

Registration number 2027199

The Consultancy Corporation Plc
Directors' report and financial statements
for the period ended 31 March 2002



The Consultancy Corporation Plc

Company information

Directors	Donald Richard Hornblow Wilfred Christopher Eaton
Secretary	Donald Richard Hornblow
Company number	2027199
Registered office	7 Fortuna Court Calleva Park Aldermaston Reading Berks RG7 8UB
Auditors	Philip Thomas Penvose House Broad Lane Upper Bucklebury Reading Berks RG7 6QH
Business address	7 Fortuna Court Calleva Park Aldermaston Reading Berks
Bankers	Lloyds TSB Bank plc PO Box 2566 Reading Berks RG1 2RS

The Consultancy Corporation Plc

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 15

The Consultancy Corporation Plc

Directors' report for the period ended 31 March 2002

The directors present this report and the financial statements for the period ended 31 March 2002.

Principal activity and review of the business

The principal activity of the company was the provision of a range of services centred on staff supply.

At the start of the accounting period the directors embarked upon a substantial programme of change for the business, successfully revising the sales process and absorbing the expertise of two complementary businesses. This has added capabilities in internet advertising and recruitment and also in web-based knowledge applications to the existing service portfolio in management support. This strategy provides a bright and expansive future for the company - a statement borne out by resurgent growth, reflected in the current year's trading. The cost of the above strategy is reflected in these accounts, which contain a number of exceptional costs, totalling in excess of £197,000, which will not need to be repeated (See note 3). The company is now achieving growth in a sector and a climate where many companies cannot, and expects strong performance in the year ahead. This underpins the directors' view that the strategy is sound and the trading position healthy.

Results and dividends

The results for the period are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the period and their interests in the company are as stated below:

	Ordinary shares	
	31/03/02	01/11/00
Donald Richard Hornblow	-	22,749
Wilfred Christopher Eaton	-	23,353

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these the directors are required to:

- select suitable accounting policies and 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Consultancy Corporation Plc

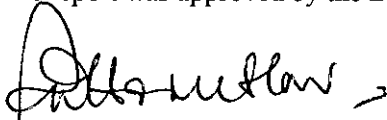
**Directors' report
for the period ended 31 March 2002**

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. He 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

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Philip Thomas be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 25 October 2002 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'D. Hornblow', with a stylized flourish at the end.

Donald Richard Hornblow
Secretary

The Consultancy Corporation Plc

Independent auditors' report to the shareholders of The Consultancy Corporation Plc

We have audited the financial statements of The Consultancy Corporation Plc for the period ended 31 March 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 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.

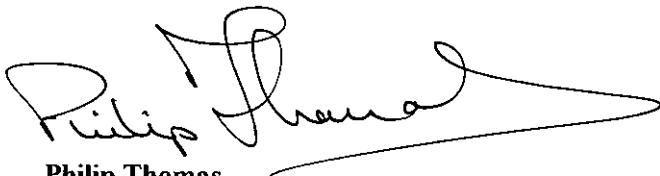
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

The Consultancy Corporation Plc

Independent auditors' report to the shareholders of The Consultancy Corporation Plc continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Philip Thomas', with a long horizontal flourish extending to the right.

Philip Thomas
Registered Auditor
25 October 2002

Penvose House Broad Lane
Upper Bucklebury
Reading
Berks
RG7 6QH

The Consultancy Corporation Plc

**Profit and loss account
for the period ended 31 March 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	3,741,148	2,415,427
Cost of sales		(3,130,209)	(2,048,630)
Gross profit		<u>610,939</u>	<u>366,797</u>
Administrative expenses		(840,195)	(286,664)
Operating (loss)/profit	3	<u>(229,256)</u>	<u>80,133</u>
Other interest receivable and similar income		581	526
Amount written off investments	4	<u>(55,000)</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		<u>(283,675)</u>	<u>80,659</u>
Tax on (loss)/profit on ordinary activities	8	<u>34,715</u>	<u>(17,470)</u>
(Loss)/profit on ordinary activities after taxation		<u>(248,960)</u>	<u>63,189</u>
Dividends	9	<u>-</u>	<u>(83,408)</u>
Loss for the period		<u>(248,960)</u>	<u>(20,219)</u>
Retained profit brought forward		328,705	348,924
Retained profit carried forward		<u><u>79,745</u></u>	<u><u>328,705</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial periods.

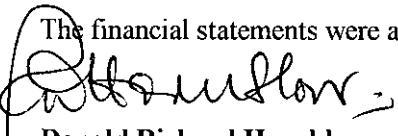
The notes on pages 8 to 15 form an integral part of these financial statements.

