



THE  
DESIGN  
PORTFOLIO  
MARKETING  
SERVICES  
LIMITED



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COMPANIES HOUSE 28/02/03

Financial statements  
for the year ended 31 July 2002

## Contents



Company information	2
Directors' report	3-4
Directors' responsibilities and report of the auditors	5-6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9-14
<i>The following pages do not form part of the statutory accounts:</i>	
Trading and profit and loss account	15-16

## Company information



### DIRECTORS

I B Restall

C C Vann

### SECRETARY

A A E Gold

### REGISTERED OFFICE

7 Ensign House, Admirals Way, London E14 9XQ

### AUDITORS

Kingston Smith

Orbital House, 20 Eastern Road, Romford, Essex RM1 3DP

## Directors' report

for the year ended 31 July 2002



The directors have pleasure in presenting their report and financial statements for the year ended 31 July 2002.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company throughout the year was that of design and marketing services.

The results for the year and the financial position at the year end were considered to be disappointing by the directors who expect the financial position of the company to improve in the future.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 7.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

### DIRECTORS' INTERESTS

The directors who served the company during the year together with their interests (including family interests) in the shares of the parent company at the beginning (or subsequent date of appointment) and end of the year, were as follows:

		Shareholdings	
Class of Share		31 July 2002	1 August 2001
I B Restall	Class 'A' shares	4,171	4,171
	Class 'B' shares	1,460	1,460
C C Vann	Class 'A' shares	3,829	3,829
	Class 'B' shares	1,340	1,340
A J M Baumont (left on 22 November 2001)	Ordinary	—	—
C Rodziewicz (left on 31 January 2002)	Ordinary	—	—

Directors' report  
for the year ended 31 July 2002



AUDITORS

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By order of the Board

A A E GOLD  
Secretary

7 Ensign House  
Admirals Way  
London E14 9XQ

21 February 2003

## Directors' responsibilities & report of the auditors

*for the year ended 31 July 2002*

### 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 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 a going concern basis unless it is inappropriate to assume 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.

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DESIGN PORTFOLIO MARKETING SERVICES LIMITED

We have audited the financial statements of The Design Portfolio Marketing Services Limited on pages 7 to 14 for the year ended 31 July 2002. 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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, 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.

## Directors' responsibilities & report of the auditors

*for the year ended 31 July 2002*



### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS (CONTINUED)

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.

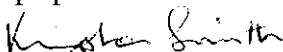
### BASIS OF AUDIT OPINION

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.

### 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KINGSTON SMITH

*Chartered Accountants and Registered Auditor*

Orbital House  
20 Eastern Road  
Romford  
Essex RM1 3DP

21 February 2003

## Profit & loss account

for the year ended 31 July 2002

	Notes	2002 £	2001 £
TURNOVER	2	118,858	365,037
Cost of sales		(64,461)	(264,674)
GROSS PROFIT		54,397	100,363
Administrative expenses		(59,064)	(141,491)
OPERATING LOSS	3	(4,667)	(41,128)
Profit on sale of tangible assets	3	3,985	—
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(682)	(41,128)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(682)	(41,128)
Taxation	6	(606)	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(1,288)	(41,128)

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.

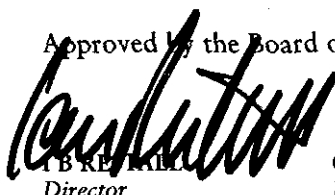


# Balance sheet

as at 31 July 2002

	Notes	£	2002 £	£	2001 £
<b>FIXED ASSETS</b>					
Tangible assets	7		5,635		26,084
<b>CURRENT ASSETS</b>					
Stocks	8	—		5,463	
Debtors	9	5,932		75,067	
Cash at bank and in hand		973		64	
		6,905		80,594	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	10	(52,805)		(146,261)	
<b>NET CURRENT LIABILITIES</b>			(45,900)		(65,667)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(40,265)		(39,583)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	11		(606)		—
			(40,871)		(39,583)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		100		100
Profit and loss account	13		(40,971)		(39,683)
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>					
	14		(40,871)		(39,583)

Approved by the Board on 21 February 2003.

  
T B REYNOLDS  
Director

  
C C VANDY  
Director

## Notes to the financial statements

for the year ended 31 July 2002



### 1. ACCOUNTING POLICIES

#### a) *Accounting basis and standards*

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

#### b) *Depreciation*

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	33% straight line

#### c) *Stocks and work in progress*

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

#### d) *Turnover*

Turnover represents the invoiced value of goods and services provided net of value added tax.

#### e) *Deferred taxation*

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

#### f) *Pension scheme arrangements*

The company operates a money purchase pension for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. All contributions were paid during the year. Contributions paid during the year were £250 (2001: £Nil).

