



4C ASSOCIATES LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2002

Registered Number: 4018096

Registered Office: 92-94 King Street, London W6 0QW



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1. Report of the Directors

The directors present their annual report with the accounts of the company for the year ended 30th June 2002.

Principal activity

The principal activity of the company in the year under review was providing information, expertise and technology to help our clients determine how best to use their internal resources and maximise the value they receive from external professional service providers.

Review of the business

In a difficult trading environment 4C has had a successful first full year. The tough environment encompassed the effect of the post-technology boom period and a general economic slowdown, which affected both our current customer base and prospective customers. In response, we focused the Business Model on providing large corporates with expertise, systems and processes to maximise the value from their external professional services suppliers. We also structured the business to more closely link costs with revenues. The result was that revenues and financial performance generally came close to meeting the ambitious first year targets.

Revenues comprised services to large corporate clients, including Aon, BG Group, Dixons, Prudential, Orange, Vodafone and the Inland Revenue. A notable 10% of revenue came from Forethought, our publication to inform buyers about the offers of consultancy firms. It has proved a major success and has received strong positive feedback from both buyers and sellers of consultancy.

Outlook

We expect a similar growth rate seen in the quarterly Revenue comparisons over the coming year. We recently signed a six-month contract with BG-Group worth in excess of £180k between July and December 2002, and are in discussions with them regarding a further contract from Jan 2003. We have a strong pipeline of work from other companies including Aon, Prudential, Royal Bank of Scotland Group and Dixons. We also expect the Forethought revenue to continue to grow rapidly over the next year.



Directors

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	<u>Number of Shares</u>	
	<u>30th June 2002</u>	<u>1st July 2001</u>
Mr E. Ainsworth	32,500	32,500
Mr P. Marson	32,500	32,500
Mr J. Viney	2,750	
Mr J. Stewart	262	

Mr Viney and Mr Stewart were appointed directors during the year

Directors' responsibilities

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 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 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.

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

Signed on behalf of the board of directors:

E. Ainsworth
Director

Approved by the board on: 12th Sept 2002



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2002**

	<u>Notes</u>	<u>2001/02</u> £	<u>2000/01</u> £
Turnover	2	414,947	12,631
Administrative expenses		<u>634,648</u>	<u>328,569</u>
Operating loss	3	(219,701)	(315,938)
Interest receivable		5,040	2,182
Interest payable		(4,150)	(1,041)
Loss on ordinary activities before taxation		(218,811)	(314,797)
Taxation	4	-	-
Retained loss for the financial year		(218,811)	(314,797)
Retained loss at 30th June 2001		(314,797)	(314,797)
Retained loss at 30th June 2002		(533,608)	

Continuing operations

All the company's activities in the above financial year derived from continuing operations

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the period.



BALANCE SHEET
AS AT 30TH JUNE 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Fixed assets			
Tangible assets	5	31,600	28,938
Intangible assets	6	<u>6,000</u>	<u>15,000</u>
Total Fixed Assets		37,600	43,938
Current assets			
Stocks	7	510	
Debtors	8	209,042	23,704
Cash at bank and in hand		<u>204,023</u>	<u>124,895</u>
		413,575	148,599
Creditors: amounts falling due within one year	9	(133,218)	(63,458)
Net current assets		280,357	85,141
Creditors: amounts falling due beyond one year	10	(6,409)	(13,226)
Net assets		<u>311,548</u>	<u>115,853</u>
Capital and reserves			
Called up share capital	11	865	758
Share Premium Account		844,291	429,892
Profit and loss account		(533,608)	(314,797)
Shareholders' funds	12	<u>311,548</u>	<u>115,853</u>

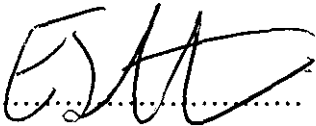


In preparing these unaudited financial statements advantage has been taken of the exemption under section 249A(1) of the Companies Act. Members have not required the company to obtain an audit under section 249B(2).

The directors acknowledge their responsibility for ensuring the company keeps accounting records which comply with section 221 of the Companies Act and for preparing financial statements which give a true and fair view of the state of the company's affairs as at the end of the financial year and of its profit or loss in that financial year, in accordance with section 226 and which otherwise comply with the Companies Act 1985 in relation to financial statements.

