

**DNA Consulting Limited**

Report and Financial Statements

Year Ended

31 March 2005

**IBDO**

BDO Stoy Hayward  
Chartered Accountants



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**DNA Consulting Limited**

**Annual report and financial statements for the year ended 31 March 2005**

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**Directors**

P F Miller  
S Thompson  
C S Perry  
N Miller  
R Jarman Price  
B J P Cotton

**Secretary and registered office**

G Mears, 1 Berners Street, London, W1T 3LA

**Company number**

3547882

**Auditors**

BDO Stoy Hayward LLP, Northside House, 69 Tweedy Road, Bromley, Kent, BR1 3WA

## **DNA Consulting Limited**

### **Report of the directors for the year ended 31 March 2005**

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The directors present their report together with the audited financial statements for the year ended 31 March 2005.

#### **Results**

The profit and loss account is set out on page 5 and shows the loss for the year.

#### **Principal activities**

The company's principal activity in the year was that of providing marketing and retail services for corporate clients using digital media. This primarily involves strategic consultancy and production facilities for the Internet, Digital TV, CD Rom and Interactive points of sale.

#### **Charitable and political contributions**

During the year the company made charitable contributions of £321 (2004 - £516). There were no political contributions.

#### **Directors**

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	<b>Ordinary A shares of £1 each</b>	
	<b>31 March 2005</b>	<b>1 April 2004</b>
P F Miller	10	10
S Thompson	2	-
C S Perry	35	35
N Miller	35	35
R Jarman Price	5	-
B J P Cotton	13	10

**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 year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

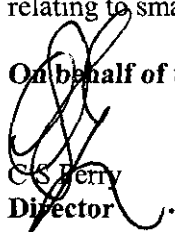
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

**On behalf of the board**



C S Perry  
Director

Date: 7 October 2005.

**To the shareholders of DNA Consulting Limited**

We have audited the financial statements of DNA Consulting Limited for the year ended 31 March 2005 on pages 5 to 17 which have been prepared under the accounting policies set out on pages 8 to 9.

*Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*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.

Report of the independent auditors (*Continued*)

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Bromley

Date: 7 October 2005

## Profit and loss account for the year ended 31 March 2005

	Note	Continuing operations 2005 £	Acquisition 2005 £	Total 2005 £	Total 2004 As restated £
Turnover	2	3,776,017	156,775	3,932,792	3,565,974
Cost of sales		2,162,277	139,960	2,302,237	2,110,609
<b>Gross profit</b>		<b>1,613,740</b>	<b>16,815</b>	<b>1,630,555</b>	<b>1,455,365</b>
Administrative expenses		1,858,303	8,591	1,866,894	1,356,449
		(244,563)	8,224	(236,339)	98,916
Other operating income		-	-	-	669
<b>Operating (loss)/profit</b>	3	<b>(244,563)</b>	<b>8,224</b>	<b>(236,339)</b>	<b>99,585</b>
Income from fixed asset investment	5			10,000	-
Interest receivable				4,235	19,992
Amounts written off investments				(550)	-
Interest payable	6			(8,194)	(1,541)
<b>(Loss)/profit on ordinary activities before taxation</b>				<b>(230,848)</b>	<b>118,036</b>
Taxation on (loss)/profit on ordinary activities				43,508	(29,714)
<b>(Loss)/profit on ordinary activities after taxation</b>				<b>(187,340)</b>	<b>88,322</b>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

**DNA Consulting Limited**

**Balance sheet at 31 March 2005**

	Note	2005	2005	2004	2004
		£	£	As restated £	As restated £
<b>Fixed assets</b>					
Tangible assets	7		253,539		121,391
Fixed asset investments	8		-		550
			<u>253,539</u>		<u>121,941</u>
<b>Current assets</b>					
Stocks		-		7,560	
Debtors-due within one year	9	882,641		983,716	
Debtors-due after more than one year	9	163,450		13,112	
		<u>1,046,091</u>		<u>996,828</u>	
Cash at bank and in hand		162,148		57,711	
		<u>1,208,239</u>		<u>1,062,099</u>	
<b>Creditors: amounts falling due within one year</b>	10	1,373,581		931,873	
		<u>1,373,581</u>		<u>931,873</u>	
<b>Net current (liabilities)/assets</b>			(165,342)		130,226
			<u>(165,342)</u>		<u>130,226</u>
<b>Total assets less current liabilities</b>			88,197		252,167
			<u>88,197</u>		<u>252,167</u>
<b>Creditors: amounts falling due after more than one year</b>	11	50,755		9,984	
<b>Provision for liabilities and charges</b>	12	-		17,401	
		<u>-</u>		<u>17,401</u>	
			50,755		27,385
			<u>50,755</u>		<u>27,385</u>
<b>Net assets</b>			37,442		224,782
			<u>37,442</u>		<u>224,782</u>

