

DMS Bath Group Limited and its Subsidiary
(Company Number: 4157314)

Director's Report and Accounts

Year ended 31 July 2004



DMS Bath Group Limited

Director's Report

The director presents his report and audited accounts for the group for the year ended 31 July 2004.

Principal activities

The principal activity of the company is the provision of direct marketing services.

Review of the business

The profit for the year after taxation amounted to £198,296 (2003: £203,900). A dividend of £205,000 (2003: £105,000) was paid during the year. The retained loss for the year of £6,704 (2003: Profit £98,900) will be transferred from reserves.

Both the level of business and the period end position were satisfactory. After making enquires, the director has reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. For this reason he continues to adopt a going concern basis in preparing the accounts.

Directors' and their interest

The director who served during the year and his interests in the ordinary shares of the company on 31 July 2003 and 31 July 2004 were as follows:

| | Ordinary shares of £1 each | |
|--------|----------------------------|--------------|
| | 31 July 2004 | 31 July 2003 |
| N Ross | 51 | 51 |

Directors' responsibility for the financial statements

Company law requires the directors to prepare financial statements for each financial period 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate

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

O'Hara Wood has indicated their willingness to remain in office. A resolution confirming their appointment and concerning their reappointment will be proposed at the annual general meeting.

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

By order of the Board

N Ross
Director

14 January 2005

Independent Auditors' Report

To the Shareholders of DMS Bath Group Limited

We have audited the accounts of DMS Bath Group Limited for the year ended 31 July 2004 set out on pages 3 to 11. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

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

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

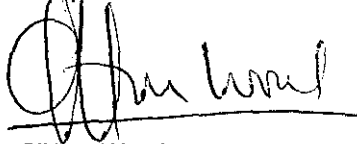
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company and the group's affairs as at 31 July 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



O'Hara Wood
Chartered Accountants and
Registered Auditor
29 Gay Street
Bath
BA1 2NT

4 February 2005

DMS Bath Group Limited

Consolidated Profit and Loss Account

For the financial year ended 31 July 2004

| | Note | 2004 £ | 2003 £ |
|---|------|-----------|-----------|
| Turnover – continuing operations | 2 | 1,075,116 | 1,002,737 |
| Cost of sales | | (281,968) | (390,400) |
| Gross profit | | 793,148 | 612,337 |
| Administrative expenses | | (522,280) | (339,841) |
| Group operating profit | 3 | 270,868 | 272,496 |
| Interest payable | 5 | (18,299) | (18,943) |
| Profit on ordinary activities before taxation | | 252,569 | 253,553 |
| Tax on profit on ordinary activities | 6 | (54,273) | (49,653) |
| Profit on ordinary activities after taxation | | 198,296 | 203,900 |
| Dividends paid | 17 | (205,000) | (105,000) |
| Retained (deficit)/profit on ordinary activities after taxation transferred (from)/to reserves | 15 | (6,704) | 98,900 |

Total recognised gains and losses

The company has no recognised gains or losses other than the profit shown for the above financial periods.

The notes on pages 6 to 11 form part of these accounts.

DMS Bath Group Limited

Consolidated Balance Sheet

As at 31 July 2004

| | Notes | 2004 | | 2003 | |
|--|-------|----------------|----------------|----------------|----------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible fixed assets | 8 | | 531,000 | | 341,500 |
| Tangible fixed assets | 9 | | 158,561 | | 26,973 |
| | | | <u>689,561</u> | | <u>368,473</u> |
| Current assets | | | | | |
| Debtors | 10 | 167,723 | | 103,944 | |
| Cash at bank and in hand | | 542 | | 58 | |
| | | <u>168,265</u> | | <u>104,002</u> | |
| Creditors – amounts falling due within one year | 11 | (566,914) | | (285,183) | |
| Net current liabilities | | | (398,649) | | (181,181) |
| Total assets less current liabilities | | | <u>290,912</u> | | <u>187,292</u> |
| Creditors – amounts falling due after one year | 12 | | (186,136) | | (79,167) |
| Provision for liabilities and charges | 13 | | (7,766) | | (4,411) |
| Net assets | | | <u>97,010</u> | | <u>103,714</u> |
| Capital and reserves | | | | | |
| Share capital | 14 | | 100 | | 100 |
| Profit and loss account | 15 | | 96,910 | | 103,614 |
| Equity shareholders' funds | 16 | | <u>97,010</u> | | <u>103,714</u> |

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 14 January 2005

N Ross
Director

The notes on pages 6 to 11 form part of these accounts.