### 2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

## Notes to the financial statements

for the year ended 31 July 2002

### 3. OPERATING LOSS

	2002 £	2001 £
Operating loss is stated after charging:		
Depreciation of tangible assets	8,242	13,380
Auditors' remuneration	—	2,750

The exceptional item in the Profit and Loss account relates to a tangible fixed asset sold during the year, giving rise to a profit on disposal of £3,985.

### 4. EMPLOYEE INFORMATION

There was one employee during the year apart from the directors.

The total remuneration was:

	2002 £	2001 £
Wages and salaries	24,220	71,804
Social security costs	4,316	6,064
Other pension costs	250	—
	<u>28,786</u>	<u>77,868</u>

### 5. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Emoluments for qualifying services	<u>18,000</u>	<u>36,832</u>

## Notes to the financial statements

for the year ended 31 July 2002

### 6. TAXATION

	2002 £	2001 £
<i>Deferred tax</i>		
Deferred tax charge credit current year	606	—
<i>Factors affecting the tax charge for the year</i>		
Loss on ordinary activities before taxation	(682)	(41,128)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001: 20.00%).	(136)	(8,226)
Non deductible expenses	—	247
Depreciation	1,648	2,676
Capital allowances	(203)	(2,311)
Tax losses utilised	(512)	7,614
Profit on disposal	(797)	—
	136	8,226
Current tax charge	—	—

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2002 due to the company benefitting from corporation tax losses surrendered from its parent company. In the previous year, the company itself made a corporation tax loss which it surrendered to its parent company.

## Notes to the financial statements

for the year ended 31 July 2002

### 7. TANGIBLE ASSETS

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 August 2001	23,309	4,444	19,800	47,553
Additions	—	730	—	730
Disposals	(11,556)	(1,968)	(19,800)	(33,324)
<b>At 31 July 2002</b>	<b>11,753</b>	<b>3,206</b>	<b>—</b>	<b>14,959</b>
<i>Depreciation</i>				
At 1 August 2001	10,236	1,876	9,356	21,468
On disposals	(5,358)	(1,555)	(13,473)	(20,386)
Charge for the year	2,938	1,187	4,117	8,242
<b>At 31 July 2002</b>	<b>7,816</b>	<b>1,508</b>	<b>—</b>	<b>9,324</b>
<i>Net Book Value</i>				
<b>At 31 July 2002</b>	<b>3,937</b>	<b>1,698</b>	<b>—</b>	<b>5,635</b>
<b>At 31 July 2001</b>	<b>13,073</b>	<b>2,567</b>	<b>10,444</b>	<b>26,084</b>

### 8. WORK IN PROGRESS

	2002 £	2001 £
Work in progress	—	5,463

### 9. DEBTORS

	2002 £	2001 £
Trade debtors	—	73,036
Other debtors	5,097	—
Prepayments and accrued income	835	2,031
	<b>5,932</b>	<b>75,067</b>

## Notes to the financial statements

for the year ended 31 July 2002

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	—	3,434
Trade creditors	1,930	25,382
Amounts owed to parent and fellow subsidiary undertakings	46,048	104,140
Taxes and social security costs	2,980	1,773
Other creditors	347	8,090
Accruals and deferred income	1,500	3,442
	<u>52,805</u>	<u>146,261</u>

Other creditors includes a directors loan account of £Nil (2001: £6,300).

The company receives financial support from its parent company to meet its working capital requirements. The directors have confirmed it is their belief that this support will continue for the foreseeable future and that the company will continue to operate as a going concern.

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Profit and loss account	606
Balance at 31 July 2002	<u>606</u>

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>606</u>	<u>—</u>

### 12. CALLED UP SHARE CAPITAL

	2002 £	2001 £
<i>Authorised</i>		
1,000 of £1.00 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
100 of £1.00 each	<u>100</u>	<u>100</u>

## Notes to the financial statements

for the year ended 31 July 2002



### 13. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Balance at 1 August 2001	(39,683)
Retained loss for the year	(1,288)
<b>Balance at 31 July 2002</b>	<b>(40,971)</b>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	(1,288)	(41,128)
Opening shareholders' funds	(39,583)	1,545
<b>Closing shareholders' funds</b>	<b>(40,871)</b>	<b>(39,583)</b>

### 15. PARENT UNDERTAKINGS AND RELATED PARTIES

The ultimate holding company is Flathill Communications Group PLC, a company incorporated in England and Wales. The group accounts are available from Flathill Communications Group PLC, 7 Ensign House, Admirals Way, London E14 9XQ.

Under the exemptions granted by FRS 8, transactions with the parent company are not required to be disclosed due to the availability of group accounts.