

THE OPS ROOM LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2003



Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS AND OFFICERS

DIRECTORS

S J Woodward
S Millington
G A Tyler

SECRETARY

G A Tyler

REGISTERED OFFICE

7-9 Swallow Street
London W1B 4DT

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS' REPORT

The directors submit their first report and financial statements of The Ops Room Limited for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was campaign event management.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors are pleased with the results for the financial year ended 31 December 2003.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £52,366 (2002: £24,721).

Dividends on preference shares of £3,500 were paid in the year.

The directors do not recommend payment of an ordinary dividend.

DIRECTORS

The following directors have held office since 1 January 2003:-

S J Woodward
S Millington
G A Tyler

DIRECTORS' INTERESTS IN SHARES

None of the directors have any interests in the shares of the company. The interest of the directors in the share capital of the holding company, Moonriver Group Limited, are set out in the directors report of that company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board



G A Tyler

Secretary

31 August 2004

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE OPS ROOM LIMITED

We have audited the financial statements on pages 5 to 15.

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 auditors' 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, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Directors' Report is not consistent with the financial statements, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

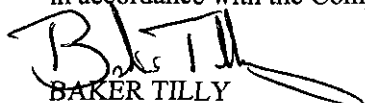
BASIS OF OPINION

We conducted our audit in accordance with 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 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

31 August 2004

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2003

	Notes	Year ended 31 December 2003	Period ended 31 December 2002
TURNOVER	1	3,363,317	729,330
Cost of Sales		(2,567,626)	(500,596)
Gross profit		<u>795,691</u>	<u>228,734</u>
Other operating expenses (net)	2	(717,945)	(199,524)
OPERATING PROFIT		<u>77,746</u>	<u>29,210</u>
Interest payable	3	(13,003)	(4,513)
Interest receivable		1,052	24
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>65,795</u>	<u>24,721</u>
Taxation	6	13,429	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>52,366</u>	<u>24,721</u>
Dividends	7	(3,500)	-
RETAINED PROFIT FOR THE YEAR/PERIOD	15	<u><u>£ 48,866</u></u>	<u><u>£ 24,721</u></u>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET
31 December 2003

	Notes	2003	2002
FIXED ASSETS			
Goodwill	8	494,510	527,791
Tangible assets	9	7,792	122,770
		<u>502,302</u>	<u>650,561</u>
CURRENT ASSETS			
Work in progress	10	49,069	2,453
Debtors	11	580,215	475,271
Cash at bank and in hand		108,203	252,384
		<u>737,487</u>	<u>730,108</u>
CREDITORS			
Amounts falling due within one year	12	(480,117)	(534,520)
NET CURRENT ASSETS			
		<u>257,370</u>	<u>195,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		759,672	846,149
CREDITORS			
Amounts falling due in more than one year	13	(585,085)	(720,458)
		<u>£ 174,587</u>	<u>£ 125,691</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	970
Preference shares	14	100,000	100,000
Profit and loss account	15	73,587	24,721
SHAREHOLDERS' FUNDS			
	16	<u>£ 174,587</u>	<u>£ 125,691</u>

Approved by the board on 31 August 2004

S J Woodward Director

Financial statements for the year ended 31 December 2003**ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

WORK IN PROGRESS

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of development. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Fixtures and fittings	over 5 to 10 years
Computer equipment	over 4 to 5 years
Motor vehicles	25% reducing balance

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

Financial statements for the year ended 31 December 2003**ACCOUNTING POLICIES**

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

PURCHASED GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is effective.

PENSION CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity, performed solely in the United Kingdom.

	Year ended 31 December 2003	Period ended 31 December 2002
2. OTHER OPERATING EXPENSES (NET)		
Administration expenses	<u>£ 717,945</u>	<u>£ 199,524</u>
3. INTEREST PAYABLE		
Bank interest	194	750
Interest on finance leases	12,809	3,763
	<u>£ 13,003</u>	<u>£ 4,513</u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:		
Depreciation - owned assets	3,098	8,781
leased assets	-	9,372
Auditor's remuneration	2,500	1,950
Operating lease rentals:		
land and buildings	138,436	35,174
plant and motor vehicles	1,672	418
	<u> </u>	<u> </u>

The auditors remuneration is paid by the parent company . It is rechargeable as part of the management charge.

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company since the commencement of trade was:	No.	No.
Production	52	52
Administration	5	3
	<u>57</u>	<u>55</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

	Year ended 31 December 2003	Period ended 31 December 2002
5. EMPLOYEES (Continued)		
Staff costs for the above persons:		
Wages and salaries	1,131,132	291,367
Social security costs	106,682	27,519
Pension costs	10,737	2,199
	<u>£ 1,248,551</u>	<u>£ 321,085</u>

The directors received no remuneration during the year (2002: £Nil).

	Year ended 31 December 2003	Period ended 31 December 2002
6. TAXATION		
Current tax:		
UK corporation tax on profits of period	13,429	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u>£ 13,429</u>	<u>£ -</u>

Factors affecting tax charge for the period

The tax assessed for the period varies from the standard rate of corporation tax 19% (2002: 30%) as explained below:

Profit on ordinary activities before tax	65,795	24,721
Profit on ordinary activities multiplied by the standard rate of corporation tax 19% (2002: 30%)	12,501	7,416
Effects of:		
Capital allowances in excess of depreciation	1,593	(13,364)
Tax losses surrendered under group relief	-	5,956
Other tax adjustment	(665)	-
Rate adjustment	-	(8)
Current tax charge for the period	<u>£ 13,429</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

