# brightsolid online technology limited

**Directors' report and financial statements**
**for the year ended 31 March 2010**

**Registered number SC161678**

# brightsolid online technology limited

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# brightsolid online technology limited
## Company information

| | |
|---|---|
| **Directors** | CHW Thomson<br>CRD van der Kuyl<br>JH Denning |
| **Secretary** | L Calder |
| **Registered office** | Gateway House<br>Luna Place<br>Dundee Technology Park<br>Dundee<br>DD2 1TP |
| **Auditor** | Henderson Loggie<br>Chartered Accountants<br>Royal Exchange<br>Panmure Street<br>Dundee<br>DD1 1DZ |
| **Bankers** | Bank of Scotland<br>West Marketgait<br>Dundee<br>DD1 1QN |



Registered number SC161678

The directors present their report and audited financial statements for the year ended 31 March 2010.

**Principal activity and review of business**

The principal activity of the company is to provide secure business services online, including the provision of a genealogy website on behalf of the General Register Office for Scotland. The services include network access, asset management, database development, application development, systems integration, managed hosting and consultancy. The company has an ongoing commitment to provide secure quality hosting and access services. This is supplemented by applications development and integration skills. This portfolio of specialist services continues to drive the progress and growth of the business.

On 1 December 2009, part of the online publishing business was transferred at net book value to fellow subsidiary undertaking bright**solid** online publishing limited.

Turnover from continuing operations increased from £5,817k in the previous year to £6,354k. Turnover from discontinued operations fell from £3,467k in the previous year to £3,020k in the current year. Operating profit from continuing operations increased from a loss of £94k in the previous year to a profit of £115k in the current year. Operating profit from discontinued operations fell from £1,691k in the previous year to £286k in the current year.

The principal risks and uncertainties affecting the business include the following:

- Debtors – the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.

- New product, project and technology risk – the company develops new technologies and introduces new products in some cases contracting to supply the products to the customer before the design is established or proven. All new technologies and products involve business risk both in terms of possible abortive expenditure, reputational risk and potentially customer claims or onerous contracts. Such risks may materially impact the company.

- Competitive risk – the company operates in a highly competitive market. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor.

Key areas of strategic development and performance of the business include:

- Sales and marketing – new and replacement business is being won continually; new markets have been developed in line with the company's strategy; key customer relationships are monitored on a regular basis.

- Competitive advantage – the company focuses on areas where it has a competitive advantage including customer requiring fully outsourced hosting services locally in Scotland and customers requiring significant applications expertise, which places it well in terms of superior long term income/cash flow growth potential.

The company/group continues to place considerable emphasis on environmental compliance. It is aware of its environmental responsibilities and actively takes these into account when considering key processes, strategic and operational decisions.

The company/group monitors forthcoming and current legislation regularly and continues to manage proactively the operational and reporting requirements arising from legislation and an increasing regulatory regime throughout its operations.

The company/group's staff resources are vital to its continued operational success and ongoing training and development form a fundamental strand of the Group's HR function as well as a safe and healthy workplace for its employees.

Key financial performance indicators include the monitoring of the management of profitability and working capital.

The results for the period are set out in the profit and loss account on page 6.

## Dividend

No interim dividend was paid during the period and no final dividend is proposed.

## Directors and their interests

The directors of the company at the date of this report are shown on page 1.

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a director to make themselves aware of such information and to establish that the auditors are aware of it.

This report was approved by the Board on 15 October 2010 and was signed on its behalf by:

**Laura Calder**
Company Secretary

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 2006. 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 auditor's report to the members of brightsolid online technology limited

We have audited the accounts of the brightsolid online technology limited for the year ended 31 March 2010, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts.

### Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Terry Allison

**Terry Allison (Senior Statutory Auditor)**
For and on behalf of
Henderson Loggie, Statutory Auditor
Dundee
15 October 2010

# brightsolid online technology limited

**Profit and loss account for the year ended 31 March 2010**

| | Note | **Cont'd 2010 £000** | **Discont'd 2010 £000** | **Total 2010 £000** | Cont'd 2009 £000 | Discont'd 2009 £000 | Total 2009 £000 |
|---|---|---|---|---|---|---|---|
| **Turnover** | 2 | **6,354** | **3,020** | **9,374** | 5,817 | 3,467 | 9,284 |
| Cost of sales | | **(3,353)** | **(2,228)** | **(5,581)** | (3,336) | (1,586) | (4,922) |
| **Gross profit** | | **3,001** | **792** | **3,793** | 2,481 | 1,881 | 4,362 |
| Administrative expenses | | **(2,886)** | **(506)** | **(3,392)** | (2,575) | (190) | (2,765) |
| **Operating profit** | 3 | **115** | **286** | **401** | (94) | 1,691 | 1,597 |
| Interest | 6 | | | **(52)** | | | 445 |
| **Profit on ordinary activities before taxation** | | | | **349** | | | 2,042 |
| Taxation | 7 | | | **(2)** | | | (2) |
| **Profit for the financial year** | | | | **347** | | | 2,040 |

A statement of reserves is given in note 18.

