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7C (PEMBROKE) LIMITED

Report and Accounts

30 June 2001



7C (Pembroke) Limited

Registered No. 03891960

DIRECTORS

Hammond Suddards Directors Limited	(resigned 11 July 2000)
Z Lewy	(appointed 11 July 2000)
S R M Philips	(appointed 11 July 2000)
D S Wilkes	(appointed 6 February 2001)
A J Fort	(appointed 11 July 2000)
J Sotolongo	(appointed 11 July 2000; resigned 6 February 2001)

SECRETARY

P Edelstyn	(appointed 26 April 2001)
A J Fort	(appointed 11 July 2000; resigned 26 April 2001)
Hammond Suddards Secretaries Limited	(resigned 11 July 2000)

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

REGISTERED OFFICE

St Alphage Garden
Fore Street
London EC2Y 5DS

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 5 of these accounts. The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the provision of customer relationship management services.

The company commenced its business in July 2000. The company's client, ITV Digital, is currently subject to an administration order issued on 27 March 2002 and the contract with this client was subsequently terminated. We are actively looking at new initiatives to mitigate the loss of ITV Digital as a client.

CHANGE OF NAME

On 19 July 2000 the company's name was changed to 7C (Pembroke) Limited.

DIRECTORS AND THEIR INTERESTS


The directors during the year were as shown on page 1.

None of the directors has any interest in the share capital of the company. The interest of the directors in the shares of the ultimate parent undertaking, 7C (Holdings) Limited, are shown in the report and accounts of that company.

AUDITORS

Ernst & Young LLP were appointed by the directors as the auditors after the year end. A resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

By order of the board


Secretary

31 JUL 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year 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 accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE INDEPENDENT AUDITORS
to the members of 7C (Pembroke) Limited**

We have audited the company's accounts for the year ended 30 June 2001, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 17. These accounts have been prepared on the basis of the accounting policies set out therein.

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 accounts in accordance with applicable United Kingdom law and 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 affairs of the company as at 30 June 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

31 JUL 2002

7C (Pembroke) Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2001

	<i>Notes</i>	<i>2001</i> <i>£000</i>	<i>2000</i> <i>£000</i>
TURNOVER	2	10,812	-
Cost of sales		6,781	-
		<hr/>	<hr/>
GROSS PROFIT		4,031	-
Net operating expenses		3,929	-
		<hr/>	<hr/>
OPERATING PROFIT	3	102	-
Interest payable and similar charges	6	102	-
		<hr/>	<hr/>
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Taxation	7	-	-
		<hr/>	<hr/>
RESULT FOR THE FINANCIAL YEAR		-	-
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than as shown above.

7C (Pembroke) Limited

BALANCE SHEET

at 30 June 2001

	<i>Notes</i>	<i>2001 £000</i>	<i>2000 £000</i>
FIXED ASSETS			
Tangible assets	8	1,974	-
CURRENT ASSETS			
Debtors	9	2,618	-
CREDITORS: amounts falling due within one year	10	3,048	-
NET CURRENT LIABILITIES		(430)	-
TOTAL ASSETS LESS CURRENT LIABILITIES		1,544	-
CREDITORS: amounts falling due after more than one year	11	1,544	-
CAPITAL AND RESERVES			
Called up share capital	12	-	-
TOTAL SHAREHOLDERS' FUNDS: EQUITY		-	-

Director



NOTES TO THE ACCOUNTS
at 30 June 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Going concern

The accounts have been prepared on the going concern basis as the parent company has indicated that it will continue to provide financial support to enable the company to meet its liabilities as they fall due.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over the lease term
Fixtures and equipment	-	over 3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's continuing principal activity in the United Kingdom.

7C (Pembroke) Limited

NOTES TO THE ACCOUNTS at 30 June 2001

3. OPERATING PROFIT

This is stated after charging:

	2001	2000
	£000	£000
Auditors' remuneration	8	-
Depreciation of owned tangible fixed assets	42	-
Depreciation of tangible assets held under finance leases	680	-
Operating lease rentals - fixtures and equipment	54	-
	<u>784</u>	<u>-</u>

4. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year.

5. STAFF COSTS

	2001	2000
	£000	£000
Wages and salaries	324	-
Social security costs	25	-
	<u>349</u>	<u>-</u>

The average monthly number of employees during the period was as follows:

	2001	2000
	No.	No.
Administration	5	-
Operational	3	-
	<u>8</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£000	£000
Finance charges payable under finance leases and hire purchase contracts	102	-
	<u>102</u>	<u>-</u>

7. TAXATION

No liability arises in respect of UK corporation tax due to the fact that the company made no taxable profits during the year.

7C (Pembroke) Limited

NOTES TO THE ACCOUNTS at 30 June 2001

8. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Fixtures and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 July 2000	-	-	-
Additions	7	2,689	2,696
At 30 June 2001	7	2,689	2,696
Depreciation:			
At 1 July 2000	-	-	-
Provided during the year	3	719	722
At 30 June 2001	3	719	722
Net book amount:			
At 30 June 2001	4	1,970	1,974
At 30 June 2000	-	-	-

The net book value of fixtures and equipment above includes an amount of £1,809,700 in respect of assets held under finance leases and hire purchase contracts.

9. DEBTORS

	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	1,475	-
Amounts due from group undertakings	865	-
Accrued income	278	-
	2,618	-

10. CREDITORS: amounts falling due within one year

	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	30	-
Obligations under finance leases and hire purchase contracts (note 14)	906	-
Accruals	2,112	-
	3,048	-

7C (Pembroke) Limited

NOTES TO THE ACCOUNTS at 30 June 2001

11. CREDITORS: amounts falling due after more than one year

	2001 £000	2000 £000
Obligations under finance leases and hire purchase contracts (note 14)	1,544	-

12. SHARE CAPITAL

	2001 No.	2000 No.	2001 £000	2000 £000
Ordinary shares of £1 each	100	100	100	100

	2001 No.	2000 No.	2001 £000	2000 £000
Ordinary shares of £1 each	1	1	-	-

13. OTHER FINANCIAL COMMITMENTS

The company had annual commitments under non-cancellable operating leases as set out below:

	2001 £000	2000 £000
Operating leases which expire: within two to five years	159	-

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £000	2000 £000
Amounts payable: within one year	1,040	-
in two to five years	1,767	-
	2,807	-
Less: finance charges allocated to future periods	(357)	-
	2,450	-

NOTES TO THE ACCOUNTS
at 30 June 2001

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS (continued)

	2001	2000
	£000	£000
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 10)	906	-
Non-current obligations (note 11)	1,544	-
	<u>2,450</u>	<u>-</u>

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking and controlling party is 7C (Holdings) Limited.

Group accounts, which include the company, are available from the company's registered office.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8, as a wholly owned subsidiary of 7C (Holdings) Limited, not to disclose related party transactions with other members of the group.

17. POST BALANCE SHEET EVENTS

The company's main client, ITV Digital, is currently subject to an administrative order issued on 27 March 2002 and the contract with this client was subsequently terminated.