DMS Bath Group Limited

Balance Sheet

As at 31 July 2004

| | Notes | 2004 | | 2003 | |
|--|-------|-----------|----------------|-----------|----------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 7 | | 100 | | 100 |
| Intangible fixed assets | 8 | | 231,000 | | 341,500 |
| | | | <u>231,100</u> | | <u>341,600</u> |
| Current assets | | | | | |
| Debtors | 10 | - | - | - | - |
| Cash at bank and in hand | | 42 | | 42 | |
| | | <u>42</u> | | <u>42</u> | |
| Creditors – amounts falling due within one year | 11 | (179,732) | | (258,992) | |
| Net current liabilities | | | (179,690) | | (258,950) |
| | | | <u>51,410</u> | | <u>82,650</u> |
| Provision for liabilities and charges | 13 | | - | | (2,541) |
| Net assets | | | <u>51,410</u> | | <u>80,109</u> |
| Capital and reserves | | | | | |
| Share capital | 14 | | 100 | | 100 |
| Profit and loss account | 15 | | 51,310 | | 80,009 |
| Equity shareholders' funds | 16 | | <u>51,410</u> | | <u>80,109</u> |

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 14 January 2005


N Ross
Director

The notes on pages 6 to 11 form part of these accounts.

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004

1 Accounting policies

(a) Accounting convention

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

(b) Going concern

The financial statements have been prepared on a going concern basis.

(c) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary for the year ended 31 July 2004.

(d) Turnover

Turnover represents the value of services provided net of Value Added Tax.

(e) Intangible fixed assets

The cost of intangible fixed assets is capitalised and amortised over the expected life of the asset. The directors believe benefit will be derived from the asset over a period of five years and amortisation is charged to write off the cost over this period, less the residual value.

(f) Depreciation

Depreciation has been provided to write off the cost of fixed assets over their estimated useful economic life on a straight line basis at the following annual rates:

| | |
|--------------------|-------------------|
| Computer equipment | 30% straight line |
| Office equipment | 20% straight line |

(g) Investments

The investment in the subsidiary undertaking is included at cost.

(h) Deferred taxation

Deferred taxation is provided in full at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

2 Turnover

| | 2004 £ | 2003 £ |
|----------------------|-----------|-----------|
| United Kingdom sales | 1,075,166 | 1,002,737 |

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004 (continued)

3 Group operating profit

The group operating profit is stated after charging the following:

| | £ | £ |
|---------------------------------------|---------|---------|
| Wages and salaries | 171,608 | 179,475 |
| Social security costs | 17,263 | 16,874 |
| Depreciation: | | |
| - owned assets | 15,692 | 10,099 |
| - held under hire purchase agreements | 4,000 | - |
| Amortisation of banded data | 110,500 | 110,500 |

4 Director's emoluments and employees

The director received no emoluments during the year (2003: nil).

Employees

| | 2004 Number | 2003 Number |
|----------------|----------------|----------------|
| Administration | 8 | 7 |

5 Interest payable

| | 2004 £ | 2003 £ |
|----------------|-----------|-----------|
| Bank interest | 12,583 | 10,854 |
| Loan interest | 5,035 | 2,597 |
| Other interest | 681 | 5,492 |
| | 18,299 | 18,943 |

6 Taxation

| | 2004 £ | 2003 £ |
|---------------------------------------|-----------|-----------|
| United Kingdom corporation tax at 19% | 50,842 | 48,751 |
| Prior year underprovision | 76 | 132 |
| Deferred taxation (note 13) | 3,355 | 770 |
| | 54,273 | 49,653 |

7 Fixed asset investments

| | 2004 £ | 2003 £ |
|----------------------------------|-----------|-----------|
| Investment in group undertakings | 100 | 100 |

The above investment comprises 100% of the share capital of The Lead Generation Limited which is registered in England and Wales.

The principal activity of The Lead Generation Limited is the provision of direct marketing services.

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004 (continued)

8 Intangible fixed assets - group

| | Banded data £ | Listed building data £ | Total £ |
|-----------------------|---------------------|------------------------------|------------|
| Cost | | | |
| At 31 July 2003 | 500,000 | - | 500,000 |
| Additions | - | 300,000 | 300,000 |
| Disposals | - | - | - |
| At 31 July 2004 | 500,000 | 300,000 | 800,000 |
| Amortisation | | | |
| At 31 July 2003 | 158,500 | - | 158,500 |
| Charge for the year | 110,500 | - | 110,500 |
| Disposals | - | - | - |
| At 31 July 2004 | 269,000 | - | 269,000 |
| Net book value | | | |
| At 31 July 2004 | 231,000 | 300,000 | 531,000 |
| At 31 July 2003 | 341,500 | - | 341,500 |

Banded data is held in the holding company directly.

9 Tangible fixed assets - group

| | Computer equipment £ | Office equipment £ | Motor vehicles £ | Total £ |
|-----------------------|----------------------------|--------------------------|------------------------|------------|
| Cost | | | | |
| At 31 July 2003 | 30,538 | 13,787 | - | 44,325 |
| Additions | 32,551 | 19,730 | 98,999 | 151,280 |
| Disposals | - | - | - | - |
| At 31 July 2004 | 63,089 | 33,517 | 98,999 | 195,605 |
| Depreciation | | | | |
| At 31 July 2003 | 12,997 | 4,355 | - | 17,352 |
| Charge for the year | 12,573 | 3,119 | 4,000 | 19,692 |
| Disposals | - | - | - | - |
| At 31 July 2004 | 25,570 | 7,474 | 4,000 | 37,044 |
| Net book value | | | | |
| At 31 July 2004 | 37,519 | 26,043 | 94,999 | 158,561 |
| At 31 July 2003 | 17,541 | 9,432 | - | 26,973 |

Included in motor vehicles are assets with a net book value of £94,999 (2003: £nil) held under hire purchase agreements.

