

INKFISH SERVICES LIMITED
(Registered No: 3789864)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005



INKFISH SERVICES LIMITED
DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the year ended 31 March 2005.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4. The directors do not propose to recommend the payment of a dividend. Total dividends for the year amounted to £ nil (nine months to 31 March 2004: £25,000)

PRINCIPAL ACTIVITY

The principal activities of the company are fulfilment and mailing services.

DIRECTORS

The directors who held office during the year ended 31 March 2005 were:

J J Pearmund	
D S A Hollingdale	Resigned 8 July 2004
S D Garbett	
P C Griffiths	Resigned 21 March 2005
D R Potter	Resigned 30 April 2005
J S Ritchie	
T K Sledmar	Resigned 1 November 2004
K S Wilson	

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company or any group company requiring disclosure in these accounts for the year ended 31 March 2005 are as follows:

	Domestic & General Group PLC Fully Paid Ordinary Shares of 10p each		Domestic & General Group PLC Options over Ordinary Shares under Executive Share Option Schemes		Domestic & General Group PLC Options over Ordinary Shares under Savings Related Share Option Schemes	
	<u>31.03.05</u>	<u>31.03.04</u>	<u>31.03.05</u>	<u>31.03.04</u>	<u>31.03.05</u>	<u>31.03.04</u>
S D Garbett	-	-	3,235	3,235	-	-
D R Potter	-	-	-	-	-	-

The interests of J J Pearmund, J S Ritchie and K S Wilson are disclosed in the accounts of the ultimate holding company.

The number of directors with shares receivable under the Domestic & General Group PLC 2004 Performance Share Plan was five.

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 year. In preparing those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgments 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 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

A resolution in accordance with Section 384, Companies Act 1985, for the reappointment of KPMG Audit PLC as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A P White
Secretary

27 May 2005

Registered Office

Swan Court
Mansel Road
London
SW19 4AA

INKFISH SERVICES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

27 May 2005

INKFISH SERVICES LIMITED
 PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 2005

	Note	Year to 31 March 2005 £	Nine months to 31 March 2004 £
TURNOVER	2	4,890,822	2,804,849
Cost of goods sold		(314,577)	(219,031)
Direct costs		(2,036,680)	(1,183,759)
GROSS PROFIT		<u>2,539,565</u>	<u>1,402,059</u>
Distribution costs		(21,750)	(55,166)
Administrative expenses		(2,502,023)	(1,203,486)
Interest payable		<u>-</u>	<u>(60,347)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	15,792	83,060
Tax on profit on ordinary activities	5	(7,465)	(17,798)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>8,327</u>	<u>65,262</u>
Dividends	6	-	(25,000)
RETAINED PROFIT FOR THE YEAR	13	<u><u>8,327</u></u>	<u><u>40,262</u></u>

All income and expenditure relates to continuing operations.

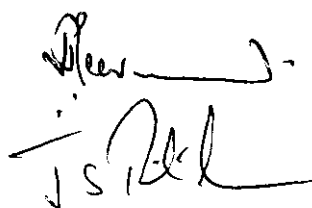
The notes on pages 7 to 12 form an integral part of these financial statements.

INKFISH SERVICES LIMITED
BALANCE SHEET AT 31 MARCH 2005

	Note	31 March 2005		31 March 2004	
		£	£	£	£
INVESTMENTS					
Freehold land & buildings			-		2,422,690
FIXED ASSETS					
Tangible assets	7		<u>6,596,486</u>		<u>576,083</u>
			6,596,486		2,998,773
CURRENT ASSETS					
Stocks	8	32,040		65,374	
Debtors	9	567,232		651,955	
Cash at bank and in hand		<u>6,082</u>		<u>155,727</u>	
		605,354		873,056	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(6,942,527)</u>		<u>(3,686,548)</u>	
NET CURRENT LIABILITIES			<u>(6,337,173)</u>		<u>(2,813,492)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			259,313		185,281
DEFERRED TAXATION	11		<u>(96,093)</u>		<u>(30,388)</u>
			<u>163,220</u>		<u>154,893</u>
CAPITAL AND RESERVES					
Called up share capital	12		50,000		50,000
Profit and loss account	13		<u>113,220</u>		<u>104,893</u>
			<u>163,220</u>		<u>154,893</u>

The notes on pages 7 to 12 form an integral part of these financial statements.