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

Signed on behalf of the board of directors:

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E. Ainsworth
Director

Approved by the board on:

12th September 2002



NOTES TO THE ACCOUNTS – FOR THE YEAR ENDED 30TH JUNE 2002

1. Accounting Policies

Basis of accounting

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

Cash Flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Turnover

Turnover represents amounts invoiced to customers, except in the case of longer term contracts where turnover represents the value of work carried out during the period.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery - 25% of the cost per annum

Office equipment – 25% of the cost per annum

Intangible fixed assets

Intangible fixed assets are amortised over two years

2. Turnover

One percent of the Company's turnover was attributable to markets outside the UK.

3. Operating loss

The operating loss is stated after charging:

	<u>2002</u> £	<u>2001</u> £
Depreciation of tangible fixed assets	8,814	3,095

	<u>2002</u>	<u>2001</u>
	£	£
Amortisation of intangible fixed assets	9,000	3,000
Directors' emoluments	94,500	11,800
Interest on finance leases	4,137	1,032

4. Taxation

In view of the loss in the year, there is no corporation tax charge in 2002

5. Tangible fixed assets

	<u>Office Equipment</u>	<u>Plant and Machinery</u>	<u>Total</u>
	£	£	£
<u>Cost</u>			
At 1 st July 2001	31,438	595	32,033
Additions	11,476	-	11,476
Disposals	-	-	-
At 30 th June 2002	<u>42,914</u>	<u>595</u>	<u>43,509</u>
<u>Depreciation</u>			
At 1 st July 2001	3,020	75	3,095
On disposals	-	-	-
Charge for year	8,666	148	8,814
At 30 th June 2002	<u>11,686</u>	<u>223</u>	<u>11,909</u>
<u>Net book value</u>			
At 30 th June 2002	<u>31,228</u>	<u>372</u>	<u>31,600</u>
At 30 th June 2001	<u>28,418</u>	<u>520</u>	<u>28,938</u>

6. Intangible fixed assets

Intangible fixed assets represent the purchase of some of the intellectual property, including databases and trade information, of e-countries in March 2001 for a consideration of £18,000. These assets are being amortised over 2 years.



	<u>Intangible Fixed Assets</u> £
<u>Cost</u>	
At 1 st July 2001	18,000
Additions	-
Disposals	-
At 30 th June 2002	<u>18,000</u>
<u>Depreciation</u>	
At 1 st July 2001	3,000
On disposals	-
Charge for year	9,000
At 30 th June 2002	<u>12,000</u>
<u>Net book value</u>	
At 30 th June 2002	<u>6,000</u>
At 30 th June 2001	<u>15,000</u>

7. Stock

Work in Progress of £510 represents preparatory work by a third party for the July edition of Forethought magazine.

8. Debtors	<u>2002</u> £	<u>2001</u> £
Trade Debtors	200,970	11,237
Prepayments	8,072	7,022
VAT Recoverable	-	5,445

9. Creditors: amounts falling due within one year

	£	£
Trade Creditors	45,056	35,510
Other Creditors	53,657	16,289
Finance Leases	9,288	6,910
Taxation and N.I.	8,658	4,749
VAT Liability	16,559	-



10. Finance Leases

Fixed assets to the value of £27,412 have been purchased under finance leases. These assets have been capitalised and depreciated in accordance with accounting policy. Lease payments in the year totaled £11,670, of which the implied interest charge was £4,137. Lease payments due within one year are £11,683, of which the capital element is £9,288 and the interest £2,395. Lease payments due in 2 to 5 years are £7,134, of which the capital element is £6,409 and the interest £725.

11. Called up share capital

	<u>2002</u>	<u>2001</u>
	£	£
Authorised		
Ordinary shares of £0.01p each	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of £0.01p each	865	758

12. Shareholders' funds

	<u>2002</u>	<u>2001</u>
	£	£
Reconciliation of movements on shareholders' funds		
Issue of Ordinary Shares	107	758
Premium on Share Issue	430,373	429,892
Expenses of Issue	(15,974)	-
Loss for the year	(218,811)	(314,797)
Shareholders' funds at 30 th June 2001	115,853	115,853
Shareholders' funds at 30 th June 2002	311,548	



13. Related party transactions

Two directors, Mr Ainsworth and Mr Marson, have personally guaranteed the leased equipment detailed in note 10 above. They have also guaranteed the lease on the offices at Hammersmith, which have an annual cost of £29,000.

James Stewart, a director of the company, provided advice on the raising of additional share capital at a cost of £5,974, prior to his appointment as a director.

Prepared by A. Marson. BA. FCMA.