4C ASSOCIATES LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2003

Registered Number: 4018096

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

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1. Company Information

Name of company	4C Associates Limited
Status	Private limited company Incorporated in England and Wales on 20th June 2000
Registered office	92-94 King Street London W6 0QW
Company Number	4018096
Website address	**www.4Cassociates.com**
Solicitors	Lawrence Stephens 14-16 Great Portland Street London W1N 5AB
Bankers	Barclays Bank PLC 50 Pall Mall London SW1Y 5AX
Auditors	Blueprint Audit Limited 66 Chiltern Street London W1U 4JT

2. Report of the Directors

The directors present their annual report and accounts of the company for the year ended 30 June 2003.

Principal activity

The principal activity of the company in the year under review was providing information, expertise and technology to enable our clients to determine how to optimise their internal resources, maximise the value they receive from service providers and minimise other costs.

Review of the business

4C has had a successful year. Our focus has been on providing a suite of services to FTSE 100 clients to reduce their costs of services and related materials purchases. We have established a strong base of long-term clients, with a range of contract lengths up to 4 years.

Over the past year our product and service range has continued to develop. Our benchmarking information on service providers (consultancy, legal, IT, marketing, HR and recruitment) now includes all of the major service suppliers in each sector, and is extremely comprehensive. Over 20 large companies are involved in our benchmarking programmes, together with the UK Government.

We have refined our software toolset to develop some innovative integrated RFx (response for information and proposals) and supplier management tools. Uniquely in the market, these are focused on the specific requirements of complex services purchasing, then customised to a particular sector (including PR, Market Research, Management Consulting and temporary labour). The proprietary tools enable companies to centrally collect detailed information on activities carried out by their service suppliers, compare costs and performance, and ensure that the best supplier is engaged for each assignment at the appropriate price. Our clients use the associated databases, management and tracking and monitoring systems on an ongoing basis. Our integrated Pro4C solution provides a standalone solution to all services purchasing departments.

During the year our team has been strengthened by several individuals including specialists in the purchasing of management consultancy, HR services, temporary labour and marketing services. The new head of our marketing group was formerly COO of Omnicom, one of the world's largest media groups.

4C has generated revenue for the year of £1,116k against revenue for the previous year of £415k, a growth rate of 169%. Profit before tax was £103k, against a loss of £219k for the previous year. The balance sheet is strong with net current assets of £527k.

The outlook for next year remains positive. We have a strong order book of work, and are finding increasing interest in our range of services from companies keen to further reduce their cost bases. We will continue to develop and refine our offer to be able to deliver exceptional value to our customers.

Directors

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

	Number of Shares	
	30 June 2003	1st July 2002
Executive Directors		
Mr E. Ainsworth	32,500	32,500
Mr P. Marson	32,500	32,500
Non-Executive Directors		
Mr J. Viney	2,750	2,750
Mr J. Stewart	392	262

Charitable Donations

During the period the company made donations totalling £202 to charity (2002: £100).

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.

Auditors

The directors appointed Blueprint Audit Limited as the first auditors. Blueprint Audit Limited will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

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:

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E. Ainsworth
Director
Approved by the board on: 13th November 2003

3. Independent Auditors' Report

To the Shareholders of 4C Associates Ltd

We have audited the financial statements of 4C Associates Ltd for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the accounting policies 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 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, this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities on the Report of the Directors. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, ~~or~~ if we have not received all the information and explanation 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 misstatements, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Blueprint Audit Limited

Blueprint Audit Limited
Chartered Accountants and Registered Auditors
66 Chiltern Street
London
W1U 4JT

19 November 2003

4. Profit and Loss Account for the year ended 30 June 2003

	Notes	2002/03 £	2001/02 £
Turnover	2	1,115,973	414,947
Administrative expenses		1,015,984	634,648
Operating profit/(loss)	3	**99,989**	(219,701)
Interest receivable		5,285	5,040
Interest payable		(2,402)	(4,150)
Profit/(loss) on ordinary activities before taxation		**102,872**	(218,811)
Taxation	5	-	-
Retained profit/(loss) for the financial year		**102,872**	(218,811)
Retained loss at 30 June 2002		**(533,608)**	(314,797)
Retained loss at 30 June 2003		**(430,736)**	**(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.

