Company Registration No. 3441816

IForce Limited

Report and Financial Statements

31 December 2002

REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Peacock	(resigned 2 April 2002)
D Birnbaum	(appointed 2 April 2002)
J Reeve	(appointed 2 April 2002, resigned 12 November 2002)
J Solomon	(appointed 2 April 2002)
C Van Riet	(appointed 2 April 2002, resigned 17 November 2002)
A G Rice	(appointed 13 February 2001, resigned 2 April 2002)

SECRETARY

A G Rice	(resigned 2 April 2002)
J Solomon	(appointed 2 April 2002)

REGISTERED OFFICE

Imber Court Business Park
Orchard Lane
East Molesey
Surrey
KT8 0BZ

BANKERS

The Royal Bank of Scotland plc
London City Office
62-63 Threadneedle Street
London
EC2R 8LA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company is principally engaged in providing customer communications handling services including database management, telephone and mail response handling, stock management and fulfilment, e-commerce and internet services for a wide range of clients.

RESULTS AND DIVIDENDS

There was a loss for the year after taxation amounting to £2,789,406 (2001: loss of £8,355,664).

The directors do not recommend the payment of a dividend for the year (2001: £nil).

REVIEW OF THE BUSINESS

The inter company balance owed to IForce Group Limited was settled during the year by way of a capital contribution to the company. On 2 April 2002, the company was sold to Hamsard 2428 Limited, a company incorporated in England and Wales. Hamsard 2428 Limited invested £4,500,000 in the company through the purchase of 0% loan notes. The company expects to continue to grow at a rapid rate with growth coming from existing as well as new clients. This growth will probably require the acquisition of additional warehouse facilities.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to date are detailed on page 1.

None of the directors who held office at 31 December 2002 held shares in the company or in the immediate and ultimate parent undertaking, Hamsard 2428 Limited.

AUDITORS

Arthur Andersen resigned as auditors of the company on 31 July 2002 and Deloitte and Touche were appointed on 1 August 2002 to fill the casual vacancy arising.

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors have used the company's statutory power to give consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

D Birnbaum

Director

10 DECEMBER 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 the system of internal control, 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 MEMBERS OF IFORCE LIMITED

We have audited the financial statements of IForce Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 23. These financial statements have been prepared under 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 so that we might state to the company's members those matters we are required to state to them in an auditors' 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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the completion of the planned combination of businesses and the ability of the entity arising as a combination of the businesses of IForce Limited and Tablogix Limited to reduce costs and win additional clients as required to enable the business to trade throughout its development phase. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading

10 DECEMBER 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER		11,054,808	7,031,192
Cost of sales		(7,743,902)	(5,662,208)
GROSS PROFIT		3,310,906	1,369,124
Administrative expenses		(5,700,485)	(7,005,737)
OPERATING LOSS	2	(2,389,579)	(5,636,613)
Other interest receivable and similar income	4	22,565	24,252
Interest payable and similar charges	5	(422,392)	(2,743,303)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,789,406)	(8,355,664)
Tax on loss on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	15	(2,789,406)	(8,355,664)

The statement of total recognised gains and losses has not been presented as there are no recognised gains or losses other than the loss for each year as shown above.

The accompanying notes are an integral part of this profit and loss account.

All transactions arise from continuing operations.

BALANCE SHEET
31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	1,830,145	1,574,698
CURRENT ASSETS			
Stocks	8	18,444	30,892
Debtors - due within one year	9	2,790,370	2,280,836
- due after one year	9	445,550	445,550
Cash at bank and in hand		438,758	-
		3,693,122	2,757,278
CREDITORS: amounts falling due within one year	10	(3,908,700)	(16,110,358)
NET CURRENT LIABILITIES		(215,578)	(13,353,080)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,614,567	(11,778,382)
CREDITORS: amounts falling due after more than one year	11	(4,550,889)	(60,520)
NET LIABILITIES		(2,936,322)	(11,838,902)
CAPITAL AND RESERVES			
Called up share capital	14	2,000,001	2,000,000
Share premium account	15	3,070,740	-
Profit and loss account	15	(8,007,063)	(13,838,902)
SHAREHOLDERS' DEFICIT	16	(2,936,322)	(11,838,902)
SHAREHOLDERS' FUNDS MAY BE ANALYSED AS			
Equity interests		(6,007,063)	(11,838,902)
Non-equity interests		3,070,741	-
		(2,936,322)	(11,838,902)

These financial statements were approved by the Board of Directors on 10 Dec 2003.