These accounts were approved by the Board of directors on 27 May 2005.



JJ PEARMUND)
JS RITCHIE) Directors

INKFISH SERVICES LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AT 31 MARCH 2005

	Year to 31 March 2005 £	Nine months to 31 March 2004 £
Total recognised gains for the year	8,327	65,262
Dividends	-	(25,000)
Movement on reserves	8,327	40,262
Opening shareholders funds	<u>154,893</u>	<u>114,631</u>
Closing shareholders funds	<u>163,220</u>	<u>154,893</u>

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

I ACCOUNTING POLICIES

(a) Basis of Accounts

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

(b) Turnover

Turnover represents amounts receivable for services provided, exclusive of VAT .

(c) Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life using the straight line method. The rates are as follows:

Buildings	2% per annum
Fixtures, fittings, furniture & equipment	10% - 15% per annum
Motor vehicles	25% per annum
Computer equipment	25% per annum

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

(e) Pension Scheme

The company participates in the defined contribution pension scheme operated by Domestic & General Group PLC in whose accounts full disclosure of the pension arrangements are made.

The costs of providing pensions for employees are charged in the profit and loss account in the year to which they relate.

(f) Deferred Taxation

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 FRS19.

(g) Cash Flow Statement

The company has taken advantage of the exemption within Financial Reporting Standard 1 (Revised) not to provide a cash flow statement because it is a wholly owned subsidiary of Domestic & General Group PLC.

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(h) Related Party Transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) because it is a wholly owned subsidiary undertaking of Domestic & General Group PLC.

2 Turnover

	Year to 31 March 2005 £	Nine months to 31 March 2004 £
Mailing activities	4,048,001	2,210,057
Fulfilment activities	842,821	594,792
	<u>4,890,822</u>	<u>2,804,849</u>

3 Profit on ordinary activities before taxation

	Year to 31 March 2005 £	Nine months to 31 March 2004 £
Profit on ordinary activities before taxation is stated after charging:		
Directors' remuneration - as executives	118,377	93,025
Directors' defined contribution pension costs	31,875	8,006
Depreciation	359,453	37,449
Auditors' remuneration	10,000	12,750
Interest payable to group companies	-	60,347
	<u>-</u>	<u>60,347</u>

4 Staff numbers and costs

The average number of employees employed by the company during the year were as follows:

	Year to 31 March 2005	Nine months to 31 March 2004
Executive directors	1	1
Fulfilment	28	26
Mailing	100	69
	<u>129</u>	<u>96</u>

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	1,848,455	1,145,961
Social security costs	169,521	99,159
Other pension costs - defined contribution schemes	72,365	51,874
	<u>2,090,341</u>	<u>1,296,994</u>

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 Taxation

(a) Analysis of charge for the year	Year to 31 March 2005 £	Nine months to 31 March 2004 £
UK corporation tax on profits of the year at 30% (2004: 30%)	(57,921)	1,029
Adjustments in respect of prior periods	(319)	(13,106)
Total current tax	(58,240)	(12,077)
Deferred tax (see note 11):		
On assets transferred in from Group company	-	3,765
Movement in the year	65,705	26,110
Tax on profit on ordinary activities	7,465	17,798

(b) Factors affecting the tax charge for the year

The tax charge for the year is lower (year to 31 March 2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:-

	Year to 31 March 2005 £	Nine months to 31 March 2004 £
Current tax reconciliation:		
Profit on ordinary activities before tax	15,792	83,060
Corporation tax at 30% (2004: 30%)	4,738	24,918
Effects of:		
Expenses not deductible for tax purposes	2,064	1,522
Origination and reversal of timing differences	(65,705)	(29,083)
Other adjustments	982	3,672
Adjustment in respect of prior periods	(319)	(13,106)
Current tax charge for year	(58,240)	(12,077)