The notes on pages 8 to 17 form part of these financial statements.

**DNA Consulting Limited**

**Balance sheet at 31 March 2005 (Continued)**

	Note	2005	2005	2004	2004
		£	£	As restated	As restated
				£	£
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Profit and loss account	14		37,342		224,682
<b>Equity shareholders' funds</b>	15		37,442		224,782

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 7 October 2005

  
C S Perry  
Director

The notes on pages 8 to 17 form part of these financial statements.

## 1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

### *Consolidated financial statements*

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax.

### *Depreciation*

Depreciation is provided to write off the cost of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Office equipment	- 20% straight line
Leasehold improvements	- 20% straight line
Computer equipment	- 50% straight line

### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

### *Stocks*

Work in progress is valued at the lower of cost and net realisable value. Costs include all direct expenditure and an appropriate proportion of fixed and variable overheads.

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

**1 Accounting policies (continued)***Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

**2 Turnover**

Turnover arises solely within the United Kingdom.

**3 Operating (loss)/profit**

	2005 £	2004 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	107,124	66,480
Profit on disposal of tangible fixed assets	(5,542)	-
Hire of plant and machinery - operating leases	2,400	7,210
Hire of other assets - operating leases	155,422	56,061
Audit services	10,000	-
	<u>          </u>	<u>          </u>

**4 Directors' remuneration**

	2005 £	2004 £
Aggregate emoluments and pension contributions	237,708	343,750
	<u>          </u>	<u>          </u>

**5 Income from other fixed asset investments**

	2005 £	2004 £
Income from unlisted fixed asset investments	10,000	-

**6 Interest payable**

	2005 £	2004 £
Bank loan and overdraft	3,281	290
Finance leases and hire purchase contracts	4,842	1,251
Other interest payable	71	-
	<u>8,194</u>	<u>1,541</u>

**7 Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Cost</i>				
At 1 April 2004	20,375	69,618	323,678	413,671
Additions	-	168,979	73,751	242,730
Disposals	(20,375)	-	(4,368)	(24,743)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	-	<b>238,597</b>	<b>393,061</b>	<b>631,658</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2004	17,897	53,495	220,888	292,280
Provided for the year	2,478	28,418	76,228	107,124
Disposals	(20,375)	-	(910)	(21,285)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	-	<b>81,913</b>	<b>296,206</b>	<b>378,119</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2005	-	<b>156,684</b>	<b>96,855</b>	<b>253,539</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	2,478	16,123	102,790	121,391
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The net book value of tangible fixed assets includes an amount of £83,181 (2004 - £ 16,029) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £ 17,099 (2004 - £ 9,033).

## 8 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
At 1 April 2004 and 31 March 2005	550
	—
<i>Provisions</i>	
Provided for the year and at 31 March 2005	550
	—
<i>Net book value</i>	
At 31 March 2005	-
	—
At 31 March 2004	550
	—

*Associated undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Associated undertaking</i>		
DNA Connect Limited	50%	Consultancy and media advertising

The following figures have been extracted from unaudited financial statements for the year ended 31 March 2005:

	Aggregate share capital and reserves		(Loss)/profit for the year	
	2005	2004	2005	2004
	£	£	£	£
<i>Associated undertaking</i>				
DNA Connect Limited	100	65,084	(64,984)	43,180
	—	—	—	—

**9 Debtors**

	2005 £	2004 £
Amounts receivable within one year		
Trade debtors	573,170	785,168
Other debtors	309,471	198,548
	<u>882,641</u>	<u>983,716</u>
Amounts receivable after more than one year		
Other debtors	149,396	13,112
Deferred taxation (see note 12)	14,054	-
	<u>163,450</u>	<u>13,112</u>
Total debtors	<u>1,046,091</u>	<u>996,828</u>