Signed on behalf of the Board of Directors

D Birnbaum

Director

The accompanying notes are an integral part of this balance sheet

CASH FLOW STATEMENT
Year ended 31 December 2002

	Note	2002 £	2001 £
Net cash outflow from operating activities	17	(1,361,514)	(2,417,023)
Returns on investments and servicing of finance	18	(40,075)	(8,061)
Capital expenditure	18	(677,401)	(392,127)
Cash outflow before financing		(2,078,990)	(2,817,211)
Financing	18	3,208,608	1,206,271
Increase/(decrease) in cash in the year		1,129,618	(1,610,940)

The accompanying notes are an integral part of this cash flow statement.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. Financial Reporting Standard 19 'Deferred Taxation' has been adopted in these financial statements with no impact on the company's results.

Going concern

The company continues to focus its efforts on growing the business in existing and new markets.

The directors have prepared projected cash flow information for the current financial year and the following financial year (a period of 12 months from the date of approval of these financial statements). This cash flow has been prepared on the assumption that the company will be able to reduce overhead costs, increase borrowing facilities and win new clients, none of which are certain. However the directors intend to combine the activities of the company with those of Tablogix Limited which is expected to result in a significant reduction in overhead costs and an enhanced ability to win new clients.

On the basis of this cash flow information and the proposed business combination, the directors have formed a judgement at the time of approving the financial statements that the increase in cash inflow which will be *generated as a result of the overhead cost savings and additional client wins will be sufficient to meet the* forecast liabilities of the company as they fall due. In the event that these cash inflows are less than forecast, the company's existing cash resources may be inadequate to meet the forecast liabilities of the company as they fall due. However, the directors believe that the anticipated business combination will proceed, and that the cost savings and additional client wins will be achieved. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The financial statements do not include any adjustments that would result in the event that the company were unable to meets its liabilities as they fall due. In the event that the going concern basis is not applicable and in accordance with generally accepted accounting policies, adjustment would have to be made to the accounts to restate the value of assets to the recoverable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation has been calculated on the straight line method and aims to write down the cost, less estimated residual value, of tangible fixed assets over their expected useful lives, using the following periods:

Premiums/additions on short leases	Over the term of the lease
Plant, machinery and database equipment	4-10 years
Fixtures, fittings and office equipment	4-10 years
Motor vehicles	4 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

The pension premiums payable are in respect of defined contribution schemes. The annual instalments are charged to the profit and loss account. The company has no potential further liability in respect of pensions.

Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. Turnover is derived solely from the company's principal activity in the United Kingdom.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

2. OPERATING LOSS

		2002 £	2001 £
The operating loss is stated after charging:			
Depreciation of tangible fixed assets	- owned assets	448,302	459,720
	- leased assets	13,654	11,383
Auditors' remuneration for audit services		17,000	20,400
Operating leases rentals	- plant and machinery	169,560	103,975
	- other	1,008,135	970,478
Impairment of fixed assets		-	386,771

Amounts payable to Deloitte & Touche LLP and their associates by the company and its UK subsidiary undertakings in respect of non-audit services were £nil (2001 : £nil).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Employee costs during the year including executive directors were as follows:		
Wages and salaries	5,132,076	4,095,863
Social security costs	335,892	415,810
Pension costs	17,936	32,787
	5,485,904	4,544,460

	No.	No.
The average monthly number of employees during the year including executive directors was as follows:		
Administration	64	112
Production	87	60
	151	172

Remuneration in respect of directors was as follows:	£	£
Emoluments	53,016	263,352
Fees paid to third parties	161,149	-

The highest paid director was paid £47,016 in the year ended 31 December 2002 (2001: £150,969). No directors received pension contributions in either year.

The number of directors who were members of money purchase pension schemes during the year was nil (2001: nil).

In addition to the emoluments shown above, Mr A G Rice was paid £150,000 by the company as compensation for loss of office as a director following his resignation from the board on 2 April 2002.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Bank interest	22,565	24,252

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank loans and overdrafts	70,349	28,776
Finance lease and hire purchase agreements	5,959	3,537
Other	346,084	2,710,990
	422,392	2,743,303

Other interest payable relates to finance and interest charges attributable to the loan notes (refer to note 10).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The taxation charge based on the result on ordinary activities for the year is £nil (2001: £nil).