There are no recognised gains or losses other than the profit for the financial period of £347k (2009 - £2,040k). Such profits represent the only movement in shareholder funds.

On 1 December 2009, part of the online publishing business was transferred at net book value to fellow subsidiary undertaking bright**solid** online publishing limited. The above results identify the transferred business as discontinued.

## brightsolid online technology limited
**Balance sheet at 31 March 2010**

| | Notes | | **2010** | | 2009 |
|---|---|---|---|---|---|
| | | **£000** | **£000** | £000 | £000 |
| **Fixed assets** | | | | | |
| Intangible assets | 8 | | - | | 3,230 |
| Tangible assets | 9 | | **1,886** | | 3,316 |
| | | | **1,886** | | 6,546 |
| **Current assets** | | | | | |
| Debtors | 11 | **1,813** | | 1,378 | |
| Cash at bank and in hand | | **191** | | 947 | |
| | | **2,004** | | 2,325 | |
| **Creditors** | | | | | |
| Amounts falling due within one year | 12 | **(2,587)** | | (4,330) | |
| **Net current liabilities** | | | **(583)** | | (2,005) |
| **Total assets less current liabilities** | | | **1,303** | | 4,541 |
| **Creditors** | | | | | |
| Amounts falling due after more than one year | 13 | | **(183)** | | (9,644) |
| **Deferred income** | | | | | |
| Government grants | 15 | | **(52)** | | (62) |
| **Net assets/(liabilities)** | | | **1,068** | | (5,165) |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | **9,386** | | 3,500 |
| Profit and loss account | 18 | | **(8,318)** | | (8,665) |
| **Shareholders' funds** | | | **1,068** | | (5,165) |

These financial statements were approved by the board of directors on 15 October 2010 and were signed on its behalf by:

**Christiaan RD van der Kuyl**
Director



Registered number SC161678

## 1 Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

### Basis of preparation

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors have considered the financial position of the company and are satisfied that following the capitalisation of shareholders' loans in the year, the group has the requisite financial resources for the foreseeable future.

### Tangible fixed assets

Fixed assets are stated at cost. Depreciation and amortisation is calculated so as to write off the cost of an asset less its estimated residual value over the useful economic life of that asset as follows:

| | |
|---|---|
| Data centre infrastructure | 5-10 years |
| Computer equipment (hardware and software), office equipment | 3 years |
| Furniture, fixtures and fittings | 5 years |
| Datasets and related website development costs | 33% RB |

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist (ie the carrying value of the asset exceeds its recoverable amount) the asset is written down through the profit and loss account to its recoverable amount.

Website development costs are capitalised under FRS15 where the website is built to present one or more specific datasets separately from the main business website and where the special purpose website is expected to create enduring value lasting more than one year.

### Government grants

Government grants receivable on capital expenditure are credited to a deferral account and are released over the expected useful life of the relevant asset in line with the depreciation charge.

Government grants receivable in compensation for operating costs are released on a basis that matches the costs incurred.

## 1 Accounting policies (continued)

### Taxation

The tax expense represents the sum of the corporation tax and deferred tax charge for the year.

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases, as used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Pensions

The company provides defined contribution pension benefits to its employees. Payments to these schemes are charged to the profit and loss account as incurred.

### Hire purchase and operating leases

Assets obtained under hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of the assets are treated as if the assets had been purchased outright. Assets held under hire purchase agreements are depreciated over their useful economic lives. The interest element of the obligation is charged to the profit and loss account over the period of the contract based on the capital outstanding.

Operating lease payments are charged to the profit and loss account when they are incurred.

### Preference shares

Where preference shares carry an obligation to deliver economic value they are included as liabilities in the balance sheet and any related dividend is treated as a finance cost in the profit and loss account. Where preference shares carry no such obligations, they are treated as equity.

### Cash flow

The company has taken advantage of the provisions of Financial Reporting Standard No 1 which exempts it from producing a cash flow statement on the grounds that its parent company during the year, DC Thomson & Company Limited, produces one which deals with the cash flows of the group.

## 2 Turnover

Turnover consists entirely of sales made in the United Kingdom from the provision of online business services, managed hosting and associated technical services.