6 Dividends

	Year to 31 March 2005	Nine months to 31 March 2004
Proposed final dividend	-	25,000

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7 Tangible assets

	Freehold land & buildings £	Computer equipment £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2004	-	57,416	639,606	19,550	716,572
Reclassification	2,422,690	-	-	-	2,422,690
Additions	1,734,431	81,043	2,102,372	50,724	3,968,570
Disposals	-	-	-	(19,550)	(19,550)
At 31 March 2005	<u>4,157,121</u>	<u>138,459</u>	<u>2,741,978</u>	<u>50,724</u>	<u>7,088,282</u>
Depreciation					
At 1 April 2004	-	23,232	112,369	4,888	140,489
Disposals	-	-	-	(8,146)	(8,146)
Charge for the year	31,000	25,125	293,046	10,282	359,453
At 31 March 2005	<u>31,000</u>	<u>48,357</u>	<u>405,415</u>	<u>7,024</u>	<u>491,796</u>
Net book value					
At 1 April 2004	<u>-</u>	<u>34,184</u>	<u>527,237</u>	<u>14,662</u>	<u>576,083</u>
At 31 March 2005	<u>4,126,121</u>	<u>90,102</u>	<u>2,336,563</u>	<u>43,700</u>	<u>6,596,486</u>

The initial development work on the Pilgrims' Walk site has now been completed and the prior year investment in freehold land & buildings is shown as a category within fixed assets and depreciated in accordance with accounting policies.

8 Stocks

	31 March 2005 £	31 March 2004 £
Goods for resale	27,597	60,014
Brochures and packaging	<u>4,443</u>	<u>5,360</u>
	<u>32,040</u>	<u>65,374</u>

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9 Debtors

	31 March 2005 £	31 March 2004 £
Trade debtors	434,066	466,105
Due from group companies	-	80,199
Prepayments and accrued income	75,245	94,366
Corporation tax	57,921	11,285
	<u>567,232</u>	<u>651,955</u>

10 Creditors: amounts falling due within one year

	31 March 2005 £	31 March 2004 £
Trade creditors	149,682	118,872
Accruals and deferred income	359,415	109,043
Due to group companies	6,433,430	3,433,633
Dividend proposed	-	25,000
	<u>6,942,527</u>	<u>3,686,548</u>

11 Deferred taxation

Deferred tax has been provided as follows:

	31 March 2005 £	31 March 2004 £
Accelerated capital allowances	<u>96,093</u>	<u>30,388</u>

Under FRS19, deferred tax is provided for in full on timing differences

	Deferred taxation £
At 1 April 2004	30,388
Provided in the year	65,705
At 31 March 2005	<u>96,093</u>

12 Called up share capital

	31 March 2005 £	31 March 2004 £
Authorised		
- Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
- Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13 Profit and Loss account

	£
Balance at 1 April 2004	104,893
Retained profit for the year	<u>8,327</u>
Balance at 31 March 2005	<u><u>113,220</u></u>

14 Directors Emoluments

The aggregate emoluments of the directors charged in the accounts of the company were:

	Year to 31 March 2005 £	Nine months to 31 March 2004 £
Salaries and bonuses	118,377	100,073
Pension charge - defined contribution scheme	<u>31,875</u>	<u>8,006</u>
	<u><u>150,252</u></u>	<u><u>108,079</u></u>

The highest paid director's emoluments in the year were £97,474 (nine months to 31 March 2004 : £53,663) and the pension contributions were £7,125 (nine months to 31 March: £4,500).

The number of directors accruing retirement benefits during the year was 2.

15 Ultimate Holding Company

The ultimate holding company is Domestic & General Group PLC which is incorporated and registered in England. The Group accounts are available on the website www.domgen.com or can be obtained from Swan Court, Mansel Road, London SW19 4AA.