

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

*Director's Report and Accounts*

*Year ended 31 July 2007*

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# DMS Bath Group Limited

## *Director's Report*

The director presents his report and the audited financial statements for the group for the year ended 31 July 2007

### **Principal activities**

The principal activity of the group is the provision of direct marketing services

### **Review of the business**

The loss for the year after taxation amounted to £591,742 (2006 £56,890) and will be transferred from reserves

Both the level of business and the period end position were satisfactory given the losses incurred and the negative net worth of the company. 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. The Director is confident that the company will generate significant profits during 2007/08 due to the rationalisation of the business.

### **Director**

The director who served the company during the year was

N Ross

### **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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate

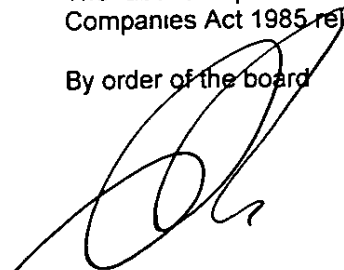
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

### **Auditors**

The company has taken advantage of section 249A(1) of the Companies Act 1985 and is exempt from the audit requirement.

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

7 March 2008

## DMS Bath Group Limited

### *Consolidated Profit and Loss Account*

*For the financial year ended 31 July 2007*

	Note	2007 £	2006 £
Turnover – continuing operations	2	1,221,241	1,681,274
Cost of sales		<u>(574,416)</u>	<u>(777,665)</u>
Gross profit		646,825	903,609
Administrative expenses		<u>(1,121,975)</u>	<u>(826,153)</u>
Group operating (loss)/ profit	3	(475,150)	77,456
Interest payable	5	<u>(24,151)</u>	<u>(25,230)</u>
(Loss)/ profit on ordinary activities before taxation		(499,301)	52,226
Tax on (loss)/ profit on ordinary activities	6	<u>(92,441)</u>	<u>(109,116)</u>
Loss on ordinary activities after taxation	15	<u><u>(591,742)</u></u>	<u><u>(56,890)</u></u>

#### **Total recognised gains and losses**

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

The notes on pages 6 to 12 form part of these accounts

# DMS Bath Group Limited

## Consolidated Balance Sheet

As at 31 July 2007

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Intangible fixed assets	8		120,000		190,000
Tangible fixed assets	9		9,844		35,688
			<u>129,844</u>		<u>225,688</u>
<b>Current assets</b>					
Debtors	10	51,922		567,858	
Cash at bank and in hand		142		142	
		<u>52,064</u>		<u>568,000</u>	
<b>Creditors – amounts falling due within one year</b>	11	(678,432)		(661,091)	
<b>Net current liabilities</b>			(626,368)		(93,091)
<b>Total assets less current liabilities</b>			(496,524)		132,597
<b>Creditors – amounts falling due after one year</b>	11		(110,433)		(147,552)
<b>Provision for liabilities and charges</b>	13		-		(260)
<b>Net liabilities</b>			<u>(606,957)</u>		<u>(15,215)</u>
<b>Capital and reserves</b>					
Share capital	14		100		100
Profit and loss account	15		(607,057)		(15,315)
<b>Equity shareholders' funds</b>	16		<u>(606,957)</u>		<u>(15,215)</u>

For the year ended 31 July 2007 the group was entitled to exemption under section 249A(1) of the Companies Act 1985 and members have not required the group to obtain an audit of its accounts for the period in accordance with section 249B(2). The directors acknowledge their responsibility for ensuring that the group keeps accounting records that comply with section 221 Companies Act 1985. The directors also acknowledge their responsibility for preparing accounts which give a true and fair view of the state of affairs of the group as at the end of the financial year and of its profit or loss for the financial year, in accordance with section 226 Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the group.

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

Approved by the Board on 7 March 2008

N Ross  
Director

The notes on pages 5 to 11 form part of these accounts

# DMS Bath Group Limited

## Balance Sheet

As at 31 July 2007

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		100		100
Intangible fixed assets	8		-		10,000
			<u>100</u>		<u>10,100</u>
<b>Current assets</b>					
Debtors	10	-	-	-	-
Cash at bank and in hand		42		42	
		<u>42</u>		<u>42</u>	
<b>Creditors – amounts falling due within one year</b>	11	(105,407)		(28,980)	
<b>Net current liabilities</b>			(105,365)		(28,938)
			<u>(105,265)</u>		<u>(18,838)</u>
<b>Provision for liabilities and charges</b>	13		-		-
<b>Net liabilities</b>			<u>(105,265)</u>		<u>(18,838)</u>
<b>Capital and reserves</b>					
Share capital	14		100		100
Profit and loss account	15		(105,365)		(18,938)
<b>Equity shareholders' funds</b>	16		<u>(105,265)</u>		<u>(18,838)</u>