The group had no capital commitments at the year end (2003: nil).

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004 (Continued)

10 Debtors

| | Group | | Company | |
|---------------|----------------|----------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Trade debtors | 89,017 | 44,186 | - | - |
| Prepayments | 59,169 | 54,932 | - | - |
| Other debtors | 19,537 | 4,826 | - | - |
| | <u>167,723</u> | <u>103,944</u> | <u>-</u> | <u>-</u> |

11 Creditors - amounts falling due within one year

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Bank overdraft | 77,630 | 107,910 | - | - |
| Bank loan (note 12) | 17,376 | 38,686 | - | - |
| Trade creditors | 98,593 | 63,510 | - | - |
| Other taxation and social security | 60,352 | 10,737 | - | - |
| Accruals and deferred income | 18,375 | 12,882 | - | 208,334 |
| Hire purchase liability | 39,046 | - | - | - |
| Director's loan account | 204,700 | 2,707 | 42 | 42 |
| Corporation tax | 50,842 | 48,751 | 23,998 | 18,628 |
| Amounts due to subsidiary | - | - | 155,692 | 31,988 |
| | <u>566,914</u> | <u>285,183</u> | <u>179,732</u> | <u>258,992</u> |

Amounts falling due in more than one year

| | | | | |
|-------------------------|----------------|---------------|----------|----------|
| Bank loan (note 12) | 162,893 | 79,167 | - | - |
| Hire purchase liability | 23,243 | - | - | - |
| | <u>186,136</u> | <u>79,167</u> | <u>-</u> | <u>-</u> |

The hire purchase liabilities are all repayable within five years.

12 Bank loan

The bank loan falls due as follows:

| | Group | | Company | |
|------------------------------|----------------|---------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Within one year | 17,376 | 10,000 | - | - |
| In the second to fifth years | 69,504 | 40,000 | - | - |
| Over five years | 93,989 | 39,167 | - | - |
| | <u>180,269</u> | <u>89,167</u> | <u>-</u> | <u>-</u> |

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004 (Continued)

13 Deferred taxation

| | Group | | Company | |
|---|--------------|--------------|----------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| At 31 July 2003 | 4,411 | 3,641 | 2,541 | 2,755 |
| Charged to the profit and loss account (note 6) | 3,355 | 770 | (2,541) | (214) |
| At 31 July 2004 | <u>7,766</u> | <u>4,411</u> | <u>-</u> | <u>2,541</u> |

This represents full provision for accelerated capital allowances assuming a future tax rate of 19% (2003: 19%).

14 Called up share capital

| | 2004 | 2003 |
|--------------------------------|------------|------------|
| | £ | £ |
| Authorised | | |
| 101 ordinary shares of £1 each | <u>101</u> | <u>101</u> |
| Issued and fully paid | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |

15 Profit and loss account

| | Group | | Company | |
|--|---------------|----------------|---------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| At 31 July 2003 | 103,614 | 4,714 | 80,009 | 1,637 |
| Retained (deficit)/profit for the year | (6,704) | 98,900 | (28,699) | 78,372 |
| At 31 July 2004 | <u>96,910</u> | <u>103,614</u> | <u>51,310</u> | <u>80,009</u> |

16 Reconciliation of shareholders' funds

| | Group | | Company | |
|--|---------------|----------------|---------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| At 31 July 2003 | 103,714 | 4,814 | 80,109 | 1,737 |
| Retained (deficit)/profit for the year | (6,704) | 98,900 | (28,699) | 78,372 |
| At 31 July 2004 | <u>97,010</u> | <u>103,714</u> | <u>51,410</u> | <u>80,109</u> |

DMS Bath Group Limited

Notes to the Accounts

For the financial year ended 31 July 2004 (Continued)

17 **Dividend**

| | 2004 £ | 2003 £ |
|-------------------|-----------|-----------|
| Ordinary dividend | 205,000 | 105,000 |

18 **Control**

The company is controlled by N Ross who owns 51% of the issued share capital.

19 **Related party transactions**

The Lead Generation Limited

During the period, DMS Bath Group Ltd made sales of £208,334 (2003: £208,353) to its wholly owned subsidiary The Lead Generation Limited. At 31 July 2004 DMS Bath Group Limited owed The Lead Generation Limited £155,692 (2003: £31,988).

Transactions with director

The Lead Generation Limited purchased listed building data from N G Ross, a director and the ultimate controlling party, on 31 July 2004 for a consideration of £300,000.

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