

PALMER HARGREAVES LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2002**



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COMPANIES HOUSE 22/01/03

A43 0538
COMPANIES HOUSE 14/01/03

Registered number: 1716002

PALMER HARGREAVES LIMITED

ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

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PALMER HARGREAVES LIMITED

COMPANY INFORMATION
AT 31 MARCH 2002

DIRECTORS

Mr A Clift
Mr J O Vize
Mr P Cowley

SECRETARY

Mr P Cowley

REGISTERED OFFICE

18 The Parade
Leamington Spa
Warwickshire

BUSINESS ADDRESS

18 The Parade
Leamington Spa
CV32 4DW

AUDITORS

Jerrom Associates
Chartered Certified Accountants
The Exchange
Haslucks Green Road
Shirley Solihull
West Midlands
B90 2EL

PALMER HARGREAVES LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were to carry on the business providing marketing services of every description and as trade and business consultants.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £34,040.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 March 2002.

FUTURE DEVELOPMENTS

The company is looking to expand its operations, increase turnover and profitability in the financial years subsequent to the year ended 31 March 2002.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2002	2001
Mr A Clift	£1 Ordinary Shares	4,500	4,330
Mr J O Vize	£1 Ordinary Shares	4,500	4,220
Mr P Cowley	£1 Ordinary Shares	1,000	950

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 as at the end of the financial year 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 maintaining 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.

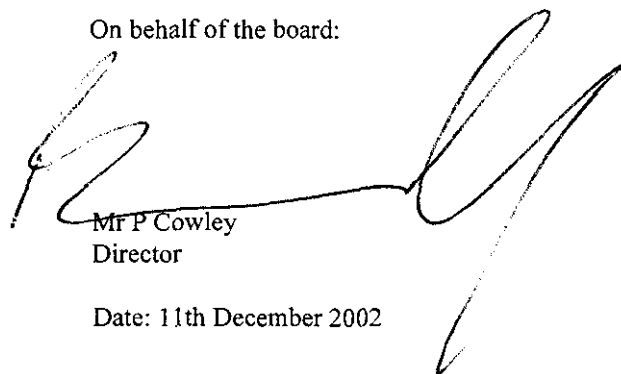
PALMER HARGREAVES LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Jerrom Associates, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:

A large, stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Mr P Cowley
Director

Date: 11th December 2002

PALMER HARGREAVES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

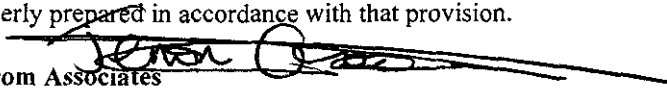
We have examined the abbreviated accounts on pages 5 to 18 together with the full financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31 March 2002.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 5 to 18 have been properly prepared in accordance with that provision.


Jerrom Associates
Chartered Certified Accountants
Registered Auditors
The Exchange
Haslucks Green Road
Shirley Solihull
West Midlands
B90 2EL

Date: 11th December 2002

PALMER HARGREAVES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
GROSS PROFIT		1,246,595	1,834,848
Administrative expenses		1,261,508	2,104,954
OPERATING LOSS	2	(14,913)	(270,106)
Interest payable and similar charges	3	(14,482)	(46,040)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(29,395)	(316,146)
Tax on loss on ordinary activities	6	(4,645)	(1,178)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(34,040)</u>	<u>(317,324)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

PALMER HARGREAVES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
	£	£
Loss for the year after taxation	(34,040)	(317,325)
Unrealised movement on revaluation of trade investments	-	(1,353)
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR	(34,040)	(318,678)

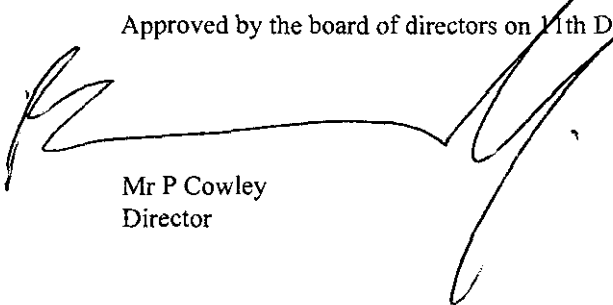
The notes on pages 9 to 18 form part of these financial statements.