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK at 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	(2,789,406)	(8,355,664)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax – 30%	(836,822)	(2,506,699)
Effects of:		
Expenses not deductible for tax purposes	100,960	866,703
Capital allowances in excess of depreciation	(12,425)	129,974
Losses not recognised	742,812	1,495,247
Movement in short term timing differences	5,475	14,775
Current tax charge for year	-	-

The adoption of Financial Reporting Standard 19 'Deferred Taxation' has had no effect on the results for the year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

7. TANGIBLE FIXED ASSETS

	Premiums/ additions on short leases	Plant, machinery and database equipment	Fixtures, fittings, and office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2002	547,855	1,400,768	868,266	44,936	2,861,825
Additions	-	272,792	447,494	-	720,286
Disposals	-	-	-	(32,362)	(32,362)
At 31 December 2002	547,855	1,673,560	1,315,760	12,574	3,549,749
Accumulated depreciation					
At 1 January 2002	378,252	638,427	233,287	37,161	1,287,127
Charge for the year	54,273	308,515	94,320	4,848	461,956
Disposals	-	-	-	(29,479)	(29,479)
At 31 December 2002	432,525	946,942	327,607	12,530	1,719,604
Net book value					
At 31 December 2002	115,330	726,618	988,153	44	1,830,145
At 31 December 2001	169,603	762,341	634,979	7,775	1,574,698

Included in the net book value of tangible fixed assets is £128,311 (2001: £102,211) of assets held under finance leases and hire purchase agreements. The depreciation charge on these assets during the year was £13,654 (2001: £11,383).

8. STOCKS

	2002	2001
	£	£
Raw material and consumables	18,444	30,892
	18,444	30,892

There is no material difference between the balance sheet value of stocks and their replacement costs.

9. DEBTORS

	2002	2001
	£	£
Amounts falling due within one year :		
Trade debtors	2,355,948	2,015,504
Prepayments and accrued income	317,466	265,332
Owed by parent undertaking	116,956	-
	2,790,370	2,280,836

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

	2002 £	2001 £
Amounts falling due after more than one year :		
Other debtors	445,550	445,550

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Finance leases and hire purchase agreements	37,606	21,365
Bank overdraft	-	690,860
Trade creditors	2,386,369	1,139,725
Amount owed to parent undertakings	-	8,857,447
Loan notes	-	3,968,990
Other taxes and social security	333,851	267,084
Other creditors	266,867	97,394
Accruals and deferred income	884,007	1,067,493
	3,908,700	16,110,358

The amount owed to parent undertakings was settled during the year as a capital contribution to the company (refer note 15).

8% loan notes with a redemption value of £763,510 (2001: £3,968,990) were issued during the year in exchange for £242,000 cash.

On 2 April 2002, the company paid £1,500,000 and issued one non-equity share of £1 to the note holders in full and final settlement of the 8% loan notes at that time. Share premium of £3,070,740 arose as a result of the settlement.

The note holders, and other external parties then invested £4,500,000 in the company's new parent, Hamsard 2428 Limited, which in turn purchased loan notes for the same amount in the company. These loan notes are repayable given 12 months written notice and are not subject to an interest charge.

The company has granted fixed charges of £406,000 (2001 : £406,000) to secure lease contracts. The company has granted a fixed and floating charge over all of its assets to secure the bank overdraft of £nil (2001 : £690,860).

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Loan notes	4,500,000	-
Finance leases and hire purchase agreements	50,889	60,520
	4,550,889	60,520

The loan notes of £4,500,000 were issued by the company's parent, Hamsard 2428 Limited. These loan notes are repayable given 12 months written notice and are not subject to an interest charge.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

12. DEFERRED TAX

	2002 Asset not recognised £	2001 Asset not recognised £
Accelerated capital allowances	89,898	77,474
Short term timing differences	(29,250)	(23,775)
Trading losses	(3,821,723)	(3,078,911)
Net deferred tax asset not recognised	(3,761,075)	(3,025,212)

A deferred tax asset has not been recognised in respect of the above timing difference as the company does not anticipate that taxable profits will arise in the immediate future.

13. MATURITY OF DEBT

	2002 Loan Notes £	2001 Loan Notes £	2002 Finance Leases £	2001 Finance Leases £
Amounts payable				
- within one year	-	3,968,990	37,606	21,365
- between two and five years	4,500,000	-	50,889	60,520
	4,500,000	3,968,990	88,495	81,885

14. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
3,000,000 ordinary shares of £1 each	3,000,000	3,000,000
1 deferred share of £1	1	-
	3,000,001	3,000,000
Called up, allotted and fully paid:		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
1 deferred share of £1	1	-
	2,000,001	2,000,000

Non-equity shareholders funds relate to the 1 deferred share of £1 which was issued at a premium of £3,070,740 in settlement of the 8% loan notes (refer note 10). The deferred share does not have any rights to dividends or to any other distribution on winding up or otherwise.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

15. RESERVES

	Profit and loss account £	Share premium £	Total £
At 1 January 2002	(13,838,902)	-	(13,838,902)
Loss for the financial year	(2,789,406)	-	(2,789,406)
Capital contribution from parent	8,621,245	-	8,621,245
Premium on shares issued	-	3,070,740	3,070,740
At 31 December 2002	(8,007,063)	3,070,740	(4,936,323)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2002 £
At 1 January 2002	(11,838,902)
Loss for the financial year	(2,789,406)
Capital contribution from parent	8,621,245
New shares issued	3,070,741
At 31 December 2002	(2,936,322)