	2003	2002
7. DIVIDENDS		
Preference dividend paid	£ 3,500	£ -
	<u> </u>	<u> </u>
8. PURCHASED GOODWILL		
		Total
		£
Cost:		
At 1 January 2003		534,434
Revision to original calculation		(6,907)
At 31 December 2003		<u>527,527</u>
Amortisation:		
At 1 January 2003		6,643
Charge in the year		26,374
At 31 December 2003		<u>33,017</u>
Net book value:		
At 31 December 2003		£ 494,510
		<u> </u>
At 31 December 2002		£ 527,791
		<u> </u>

The calculation of goodwill has been revised in respect of the following:

- 1) Professional costs not accrued at 31 December 2002 of £7,449.
- 2) Reduction in value of deferred consideration of £14,356.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

9. TANGIBLE FIXED ASSETS

	Motor Vehicles	Equipment	Fixtures and fittings	TOTAL
Cost:				
At 1 January 2003	46,719	836,042	10,352	893,113
Additions	-	437	-	437
Disposals	(15,863)		(6,127)	(21,990)
Transfer to Parent Company	-	(836,479)		(836,479)
31 December 2003	30,856	-	4,225	35,081
Depreciation:				
At 1 January 2003	35,763	729,948	4,631	770,342
Charge in the year	2,486	-	612	3,098
Disposals	(13,335)	-	(2,868)	(16,203)
Transfer to Parent Company	-	(729,948)	-	(729,948)
31 December 2003	24,914	-	2,375	27,289
Net book value:				
31 December 2003	5,942	-	1,850	7,792
31 December 2002	10,956	106,904	5,691	£ 122,771

The net book value of equipment held under finance lease and hire purchase agreements was £Nil (2002: £62,211). All equipment held under finance lease was transferred to Moonriver Group Limited during the year at net book value.

**10. STOCKS AND WORK
IN PROGRESS**

	2003	2002
Work in progress	49,069	£ 2,453

11. DEBTORS

	2003	2002
Due within one year:		
Trade debtors	526,691	404,357
Other debtors	717	382
Prepayments and accrued income	52,807	70,532
	£ 580,215	£ 475,271

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

12. CREDITORS	2003	2002
Amounts falling due within one year:		
Payments received on account	77,688	-
Trade creditors	92,568	129,101
Corporation tax	13,429	-
Other taxation and social security costs	131,297	139,262
Finance leases	15,066	33,285
Other creditors	97,891	207,449
Accruals and deferred income	52,178	25,423
	<u>£ 480,117</u>	<u>£ 534,520</u>
13. CREDITORS	2003	2002
Amounts falling due in more than one year:		
Amounts due to group companies	576,866	547,173
Other creditors	-	150,000
Finance leases	8,219	23,285
	<u>£ 585,085</u>	<u>£ 720,458</u>
Finance lease amounts repayable by instalments falling due:		
within one to two years	8,219	15,066
within two to five years	-	8,219
	<u>£ 8,219</u>	<u>£ 23,285</u>

The assets held under the finance leases were transferred to Moonriver Group Limited during the year.

14. SHARE CAPITAL	2003	2002
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
100,000 3.5% cumulative preference shares of £1 each	100,000	100,000
	<u>£ 101,000</u>	<u>£ 101,000</u>
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	1,000	970
100,000 3.5% preference shares of £1 each	100,000	100,000
	<u>£ 101,000</u>	<u>£ 100,970</u>

During the year 30 ordinary £1 shares were allotted at par.

All of the ordinary shares carry equal voting rights. The preference shares do not confer voting rights and are redeemable on or after 30 September 2008. 3.5% interest is payable on them from 1 January 2003. On winding up, they rank ahead only of the ordinary shares and will be repaid at par.

15. PROFIT AND LOSS ACCOUNT	2003	2002
1 January 2003	24,721	-
Profit for the year	48,866	24,721
31 December 2003	<u>£ 73,587</u>	<u>£ 24,721</u>
16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003	2002
Issue of shares	30	100,970
Retained profit for the year	48,866	24,721
Opening shareholders' funds	125,691	-
Closing shareholders' funds	<u>£ 174,587</u>	<u>£ 125,691</u>
Equity shareholders	74,587	25,691
Non-equity shareholders	100,000	100,000
	<u>£ 174,587</u>	<u>£ 125,691</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the company	2003	2002
had annual commitments under		
non-cancellable operating leases as follows:		
Equipment and vehicles:		
expiring within one year	-	-
expiring between 2 and 5 years:	1,672	1,672
	<u>£ 1,672</u>	<u>£ 1,672</u>
Land buildings:		
expiring between 2 and 5 years:	124,700	16,000
Over 5 years	-	124,700
	<u>124,700</u>	<u>£ 140,700</u>

18. PENSION COMMITMENTS

Defined contribution	2003	2002
Contributions payable by the company for the year	<u>£ 10,737</u>	<u>£ 2,199</u>

19. CONTINGENT LIABILITIES

The company has given an unlimited composite cross guarantee in respect of the bank borrowings in its parent company amounting to £243,750 at 31 December 2003 (2002: £379,014).

20. HOLDING COMPANY AND CONTROLLING PARTY

The company's parent undertaking and ultimate controlling party is Moonriver Group Limited, which is incorporated in England. Copies of the group consolidated financial statements can be obtained from Companies House.

**21. TRANSACTIONS WITH DIRECTORS AND
RELATED PARTY TRANSACTIONS**

During the year The Ops Room Limited entered into the following transactions with Moonriver Group Limited, it's ultimate holding company.

Moonriver Group Limited billed The Ops Room Limited £826,984 (2002: £128,325) for costs incurred on behalf of The Ops Room Limited and £175,392 (2002: £43,848) in respect of management charges. At the year end £531,866 (2002: £547,173) was owed to Moonriver Group Limited.

Fixed asset equipment, held under finance leases, was transferred to Moonriver Group Limited during the year at the net book value of £106,531.