Additionally, the website www.scotlandspeople.gov.uk is operated on behalf of the General Register Office for Scotland, and turnover arising from pay-per-view fees charged to customers for viewing genealogical data on the website is recognised on receipt according to the terms of the contract.

Turnover in respect of other activity is recognised as the services are provided. Revenue received in advance is deferred and released over the period of the contract.

Turnover in respect of websites operated and owned by the company represents fees charged to customers for viewing genealogical data on www.1911census.co.uk revenues generated from licensing data to 3rd parties. Pay-per-view revenue is deferred in the balance sheet until a customer obtains a view of the requested data, whereupon the revenue is recognised as turnover. Unlimited access subscription revenue is recognised evenly across the period of the subscription.

## 3 Operating profit

| | | **2010** | 2009 |
|---|---|---|---|
| | | **£000** | £000 |
| **Operating profit is stated after charging/(crediting):** | | | |
| Depreciation | | **930** | 844 |
| Amortisation | | **485** | 269 |
| Auditor's remuneration | - audit services | **9** | 10 |
| | - taxation | **4** | 4 |
| Operating leases | - property | **166** | 176 |
| | - other | **28** | 44 |
| Release of grant | | **(10)** | (11) |

## 4 Directors emoluments

Aggregate emoluments were £266k (2009 - £214k).

Retirement benefits are not accruing to any directors.

Included within director's emoluments is £313k (2009 - £214k) paid to third parties for the services of directors. The highest paid director received emoluments of £313k (2009 - £214k).

## 5 Staff costs

Staff costs including director's remuneration were as follows:

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Wages and salaries | **1,692** | 1,426 |
| Social security costs | **182** | 143 |
| Pension costs | **33** | 31 |
| | **1,907** | 1,600 |

The average weekly number of employees during the year was made up as follows:

| | **2010** | 2009 |
|---|---|---|
| | **No** | No |
| Management, technical and administration | **46** | 43 |

## 6 Interest

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Interest on loan notes waived | **-** | (542) |
| Hire purchase interest | **47** | 87 |
| Bank interest, charges and exchange movements | **7** | 28 |
| Interest receivable | **(2)** | (18) |
| | **52** | (445) |

## 7 Taxation

| | | |
|---|---|---|
| **Corporation tax** | | |
| Current year | **118** | 487 |
| Prior year | **2** | - |
| | **120** | 487 |
| **Deferred tax** | | |
| Current year | **(118)** | (485) |
| | **2** | 2 |
| **Factors affecting tax charge** | | |
| Profit before tax | **349** | 2,042 |
| Tax thereon at 28% | **98** | 571 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **(3)** | 2 |
| Capital allowances in advance of depreciation | **82** | (28) |
| Capitalised interest allowed for tax purposes | **(59)** | (58) |
| Prior year adjustment | **2** | - |
| | **120** | 487 |

The company has surplus corporation tax losses brought forward which have not been recognised as assets (note15). These losses offset the trading profit and the tax charge arises from the interest receivable.

## 8 Intangible fixed assets

| | £000 |
|---|---|
| **Cost** | |
| At 1 April 2009 | 3,499 |
| Additions | 153 |
| Transfers | (3,652) |
| **At 31 March 2010** | - |
| **Amortisation** | |
| At 1 April 2009 | 269 |
| Charge for the period | 485 |
| Transfers | (754) |
| **At 31 March 2010** | - |
| **Net book value** | |
| **At 31 March 2010** | - |
| At 31 March 2009 | 3,230 |

## 9 Tangible fixed assets

| | Plant Machinery And Equipment £000 |
|---|---|
| **Cost** | |
| At 1 April 2009 | 11,494 |
| Additions | 619 |
| Transfers | (1,608) |
| Disposals | (394) |
| **At 31 March 2010** | **10,111** |
| **Depreciation** | |
| At 1 April 2009 | 8,178 |
| Charge for the period | 930 |
| Transfers | (489) |
| Charge on disposals | (394) |
| **At 31 March 2010** | **8,225** |
| **Net book value** | |
| **At 31 March 2010** | **1,886** |
| At 31 March 2009 | 3,316 |

## 9 Tangible fixed assets (continued)

The net book value of equipment includes £588k (2009 - £925k) for assets acquired under hire purchase agreements. Depreciation charged against these assets in the year was £270k (2009 - £343k).

## 10 Investments

The company owns the entire share capital of Golfing Scotland Limited, a dormant company registered in Scotland. The investment cost £2.