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating loss	(2,389,579)	(5,636,613)
Depreciation charges	461,956	857,874
Decrease in stocks	12,448	22,029
(Increase)/decrease in debtors	(509,534)	591,334
Increase in creditors	1,063,195	1,748,353
Net cash outflow from operating activities	(1,361,514)	(2,417,023)

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

18. ANALYSIS OF CASHFLOWS

Returns on investment and servicing of finance

	2002 £	2001 £
Interest received	22,565	24,252
Interest paid	(56,681)	(28,776)
Interest on finance leases	(5,959)	(3,537)
Net cash outflow	(40,075)	(8,061)

Capital expenditure

	2002 £	2001 £
Purchase of fixed assets	(680,284)	(521,329)
Sales of tangible fixed assets	2,883	129,202
	(677,401)	(392,127)

Financing

	2002 £	2001 £
Capital element of finance lease	(33,392)	(51,729)
Issue of loan notes – 0%	4,500,000	1,258,000
Issue of loan notes – 8%	242,000	-
Repayment of loan notes – 8%	(1,500,000)	-
	3,208,608	1,206,271

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

19. ANALYSIS AND RECONCILIATION OF NET DEBT

Analysis of net debt

	1 January 2002 £	Cashflow £	Other £	31 December 2002 £
Cash in hand	-	438,758	-	438,758
Overdraft	(690,860)	690,860	-	-
	(690,860)	1,129,618	-	438,758
Debt due after 1 year	-	(4,500,000)		(4,500,000)
Debt due within 1 year	(3,968,990)	1,258,000	2,710,990	-
Finance leases	(81,885)	33,392	(40,002)	(88,495)
Net debt	(4,741,735)	(2,078,990)	2,670,988	(4,149,737)

Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
Change in cash in the year	1,129,618	(1,610,940)
Cash inflow from change in debt and lease financing	(3,208,608)	(1,206,271)
Other non-cash changes	2,670,988	(2,782,769)
Movement in net debt	591,998	(5,599,980)
Movement in net debt in year		
Net (debt)/funds at start of year	(4,741,735)	858,245
Net debt at end of year	(4,149,737)	(4,741,735)

The other non-cash changes relates to the premium on the 2001 loan notes which was converted to a non equity share by the note holders and new finance leases which the company entered into during the year with a total capital value at the inception of the lease of £40,002 (2001 : £105,619).

20. CAPITAL COMMITMENTS

Capital commitments at 31 December 2002 amounted to £93,700 (2001: £nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

21. LEASING COMMITMENTS

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as detailed below.

	2002		2001	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	35,237	123,300	30,840
Within two to five years	540,000	50,890	-	73,356
After more than five years	886,550	-	886,550	-
	1,426,550	86,127	1,009,850	104,196

22. ULTIMATE PARENT COMPANY

On 2 April 2002, the company was acquired by Hamsard 2428 Limited, a company incorporated in England and Wales. As at 31 December 2002 and to date, Hamsard 2428 Limited is the immediate and ultimate parent undertaking of the company. The controlling parties are a consortium of venture capitalists.

Hamsard 2428 Limited is the parent company of the smallest and largest group for which consolidated accounts are prepared. Copies of these group accounts are available from the company secretary, Hamsard 2428 Limited, Imber Court Business Park, Orchard Lane, East Molesey, Surrey, KT8 0BZ.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

23. RELATED PARTY TRANSACTIONS

The Company traded on normal commercial terms with the following related parties during the year:

Details of related party and relationship	**Services provided to** ***related party***	**Services acquired** ***from related party***
Tablogix Ltd – Common Shareholders/Directors	Professional services	Warehouse space and professional services
Dataforce Ltd – Common Shareholders/Directors	Call centre and professional services	Call centre and professional services
Logisco Technology – Common Shareholder/Directors		IT Services

The values of related party transactions during the year are summarised below:

Services provided to related parties	**Value of transactions**		**Amount owing to IForce Ltd at the year end**	
	2002	**2001**	**2002**	**2001**
	£	**£**	**£**	**£**
Tablogix	95,404	-	-	-
Dataforce	443	-	-	-
	95,847	-	-	-

Services provided from related parties	**Value of transactions**		**Amount owed by IForce Ltd at the year end**	
	2002	***2001***	***2002***	***2001***
	£	**£**	**£**	**£**
Tablogix	227,707	-	20,878	-
Logisco Technology	129,250	-	71,189	-
Dataforce	33,829	422,941	-	27,237
	390,786	422,941	92,067	27,237

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with other wholly owned member of the group headed by Hamsard 2428 Limited.