For the year ended 31 July 2007 the company was entitled to exemption under section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the period in accordance with section 249B(2). The directors acknowledge their responsibility for ensuring that the company keeps accounting records that comply with section 221 Companies Act 1985. The directors also acknowledge their responsibility for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year, in accordance with section 226 Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

Approved by the Board on 7 March 2008

N Ross  
Director

The notes on pages 5 to 11 form part of these accounts

# DMS Bath Group Limited

## Notes to the Accounts

For the financial year ended 31 July 2007

### 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 2007

The company has taken advantage of the exemption conferred by s230 and has not disclosed an individual profit and loss account. The company's loss for the financial year amounted to £86,427 (2006 £45,000 profit)

#### (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

#### (i) Dividends

In accordance with the provisions of the Financial Reporting Standard for Smaller Entities (effective January 2005), equity dividends proposed by the Board of Directors are now only recognised in the accounts in the financial period in which they are approved by the shareholders. Equity dividends paid are no longer recorded in the profit and loss account, instead, they are dealt with as a movement on retained profits

### 2 Turnover

	2007 £	2006 £
United Kingdom sales	1,221,241	1,681,274

# DMS Bath Group Limited

## Notes to the Accounts

For the financial year ended 31 July 2007 (continued)

### 3 Group operating (loss)/ profit

The group operating (loss)/ profit is stated after charging the following

	2007 £	2006 £
Wages and salaries	250,710	393,674
Social security costs	24,798	41,084
Depreciation		
- owned assets	9,845	28,273
- held under hire purchase agreements	-	8,500
Amortisation of banded data	10,000	110,500
Amortisation of listed buildings data	60,000	60,000
Director's loan account write off	542,452	-
	<u>          </u>	<u>          </u>

### 4 Director's emoluments and employees

The director received no emoluments during the year (2006 nil)

#### Employees

	2007 Number	2006 Number
Administration	8	14
	<u>          </u>	<u>          </u>

### 5 Interest payable

	2007 £	2006 £
Bank interest	7,401	11,285
Loan interest	5,746	8,125
Other interest	11,004	5,820
	<u>          </u>	<u>          </u>
	24,151	25,230
	<u>          </u>	<u>          </u>

### 6 Tax on (loss)/profit on ordinary activities

	2007 £	2006 £
United Kingdom corporation tax at 24.3% (2005 25.1%)	39,128	29,879
s 419 charge on overdrawn director's loan (released)/ charged	(85,009)	85,009
Prior year under-provision	138,582	-
Deferred taxation (note 13)	(260)	(5,772)
	<u>          </u>	<u>          </u>
	92,441	109,116
	<u>          </u>	<u>          </u>

## DMS Bath Group Limited

### *Notes to the Accounts*

*For the financial year ended 31 July 2007 (continued)*

#### 7 Fixed asset investments

	2007 £	2006 £
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

#### 8 Intangible fixed assets – group

	Banded data £	Listed building data £	Total £
<b>Cost</b>			
At 31 July 2006	500,000	300,000	800,000
Additions	-	-	-
Disposals	-	-	-
At 31 July 2007	500,000	300,000	800,000
<b>Amortisation</b>			
At 31 July 2006	490,000	120,000	610,000
Charge for the year	10,000	60,000	70,000
Disposals	-	-	-
At 31 July 2007	500,000	180,000	680,000
<b>Net book value</b>			
At 31 July 2007	-	120,000	120,000
At 31 July 2006	10,000	180,000	190,000

Banded data is held in the holding company directly Listed building data is held by The Lead Generation Limited, the subsidiary undertaking



## DMS Bath Group Limited

### Notes to the Accounts

For the financial year ended 31 July 2007 (Continued)

#### 9 Tangible fixed assets - group

	Computer equipment £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 31 July 2006	70,872	37,547	33,999	142,418
Additions	-	-	-	-
Disposals	-	-	(33,999)	(33,999)
At 31 July 2007	70,872	37,547	-	108,419
<b>Depreciation</b>				
At 31 July 2006	66,805	21,925	18,000	106,730
Charge for the year	2,335	7,510	-	9,845
Disposals	-	-	(18,000)	(18,000)
At 31 July 2007	69,140	29,435	-	98,575
<b>Net book value</b>				
At 31 July 2007	1,732	8,112	-	9,844
At 31 July 2006	4,067	15,622	15,999	35,688

Included in motor vehicles are assets with a net book value of £nil (2006 £15,999) held under hire purchase agreements

The group had no capital commitments at the year end (2006 nil)

#### 10 Debtors

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	36,408	80,856	-	-
Prepayments	15,514	126,420	-	-
Director's loan account	-	339,996	-	-
Other debtors	-	20,586	-	-
	51,922	567,858	-	-