## 11 Debtors

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Trade debtors | **524** | 515 |
| Taxation and social security | **128** | - |
| Prepayments and accrued income | **694** | 520 |
| Amounts due from group company | **467** | 343 |
| | **1,813** | 1,378 |

## 12 Creditors – amounts falling due within one year

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Bank loan (secured) | **47** | 52 |
| Trade creditors | **683** | 729 |
| Taxation and social security | **55** | 416 |
| Hire purchase creditors (secured) | **250** | 455 |
| Deferred income | **1,318** | 2,413 |
| Other creditors | **5** | - |
| Accruals | **229** | 263 |
| Corporation tax | **-** | 2 |
| | **2,587** | 4,330 |

## 13 Creditors – amounts falling due after more than one year

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Bank loan (secured) | **132** | 181 |
| Hire purchase creditor (secured) | **51** | 300 |
| Loan from parent undertaking | **-** | 1,050 |
| Other loans and accrued interest | **-** | 8,113 |
| | **183** | 9,644 |

The bank loan is secured by a bond and floating charge over all the company's assets. The hire purchase creditor is secured over the relevant fixed tangible assets and is wholly repayable within 5 years.

## 14 Loans

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Bank loans due within one year | **47** | 52 |
| Bank loans due more than one year | **132** | 181 |
| | **179** | 233 |
| Loan from parent undertaking | **-** | 1,050 |
| Other loans | **-** | 8,113 |
| | **179** | 9,396 |

The bank loan is repayable by 65 monthly instalments of interest and capital, currently of £4,242. Interest is charged at base plus 2%. During the year the loan due to DC Thomson & Company Limited amounting to £4,836k and the loan due to bright**solid** online innovation limited amounting to £1,050k were converted to preference shares (note 17).

## 15 Deferred income – Government Grants

| | **£000** |
|---|---|
| At 31 March 2009 | 62 |
| Released to profit and loss account | (10) |
| **At 31 March 2010** | **52** |

## 16 Deferred taxation

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| Accelerated capital allowances | **138** | 65 |
| Trading losses carried forward | **158** | 276 |
| **Deferred tax asset** | **296** | 341 |

This asset has not been recognised due to the uncertainty of generating sufficient future taxable profits. This year £420K of these losses were utilised to offset the corporation tax charge arising.

## 17 Share capital

| | 2010 £000 | 2009 £000 |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 'A' Ordinary shares of £1 each | **1,750** | 1,750 |
| 'B' Ordinary shares of £1 each | **1,750** | 1,750 |
| Preference shares | **5,886** | - |
| | **9,386** | 3,500 |

Loans of £1,050k due to bright**solid** online innovation limited and £4,836k due to DC Thomson & Company Limited were converted to preference shares at par.

The preference shareholders are not entitled to receive any dividend.

The company alone has the right at any time to redeem the whole or any number of the preference shares on giving to the holders of the preference shares to be redeemed not less than one month's notice in writing.

On a return of capital on liquidation or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be applied first in repaying to the preference shareholders the paid up amount on each preference share held.

Preference shareholders are entitled to receive notice of and attend all general or other meetings of the company, they shall not be entitled to vote at such meetings.

## 18 Profit and loss account

| | £000 |
|---|---|
| At 1 April 2009 | (8,665) |
| Profit for the financial year | 347 |
| **At 31 March 2010** | **(8,318)** |

## 19 Pensions

The total pension cost of the company under defined contribution schemes was £33k (2009 - £31k).

## 20 Commitments

At the end of the financial year the company had annual commitments under non-cancellable operating leases as follows:

| | **2010** | 2009 |
|---|---|---|
| | **£000** | £000 |
| **Property** | | |
| Amount payable next year where lease expires: | | |
| Within one year | **18** | 8 |
| Over 10 years | **145** | 145 |
| | | |
| **Plant and machinery** | | |
| Amount payable next year where lease expires: | | |
| Within one year | **8** | 48 |
| In second to fifth year inclusive | **2** | 10 |

## 21 Contingent liability

DC Thomson & Company Limited hold a bond and floating charge and a cross guarantee with bright**solid** online innovation limited over all the assets of the company. The amount secured at 31 March 2010 was £nil (2009 - £7,785k).

## 22 Related party disclosures

The company has taken advantage of the exemption under FRS8 Related Party Disclosure not to disclose related party transactions between companies which are wholly owned by the ultimate parent company during the year and where group accounts are prepared.

During the year Noble Gossart Investments Limited provided services to bright**solid** online technology limited totalling £19k (2009 - £15k) of which £5k (2008 – £nil) was outstanding at the year end.

## 23 Parent undertaking and control

The company is a wholly owned subsidiary of bright**solid** online innovation limited, a company incorporated in Great Britain and registered in Scotland. bright**solid** online innovation limited is a wholly owned subsidiary undertaking of DC Thomson & Company Limited, the ultimate parent company. No one person controls DC Thomson & Company Limited.