5. Balance Sheet as at 30 June 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	6	24,944	31,600
Intangible assets	7	-	6,000
Total Fixed Assets		24,944	37,600
Current assets			
Stocks		-	510
Debtors	8	447,595	209,042
Cash at bank and in hand		389,568	204,023
		837,163	413,575
Creditors: amounts falling due within one year	9	(310,106)	(133,218)
Net current assets		527,057	280,357
Creditors: amounts falling due beyond one year	10	(81)	(6,409)
Net assets		**551,920**	311,548
Capital and reserves			
Called up share capital	11	901	865
Share Premium Account		981,755	844,291
Profit and loss account		(430,736)	(533,608)
Shareholders' funds	12	**551,920**	311,548

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with 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:

13th November 2003

6. Notes to the Accounts for the year ended 30 June 2003

1. Accounting Policies

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

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 receivable for goods and services net of VAT and trade discounts.

Development Expenditure
Development expenditure is written off as incurred.

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
Furniture and Fixtures – 25% of the cost per annum

Intangible fixed assets
Intangible fixed assets are amortised over two years.

Deferred Tax
Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Hire Purchase and Leasing commitments
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the

profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2. Turnover

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

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2003	2002
	£	£
Depreciation of tangible fixed assets	11,204	8,814
Amortisation of intangible fixed assets	6,000	9,000
Directors' remuneration	193,000	94,500
Auditors' remuneration	3,000	0
Interest on finance leases	2,402	4,137

4. Taxation

In view of the tax losses brought forward from previous years, there is no corporation tax charge in 2003. The tax loss creates a deferred tax asset which has not been included on the grounds of prudence.

5. Tangible fixed assets

	Office Equipment	Other Equipment	Total
	£	£	£
Cost			
At 1 July 2002	42,914	595	43,509
Additions	4,398	150	4,548
Disposals	-	-	-
At 30 June 2003	47,312	745	48,057
Depreciation			
At 1st July 2002	11,686	223	11,909
On disposals	-	-	-
Charge for year	11,018	186	11,204
At 30 June 2003	22,704	409	23,113
Net book value			
At 30 June 2003	24,608	336	24,944
At 30 June 2002	31,228	372	31,600

Included above are assets held under finance leases or hire purchase contracts as follows:

	Office Equipment
	£
Net book values	
At 30 June 2003	12,189
At 30 June 2002	19,042
Depreciation charge for the year	
30 June 2003	6,853
30 June 2002	3,196

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 have been amortised over 2 years.

	Intangible Fixed Assets
	£
Cost	
At 1 July 2002 and 30 July 2003	18,000
Depreciation	
At 1st July 2002	12,000
Charge for year	6,000
At 30 June 2003	18,000
Net book value	
At 30 June 2003	0
At 30 June 2002	6,000

7. Debtors

	2003	2002
	£	£
Trade Debtors	440,003	200,970
Prepayments	7,592	8,072
	447,595	209,042

8. Creditors: amounts falling due within one year

	£	£
Trade Creditors	32,643	45,056
Other Creditors	78,430	53,657
Finance Leases	6,335	9,288
Taxation and N.I.	21,508	8,658
VAT Liability	54,064	16,559
Payments on Account	117,126	-
	310,106	133,218

9. Finance Leases

Office equipment to the value of £27,412 has been purchased under finance leases. These assets have been capitalised and depreciated in accordance with the accounting policy. Lease payments in the year totalled £11,683, of which the implied interest charge was £2,402. Lease payments due within one year are £7,053, of which the capital element is

£6,335 and the interest £710. Lease payments due in 2 to 5 years are £90, of which the capital element is £81 and the interest £9.

10. Called up share capital

	2003	2002
Authorised	£	£
Ordinary shares of £0.01p each	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of £0.01p each	901	865

During the year 3,600 ordinary shares of £0.01p each were issued for cash at £40 each. The premium has been added to the Share Premium account.

11. Shareholders' funds

	2003	2002
	£	£
Reconciliation of movements on shareholders' funds		
Issue of Ordinary Shares	36	107
Premium on Share Issue	145,164	430,373
Expenses of Issue	(7,700)	(15,974)
Profit/(Loss) for the year	102,872	(218,811)
Net additions to shareholders' funds	240,372	195,695
Shareholders' funds at 30 June 2002	311,548	115,853
Shareholders' funds at 30 June 2003	551,920	311,548

12. Statement of movement on reserves

	Share Premium	Profit & loss	Total
Balance as at 30 June 2002	844,291	(533,608)	310,683
Premium on issue of shares	145,164		145,164
Expenses of issue	(7,700)		(7,700)
Profit for the year		102,872	102,872
Balance at 30 June 2003	981,755	(430,736)	551,019

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 non-executive director of the company, provided advice on the raising of additional share capital at a cost of £5,200.

14. Ultimate Controlling Party

There is no ultimate controlling party.

15. Capital Commitments

As at 30 June 2003 the company had no material capital commitments.