# DMS Bath Group Limited

## Notes to the Accounts

For the financial year ended 31 July 2007 (Continued)

### 11 Creditors - amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank overdraft	129,607	77,769	-	-
Bank loan (note 12)	18,774	16,395	-	-
Trade creditors	109,952	231,932	-	-
Other taxation and social security	94,419	82,319	-	-
Accruals and deferred income	77,253	113,292	-	-
Hire purchase liability	-	3,972	-	-
Director's loan account	553	-	42	42
Corporation tax	247,874	135,412	89,552	14,075
Amounts due to subsidiary	-	-	15,813	14,863
	<u>678,432</u>	<u>661,091</u>	<u>105,407</u>	<u>28,980</u>
<b>Amounts falling due in more than one year</b>				
Bank loan (note 12)	110,433	130,433	-	-
Hire purchase liability	-	17,119	-	-
	<u>110,433</u>	<u>147,552</u>	<u>-</u>	<u>-</u>

### 12 Bank loan

The bank loan falls due as follows

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Within one year	18,774	16,395	-	-
In the second to fifth years	71,692	71,692	-	-
Over five years	38,741	58,741	-	-
	<u>129,207</u>	<u>146,828</u>	<u>-</u>	<u>-</u>

### 13 Deferred taxation

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
At 31 July 2006	260	6,032	-	-
Charged to the profit and loss account (note 6)	(260)	(5,772)	-	-
	<u>-</u>	<u>260</u>	<u>-</u>	<u>-</u>
At 31 July 2007	-	260	-	-

This represents full provision for accelerated capital allowances assuming a future tax rate of 20% (2006 19%)

# DMS Bath Group Limited

## Notes to the Accounts

For the financial year ended 31 July 2007 (Continued)

### 14 Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
101 ordinary shares of £1 each	101	101
<b>Issued and fully paid</b>		
100 ordinary shares of £1 each	100	100

### 15 Profit and loss account

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
A 31 July 2006	(15,315)	41,575	(18,938)	(63,938)
(Loss)/profit for the year	(591,742)	(56,890)	(86,427)	45,000
Dividend paid	-	-	-	-
At 31 July 2007	(607,057)	(15,315)	(105,365)	(18,938)

### 16 Reconciliation of shareholders' funds

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
A 31 July 2006	(15,215)	41,675	(18,838)	(63,838)
(Loss)/profit for the year	(591,742)	(56,890)	(86,427)	45,000
Dividend paid	-	-	-	-
At 31 July 2007	(606,957)	(15,215)	(105,265)	(18,838)

### 17 Dividend

	2007 £	2006 £
Ordinary dividend	-	-

### 18 Control

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

## DMS Bath Group Limited

### *Notes to the Accounts*

*For the financial year ended 31 July 2007 (Continued)*

#### 19 Related party transactions

##### **The Lead Generation Limited**

During the period, DMS Bath Group Ltd made sales of £nil (2006 £nil) to its wholly owned subsidiary The Lead Generation Limited. At 31 July 2007, DMS Bath Group Limited owed Lead Generation Limited £15,813 (2006 £14,863)

##### **N Ross**

An overdrawn director's loan account of £542,452 was written off by The Lead Generation Limited on 31 July 2007

#### 20 Fundamental uncertainty

The company and its subsidiary undertaking are currently in the process of finalising arrangements with HM Revenue and Customs with regard to the payment of prior year liabilities which resulted from a review of the treatment and allowability of certain prior year expenditure. The company and its subsidiary undertaking are currently discussing arrangements with regard to the proposed repayment of such liabilities as agreed.

The group meets its day to day working capital requirements through an overdraft facility which is repayable upon demand.

The nature of the group's business is such that there can be considerable unpredictable variation in the timing of cash flow. The directors have prepared cash flow information which, together with post year end management accounts, indicates that there will be sufficient positive cash flow within the group to enable it to continue to trade and to discharge the liabilities noted above despite the losses incurred during the year ended 31 July 2007. On the basis of these cash flow projections and discussions with the company's bankers, the directors consider the group will continue to operate within the agreed overdraft facility which is due to be reviewed during 2008. However, the margins of facilities over requirements and the necessity to meet ongoing sales targets is not large and, inherently, there can be no certainty in relation to these matters. On this basis, the directors consider appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from a withdrawal of overdraft facilities to the group or an inability to meet payment arrangements agreed with HM Revenue and Customs.

#### 21 Contingent liability

During August 2006 the company issued a guarantee to N Ross, a director of the company and the subsidiary undertaking, to reimburse any amounts that might be claimed against N Ross in respect of personal guarantees given by him in respect of loans granted to the subsidiary undertaking up to a maximum of £200,000.

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