PALMER HARGREAVES LIMITED**ABBREVIATED BALANCE SHEET
AT 31 MARCH 2002**

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	7		95,417		155,785
Investments	8		15,903		15,804
			<u>111,320</u>		<u>171,589</u>
CURRENT ASSETS					
Stocks	9	5,170		4,495	
Debtors	10	4,295,012		2,489,860	
Cash at bank and in hand		192,567		391,246	
		<u>4,492,749</u>		<u>2,885,601</u>	
CREDITORS: amounts falling due within one year	11	<u>(4,597,107)</u>		<u>(3,016,565)</u>	
NET CURRENT LIABILITIES			<u>(104,358)</u>		<u>(130,964)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,962</u>		<u>40,625</u>
CREDITORS: amounts falling due after more than one year	12		-		(2,444)
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(6,763)</u>		<u>(3,942)</u>
NET ASSETS			<u>199</u>		<u>34,239</u>
CAPITAL AND RESERVES					
Called up share capital	16		10,000		10,000
Profit and loss account	17		<u>(9,801)</u>		<u>24,239</u>
TOTAL SHAREHOLDERS' FUNDS	18		<u>199</u>		<u>34,239</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board of directors on 11th December 2002 and signed on its behalf by:



Mr P Cowley
Director

The notes on pages 9 to 18 form part of these financial statements.

PALMER HARGREAVES LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
Net cash inflow from operating activities	2	321,018	357,792
Returns on investments and servicing of finance	19	(14,482)	(46,040)
Taxation	19	(2)	(1)
Capital expenditure	19	(34,219)	(34,986)
Acquisitions and disposals	19	(100)	-
Cash inflow before use of liquid resources and financing		272,215	276,765
Financing	19	(15,849)	(34,256)
INCREASE IN CASH IN THE YEAR		<u>256,366</u>	<u>242,509</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS / (DEBT)**

	20		
INCREASE IN CASH IN THE YEAR		256,366	242,509
Cash outflow from movement in debt and lease financing		15,849	34,256
Change in net funds / (debt) resulting from cash flows		272,215	276,765
New hire purchase contracts		-	(8,870)
Movement in funds / (debt) in the year		272,215	267,895
Net debt at 1 April 2001		(82,045)	(349,942)
Net funds / (debt) at 31 March 2002		<u>190,170</u>	<u>(82,047)</u>

The notes on pages 9 to 18 form part of these financial statements.

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

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

Leasehold buildings	over the term of the lease
Motor vehicles	25% reducing balance
Equipment, fixtures and fittings	15% reducing balance
Computer equipment	33% straight line

Stocks

Work in progress is stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

2. OPERATING LOSS

Operating loss is stated	2002 £	2001 £
After charging:		
Depreciation of fixed assets	94,587	85,244
Auditors' remuneration	14,086	9,000
Operating lease rentals		
Plant and machinery	20,672	76,973
	<u> </u>	<u> </u>
After crediting:		
Profit on foreign currencies	-	1,250
	<u> </u>	<u> </u>

Reconciliation of operating loss to net cash inflow from operating activities

	2002 £	2001 £
Operating loss	(14,913)	(270,107)
Depreciation	94,587	85,244
(Increase) / decrease in stocks	(675)	3,199
Increase in debtors	(1,805,152)	(760,655)
Increase in creditors	2,047,171	1,300,111
	<u> </u>	<u> </u>
Net cash inflow from operating activities	321,018	357,792

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On bank loans and overdrafts	12,531	42,014
Lease finance charges and hire purchase interest	1,951	4,026
	<u> </u>	<u> </u>
	14,482	46,040

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Staff costs		
Wages and salaries	506,534	1,234,487
Other pension costs	51,496	88,011
	<u> </u>	<u> </u>
	558,030	1,322,498

