impairment.

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 each 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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.

European grant income

Capital grants receivable are included within accruals and deferred income in the balance sheet and are credited to the profit and loss account by instalments over the estimated useful economic lives of the assets concerned.

2 Operating profit

Operating profit is stated after charging:

	2002	2001
	£	£
Amortisation of intangible assets	**51,060**	25,531
Depreciation and amounts written off tangible fixed assets:		
- owned	**46,069**	38,267
- held under finance leases	**2,500**	21,182
(Profit)/loss on disposal of fixed assets	**(4,356)**	724
Auditors' remuneration:		
- audit fees	**5,800**	5,800
- non audit fees	**700**	700

Notes *(continued)*

3 Staff costs

The average number of employees (including executive directors) were:

	2002 Number	2001 Number
Administration	**31**	19
	31	19

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	**787,779**	497,723
Social security costs	**69,278**	43,380
Other pension costs	**46,384**	30,853
	903,441	571,956

4 Directors' emoluments

	2002 £	2001 £
Directors' emoluments	**377,091**	280,801
Contributions to money purchase schemes	**29,881**	20,751
	406,972	301,552

Emoluments of the highest paid director

The above amounts include the following in respect of the highest paid director:

	2002 £	2001 £
Emoluments	**94,469**	89,467
Company contributions to money purchase schemes	**7,856**	6,667
	102,325	96,134

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

	2002 Number	2001 Number
Money purchase scheme	**6**	5

Notes *(continued)*

5 Interest payable

	2002	2001
	£	£
On bank loans and overdrafts	**19**	-
Finance charges	**860**	1,673
	879	1,673

6 Tax on profit on ordinary activities

Analysis of charge in period	**2002**	**2002**	2001	2001
	£	**£**	£	£
Current tax:				
UK corporation tax on profits of the period	**122,287**		127,373	
Adjustment in respect of previous periods	**(2,925)**		-	
		119,362		127,373
Deferred tax:				
Origination and reversal of timing differences	**(17,544)**		-	
		(17,544)		-
Tax on profit on ordinary activities		**101,818**		127,373

Factors affecting tax charge for the period:

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

	2002	2001
	£	£
Profit on ordinary activities before tax	**435,955**	374,434
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)	**130,786**	112,330
Effects of:		
Expenses not deductible for tax purposes	**2,099**	13,567
Capital allowances in the period in excess of depreciation	**(10,598)**	4,062
Marginal relief	**-**	(2,586)
Prior year tax charge	**(2,925)**	-
Current tax charge for period	**119,362**	127,373

Notes *(continued)*

7 Intangible fixed assets

	£
Cost	
At 1 January 2002 and 31 December 2002	157,542
Amortisation	
At 1 January 2002	25,531
Charge	51,060
At 31 December 2002	76,591
Net book value	
At 31 December 2002	**80,951**
At 31 December 2001	132,011

The intangible fixed assets relate to the development of a CD ROM for training purposes. The development commenced in 2000 and the first sale was made during 2001.

8 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Technical equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2002	99,049	32,032	137,109	97,441	365,631
Additions	-	4,640	49,740	-	54,380
Disposals	-	(1,607)	(4,786)	(97,441)	(103,834)
Group transfers	108,533	27,942	-	-	136,475
At 31 December 2002	207,582	63,007	182,063	-	452,652
Depreciation					
At 1 January 2002	23,720	13,657	87,388	72,914	197,679
Charge	13,127	5,922	27,020	2,500	48,569
Disposals	-	(740)	(4,786)	(75,414)	(80,940)
At 31 December 2002	36,847	18,839	109,622	-	165,308
Net book value					
At 31 December 2002	**170,735**	**44,168**	**72,441**	-	**287,344**
At 31 December 2001	75,329	18,375	49,721	24,527	167,952

Notes *(continued)*

8 Tangible fixed assets *(continued)*

Finance lease agreements

Included within the net book value of £287,344 is £nil *(2001: £17,500)* 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 £2,500 *(2001: £21,182)*.

9 Debtors: amounts falling due within one year

	2002	*2001*
	£	£
Trade debtors	**1,249,272**	767,280
Amounts owed by group undertakings	**4,302**	-
Other debtors	**58**	51,057
Prepayments	**4,600**	-
	1,258,232	818,337

10 Creditors: amounts falling due within one year

	2002	2001
	£	£
Obligations under finance lease agreements	**-**	7,919
Payments received on account	**20,384**	3,730
Trade creditors	**679,295**	609,026
Amounts owed to group undertakings	**80,252**	307,860
Corporation tax	**150,762**	127,400
PAYE and social security	**33,478**	18,878
VAT	**133,180**	111,008
Other creditors	**105,700**	94,400
Accruals and deferred income	**40,590**	27,060
	1,243,641	1,307,281

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	2001
	£	£
Finance lease agreements	**-**	7,919

11 Creditors: amounts falling due after more than one year

	2002	2001
	£	£
Deferred income	**20,296**	40,590

Notes *(continued)*

12 Deferred taxation

	2002	*2001*
	£	£
At beginning of year	**21,000**	21,000
Charge to the profit and loss account for the year	**(17,544)**	-
At end of year	**3,456**	21,000

The elements of deferred taxation are as follows:

	2002	2001
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	**3,456**	(8,000)
Development costs	**-**	29,000
Undiscounted provision	**3,456**	21,000

13 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
DVC Turquoise Limited (formerly DVC Entri Research Limited; formerly Entri Research Limited)

14 Share capital

	2002	*2001*
	£	£
Authorised		
Equity shares		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Equity shares		
100 ordinary shares of £1 each	**100**	100

Notes *(continued)*

15 Profit and loss account

	2002 £	2001 £
Balance brought forward	**661,609**	414,548
Retained profit for the financial year	**334,137**	247,061
Balance carried forward	**995,746**	661,609

16 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit for the financial year	**334,137**	247,061
Net addition to equity shareholders' funds	**334,137**	247,061
Opening equity shareholders' funds	**661,709**	414,648
Closing equity shareholders' funds	**995,846**	661,709

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.

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, 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.