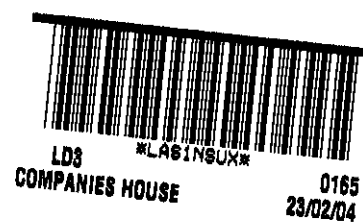


Company Registration No. 3868436 (England and Wales)

COST CUTTING INTERNATIONAL LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



COST CUTTING INTERNATIONAL LTD

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Robyn Spitz (Appointed 31 August 2003) Jane Stapleton (Appointed 31 August 2003) |
| Secretary | R Schweitzer |
| Company number | 3868436 |
| Registered office | 38 Wigmore Street London W1U 2HA |

COST CUTTING INTERNATIONAL LTD

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Directors' report | 1 |
| Profit and loss account | 2 |
| Balance sheet | 3 |
| Notes to the financial statements | 4 - 5 |

COST CUTTING INTERNATIONAL LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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

Principal activities

The principal activity of the company continued to be that of provision of administrative services.

Directors

The following directors have held office since 1 January 2002:

| | |
|---------------------------|---|
| Robyn Spitz | (Appointed 31 August 2003) |
| Jane Stapleton | (Appointed 31 August 2003) |
| Kenora Limited | (Appointed 2 July 2003 and resigned 31 August 2003) |
| Palmbury Services Limited | (Appointed 2 July 2002 and resigned 31 August 2003) |

Director's interests

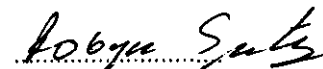
The director's interest in the shares of the company was as stated below:

| | Ordinary Shares of £ 1 each | |
|---------------------------|------------------------------------|-----------------------|
| | 31 December 2002 | 1 January 2002 |
| Palmbury Services Limited | - | - |

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

On behalf of the board

20 FEB 2004



Robyn Spitz
Director

.....

COST CUTTING INTERNATIONAL LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

| | | 2002 | 2001 |
|---|--------------|-------------|-------------|
| | Notes | £ | £ |
| Turnover | | 4,694 | - |
| Administrative expenses | | (1,295) | (2,035) |
| | | <hr/> | <hr/> |
| Profit/(loss) on ordinary activities before taxation | 2 | 3,399 | (2,035) |
| Tax on profit/(loss) on ordinary activities | 3 | (1,020) | - |
| | | <hr/> | <hr/> |
| Profit/(loss) on ordinary activities after taxation | 8 | 2,379 | (2,035) |
| | | <hr/> | <hr/> |

COST CUTTING INTERNATIONAL LTD

BALANCE SHEET AS AT 31 DECEMBER 2002

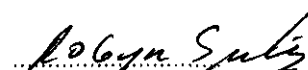
| | Notes | 2002 £ | £ | 2001 £ | £ |
|---|-------|----------------|--------------|----------------|----------------|
| Fixed assets | | | | | |
| Investments | 4 | | 5 | | 5 |
| Current assets | | | | | |
| Debtors | 5 | 2,316 | | 164 | |
| Cash at bank and in hand | | 2,285 | | 21 | |
| | | <u>4,601</u> | | <u>185</u> | |
| Creditors: amounts falling due within one year | 6 | <u>(4,887)</u> | | <u>(2,850)</u> | |
| Net current liabilities | | | (286) | | (2,665) |
| Total assets less current liabilities | | | <u>(281)</u> | | <u>(2,660)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 2 | | 2 |
| Profit and loss account | 8 | | (283) | | (2,662) |
| Shareholders' funds | | | <u>(281)</u> | | <u>(2,660)</u> |

In preparing these financial statements:

- The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The directors acknowledge their responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - 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 the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

The financial statements were approved by the Board on **20 FEB 2004**


Robyn Spitz
Director


Jane Stapleton
Director

COST CUTTING INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements have been prepared on a going concern basis. The company has obtained undertakings from its shareholders that they will continue to support the company for the foreseeable future and meet all third party liabilities as they fall due. Given this undertaking, the directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

1.2 Turnover

Turnover represents income wholly derived from the company's principal activity.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Operating profit/(loss)

| | 2002 | 2001 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit/(loss) is stated after charging: | | |
| Partnership' share of loss | - | 38 |
| | <u> </u> | <u> </u> |

3 Taxation

| | 2002 | 2001 |
|----------------------------------|-------------------|-------------------|
| | £ | £ |
| Domestic current year tax | | |
| U.K. corporation tax | 1,020 | - |
| | <u> </u> | <u> </u> |
| Current tax charge | <u>1,020</u> | <u>-</u> |

4 Fixed asset investments

| | Unlisted investments |
|---|---------------------------------|
| | £ |
| Cost | |
| At 1 January 2002 & at 31 December 2002 | <u>5</u> |

COST CUTTING INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

| | | |
|--|---------------|--------------------------------|
| 5 Debtors | 2002 | 2001 |
| | £ | £ |
| Trade debtors | 2,316 | - |
| Other debtors | - | 164 |
| | <u>2,316</u> | <u>164</u> |
| 6 Creditors: amounts falling due within one year | 2002 | 2001 |
| | £ | £ |
| Taxation and social security | 1,020 | - |
| Other creditors | 3,867 | 2,850 |
| | <u>4,887</u> | <u>2,850</u> |
| 7 Share capital | 2002 | 2001 |
| | £ | £ |
| Authorised | | |
| 10,000 Ordinary Shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| Allotted, called up and fully paid | | |
| 2 Ordinary Shares of £1 each | <u>2</u> | <u>2</u> |
| 8 Statement of movements on profit and loss account | | Profit and loss account |
| | | £ |
| Balance at 1 January 2002 | | (2,662) |
| Retained profit for the year | | <u>2,379</u> |
| Balance at 31 December 2002 | | <u>(283)</u> |

9 Related party transactions

The ultimate controlling party is not known to the director. The following balances existed with related parties at 31 December 2002:

a) Loan from shareholders - £1,919 (2001 Loan from shareholders: £827).

COST CUTTING INTERNATIONAL LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

| | 2002 | 2001 |
|-------------------------|--------------|----------------|
| | £ | £ |
| Turnover | | |
| Commissions receivable | 4,694 | - |
| Administrative expenses | (1,295) | (2,035) |
| Operating profit/(loss) | <u>3,399</u> | <u>(2,035)</u> |

COST CUTTING INTERNATIONAL LTD

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2002

| | 2002 | 2001 |
|--------------------------------|-------|-------|
| | £ | £ |
| Administrative expenses | | |
| Partnership' share of loss | - | 38 |
| Accountancy fees | 600 | 600 |
| Exchange differences | (66) | - |
| Administrative expenses | 761 | 1,397 |
| | <hr/> | <hr/> |
| | 1,295 | 2,035 |
| | <hr/> | <hr/> |