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

4. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	2002 No.	2001 No.
The average number of employees during the year was made up as follows:		
Number of employees	<u>35</u>	<u>39</u>
	2002 £	2001 £
Directors' emoluments		
Emoluments	<u>50,000</u>	<u>75,600</u>

5. PENSION COSTS

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £51,496 (2001: £88,011).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
The taxation charge comprises:		
Corporation tax at 20% (2001 - 20%)	1,824	-
Transfer to deferred tax	2,821	1,178
	<u>4,645</u>	<u>1,178</u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Office Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 April 2001	58,217	581,123	86,174	725,514
Additions	23,998	20,163	-	44,161
Disposals	-	-	(32,091)	(32,091)
At 31 March 2002	82,215	601,286	54,083	737,584
Depreciation:				
At 1 April 2001	38,887	454,610	76,232	569,729
Charge for year	23,329	71,258	-	94,587
On disposals	-	-	(22,149)	(22,149)
At 31 March 2002	62,216	525,868	54,083	642,167
Net book value:				
At 31 March 2002	19,999	75,418	-	95,417
At 31 March 2001	19,330	126,513	9,942	155,785
			2002 £	2001 £
Analysis of net book value of land and buildings:				
Short leasehold			19,999	19,330

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

	2002 £	2001 £
Net book values:		
Office Equipment	5,728	28,866

8. INVESTMENTS

Cost or valuation:	1 April 2001 £	Additions £	31 March 2002 £
Other investments	15,803	100	15,903

Other investments other than loans

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

8. INVESTMENTS - (continued)

Shares in related undertakings:

Cost or valuation:	1 April 2001	Additions	31 March 2002
	£	£	£
Shares:			
Group undertaking	15,803	100	15,903
Net book value	15,803		15,903

The investment in group undertakings represents 100% issued share capital of Palmer Hargreaves GMBH incorporated in Germany, the following information relates to this company at 31st March 2002:

	£
Aggregate capital & reserves	289,588
Retained profit / (loss) for the year	109,131

9. WORK IN PROGRESS

	2002	2001
	£	£
Short term work in progress	5,170	4,495

10. DEBTORS

	2002	2001
	£	£
Trade debtors	1,333,850	2,107,160
Amounts owed by group undertakings	2,948,782	377,556
Other debtors	12,379	5,143
	4,295,011	2,489,859

11. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	-	456,933
Net obligations under finance leases and hire purchase contracts	2,398	13,916
Trade creditors	196,663	97,649
Amounts owed to group undertakings	4,197,207	2,319,227
Corporation tax	2,824	1,000
Other taxes and social security costs	37,870	25,255
Accruals and deferred income	160,144	102,585
	4,597,106	3,016,565

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

11. CREDITORS: amounts falling due within one year - (continued)

Bank loans and overdrafts amounting to £456,933 (2000 £654,788) are secured by a floating charge on all the assets of the company.

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

	2002	2001
	£	£
Bank loans and overdrafts	-	1
Net obligations under finance leases and hire purchase contracts	-	2,443
	<u>-</u>	<u>2,444</u>

13. BORROWINGS

	2002	2001
	£	£
The company's borrowings are repayable as follows		
Up to one year and on demand	-	456,933
	<u>-</u>	<u>456,933</u>

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2002	2001
	£	£
The company's obligations are repayable as follows:		
Within one year or on demand	2,442	15,594
In two to five years	-	2,442
Total gross obligations	<u>2,442</u>	<u>18,036</u>
Finance charges and interest allocated to future accounting periods	(45)	(1,678)
Total net obligations	<u>2,397</u>	<u>16,358</u>
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	2,398	13,916
Included in creditors - amounts falling due after more than one year	-	2,443
	<u>2,398</u>	<u>16,359</u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Deferred taxation (see below)		
Balance at 1 April 2001	3,942	2,764
Transferred to profit and loss account	2,821	1,178
	<u>6,763</u>	<u>3,942</u>
 Total provision for liabilities and charges	 <u>6,763</u>	 <u>3,942</u>