**10 Creditors: amounts falling due within one year**

	2005 £	2004 As restated £
Bank loan (secured)	35,000	-
Trade creditors	499,605	435,263
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	28,456
Corporation tax	-	12,053
Other taxation and social security	312,747	234,052
Obligations under finance lease and hire purchase contracts	38,143	7,190
Other creditors	488,086	214,859
	<u>1,373,581</u>	<u>931,873</u>

**11 Creditors: amounts falling due after more than one year**

	2005 £	2004 £
Obligations under finance lease and hire purchase contracts	50,755	9,984
Maturity of debt:		
	Finance leases 2005 £	Finance leases 2004 £
In one year or less, or on demand	38,143	7,190
In more than one year but not more than two years	28,938	9,984
In more than two years but not more than five years	21,817	-
	50,755	9,984

**12 Provision for liabilities and charges**

	Deferred taxation £
At 1 April 2004	17,401
Credited to profit and loss account	(31,455)
Transferred to debtors (see note 9)	(14,054) 14,054
At 31 March 2005	-
<i>Deferred taxation</i>	
	2005 £
Accelerated capital allowances	19,212
Sundry timing differences	(33,266)
	(14,054)
	2004 £
	17,401
	-
	17,401

**13 Share capital**

	2005 £	2004 £
<i>Authorised</i>		
<i>Equity share capital</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
	2005 £	2004 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

**14 Reserves**

	Profit and loss account £
At 1 April 2004 as previously stated	264,372
Prior year adjustment	(39,690)
	<u>          </u>
At 1 April 2004 as restated	224,682
Loss for the year	(187,340)
	<u>          </u>
At 31 March 2005	37,342
	<u>          </u>

Prior year adjustments have been made in respect of an assessment raised by HM Revenue & Customs in respect of PAYE and national insurance due from the company spanning a number of years. Adjustments have also been made for the resultant reduction in corporation tax for each of the years concerned.

The effect on the profit after taxation for the year ended 31 March 2004 in respect of the above adjustments has been to increase this by £13,151.

The effect on the balance sheet at 31 March 2004 as a result of the above adjustments has been to increase the tax and social security creditor by £93,236, reduce other creditors by £44,236, and reduce the corporation tax creditor by £9,310.

**15 Reconciliation of movements in shareholders' funds**

	2005 £	2004 As restated £
(Loss)/profit for the year	(187,340)	88,322
Opening shareholders' funds as previously stated	264,472	189,301
Prior year adjustment (see note 14)	(39,690)	(52,841)
Opening shareholders' funds as restated	224,782	136,460
Closing shareholders' funds	37,442	224,782

**16 Acquisitions**

On 1 December 2004, the trade and assets of DNA Connect Limited was hived up to DNA Consulting Limited. At the date of the hive up DNA Connect Limited had debtors and shareholders funds of £100.

**17 Commitments under operating leases**

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2004 Land and buildings £
Operating leases which expire:		
Within one year	-	52,000
In two to five years	178,693	-

**18 Related party disclosures**

*Related party transactions and balances*

Consultancy fees of £Nil (2004 - £940) were paid during the year to Tangerine Media Consulting Limited, a company controlled by Mr R Jarman Price.

At 31 March 2005, Mr B J P Cotton and Mr P F Miller were owed £20,000 (2004 - £20,000) and £20,000 (2004 - £20,000) respectively, by the company. Interest at a rate of 7.5% (2004 - 7.5%) per annum is payable on these balances. Mr B J P Cotton and Mr P F Miller waived interest charges of £3,000 (2004 - £19,181) charged during the year and accrued in previous years.

At 31 March 2005, the company was owed £Nil (2004 - £28,456) by DNA Connect Limited. During the year sales to DNA Connect Limited totalled £100,750 (2004 - £101,403) and purchases from the company totalled £49,538 (2004 - £81,314). In addition, DNA Consulting Limited invoiced £73,513 (2004 - £Nil) for services charges during the year. DNA Connect Limited also paid a dividend of £10,000 (2004 - £Nil) to the company.