	Fully provided 2002 £	2001 £
Deferred tax is calculated at 20% (2001 - 20%) analysed over the following timing differences:		
On the excess of capital allowances over depreciation	<u>6,763</u>	<u>3,942</u>

16. SHARE CAPITAL

	2002 £	2001 £
Authorised:		
Equity interests:		
20,000 Ordinary Shares of £1 each	<u>20,000</u>	<u>20,000</u>
 Allotted, called up and fully paid:		
Equity interests:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

17. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
Retained profit as at 1 April 2001	24,239	342,917
Loss for the year	(34,040)	(317,325)
Transfer to revaluation reserve	-	(1,353)
(Accumulated loss) / Retained profit as at 31 March 2002	<u>(9,801)</u>	<u>24,239</u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the year	(34,040)	(317,325)
Other recognised gains and losses relating to the year	-	(1,353)
Net reduction to shareholders' funds	(34,040)	(318,678)
Opening shareholders' funds	34,239	352,917
Closing shareholders' funds	199	34,239
Represented by:-		
Equity interests	199	34,239

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	(12,531)	(42,014)
Interest element of hire purchase contracts	(1,951)	(4,026)
Net cash outflow from returns on investments and servicing of finance	(14,482)	(46,040)
Taxation		
Corporation tax paid	(2)	(1)
Net cash outflow from taxation	(2)	(1)
Capital expenditure		
Purchase of tangible fixed assets	(44,161)	(34,986)
Receipts from sale of tangible fixed assets	9,942	-
Net cash outflow from capital expenditure	(34,219)	(34,986)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(100)	-
Net cash outflow from acquisitions and disposals	(100)	-
Financing		
Repayments of long term loans	(1,888)	(2,832)
Capital element of hire purchase contract payments	(13,961)	(31,424)
Net cash outflow from financing	(15,849)	(34,256)

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

20. ANALYSIS OF CHANGES IN NET FUNDS

	2001 £	Cash flow £	Other movements £	2002 £
Cash at bank and in hand	391,246	(198,679)	-	192,567
Bank overdraft	(455,045)	455,045	-	-
		256,366		
Debt due within one year	(1,888)	-	-	(1,888)
Debt due after one year	(1)	1,888	(1,888)	(1)
Hire purchase contracts and finance lease agreements	(16,359)	13,961	-	(2,398)
	(82,047)	272,215	(1,888)	188,280

21. CONTINGENT LIABILITIES

The company has given cross guarantees to the Bank of Ireland Group in favour of Mint Communications (UK) Ltd and Ilysys (UK) Ltd.

22. REVENUE COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	2002 £	2001 £	2002 £	2001 £
Within one year	-	-	2,709	14,718
More than one year and less than five years	-	-	12,995	38,548
	-	-	15,704	53,266

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

23. RELATED PARTY DISCLOSURES

Included in Debtors are amounts owed by Group/Associated Companies as follows:

	£
Campaign Direct Limited	3,193
Twenty One Group Limited	2,928,760
Ilypsys (UK) Limited	15,929
Ilypsys Systems Limited	1,000

Included in creditors are amounts owed to Group/Associated Companies as follows:

	£
Firehouse Publishing Limited	880,565
BPMS Limited	887,926
Ilypsys Systems GMBH	330,115
Mint Communications Limited	147,092
PH Impetus Limited	1,951,509

Transactions

The Company trades in its normal course of business with its group and associated companies. All the transactions were undertaken on normal commercial terms. Details are as follows:

Management Charges paid to	£
Twenty One Group Limited	155,907

Purchased from	
Campaign Direct Limited	350
PH Impetus Limited	1,621,205
Mint Communications Limited	4,204
Ilypsys (UK) Limited	466,596

Other charges from	
Twenty One Group Limited	114,597

Sales to	
Twenty One Group Limited	1,993
Campaign Direct Limited	3,283
Firehouse Publishing Limited	7,500
Ilypsys Systems Limited	1,000
Ilypsys (UK) Limited	21,927
Mint Communications Limited	1,922
PH Impetus Limited	217,694