The Consultancy Corporation Plc

**Balance sheet
as at 31 March 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		-		4,700
Tangible assets	11		19,384		6,283
			<u>19,384</u>		<u>10,983</u>
 Debtors	 12	 367,547		 750,837	
Cash at bank and in hand		(53,362)		103,681	
		<u>314,185</u>		<u>854,518</u>	
Creditors: amounts falling due within one year	13	(152,574)		(485,546)	
Net current assets			<u>161,611</u>		<u>368,972</u>
Net assets			<u>180,995</u>		<u>379,955</u>
 Capital and reserves					
Called up share capital	14		52,083		50,000
Share premium account	15		49,167		1,250
Profit and loss account	15		79,745		328,705
Equity shareholders' funds	16		<u>180,995</u>		<u>379,955</u>

The financial statements were approved by the Board on 25 October 2002 and signed on its behalf by


Donald Richard Hornblow
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

The Consultancy Corporation Plc

**Cash flow statement
for the period ended 31 March 2002**

	Notes	2002 £	2001 £
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit		(229,256)	80,134
Depreciation		10,352	6,270
Decrease in debtors		383,290	154,427
(Decrease) in creditors		(228,160)	(238,049)
Net cash outflow from operating activities		<u>(63,774)</u>	<u>2,782</u>
Cash flow statement			
Net cash outflow from operating activities		(63,774)	2,782
Returns on investments and servicing of finance	19	581	526
Taxation	19	-	(320)
Capital expenditure	19	(23,453)	327
Equity dividends paid		-	(83,408)
		<u>(86,646)</u>	<u>(80,093)</u>
Financing	19	50,000	-
Decrease in cash in the period		<u>(36,646)</u>	<u>(80,093)</u>
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the period		(36,646)	(80,093)
Net funds at 1 November 2000		103,681	183,774
Net funds at 31 March 2002		<u>67,035</u>	<u>103,681</u>

The Consultancy Corporation Plc

Notes to the financial statements for the period ended 31 March 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	- 33% on cost
Fixtures, fittings and equipment	-	- 15% on cost

1.6. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7. Pensions

Contributions are charged to the profit and loss account, as they become due, in accordance with the rules of the scheme.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

The Consultancy Corporation Plc

Notes to the financial statements for the period ended 31 March 2002

..... continued

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

	2002 £	2001 £
Class of business		
Sales Contract	3,451,057	1,544,482
Sales Permanent	207,789	23,607
Sales OSI	82,302	847,338
	<u>3,741,148</u>	<u>2,415,427</u>

3. Operating (loss)/profit

	2002 £	2001 £
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	10,352	1,570
Research and development		
- expenditure in current period	4,700	4,700
Operating lease rentals		
- Plant and machinery	47,658	17,592
Auditors' remuneration	3,500	1,800
	<u>61,210</u>	<u>25,662</u>
and after crediting:		
Profit on foreign currencies	2,390	1,497
	<u>63,600</u>	<u>27,159</u>

The accounts have been significantly affected by a programme of reorganisation and expansion which have caused exceptional costs of £249,000 to be incurred. Of the costs £135,000 were expended in restructuring, enhancing and relocating the business. A bad debt of £64,000 was suffered through a software development company going into liquidation. A loan of £50,000 to an internet based recruitment company appears to have become irrecoverable and has been fully provided in the accounts.

4. Amounts written off investments

	2002 £	2001 £
Amounts written off current asset investments	<u>55,000</u>	<u>-</u>

The Consultancy Corporation Plc

**Notes to the financial statements
for the period ended 31 March 2002**

..... continued

5. Interest receivable and similar income	2002	2001
	£	£
Bank interest	581	526

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the period were:

	2002	2001
Administration	2	2
Operations	6	4
	<u>8</u>	<u>6</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	403,858	160,147
Social security costs	44,193	18,309
Other pension costs	25,466	10,125
	<u>473,517</u>	<u>188,581</u>

6.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	150,770	45,934
Pension contributions	17,000	7,000
	<u>167,770</u>	<u>52,934</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

7. Pension costs

The company contributes to a personal pension plan for a director. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,000 (2000 £7,000).

The Consultancy Corporation Plc

Notes to the financial statements for the period ended 31 March 2002

..... continued

8. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
UK corporation tax	(35,000)	17,470
Prior period adjustments	285	-
	<u>(34,715)</u>	<u>17,470</u>
Total current tax charge	<u>(34,715)</u>	<u>17,470</u>
Tax on profit on ordinary activities	<u>(34,715)</u>	<u>17,470</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (20 per cent). The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before taxation	<u>(283,675)</u>	<u>80,660</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (31 October 2000 : 20%)	(56,735)	16,132
Expenses not deductible for tax purposes (primarily goodwill amortisation)	14,183	1,220
Capital allowances for period in excess of depreciation	(2,890)	118
Adjustments to tax charge in respect of previous periods	285	-
Other adjustments	10,442	-
Current tax charge for period	<u>(34,715)</u>	<u>17,470</u>

9. Dividends

	2002 £	2001 £
Dividends on equity shares:		
Ordinary shares - interim paid	-	83,408

The Consultancy Corporation Plc

**Notes to the financial statements
for the period ended 31 March 2002**

..... continued

10. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 November 2000	9,400	9,400
At 31 March 2002	9,400	9,400
Provision for diminution in value		
At 1 November 2000	4,700	4,700
Charge for period	4,700	4,700
At 31 March 2002	9,400	9,400
Net book values		
At 31 March 2002	-	-
At 31 October 2000	4,700	4,700

11. Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Office equipment £	Total £
Cost					
At 1 November 2000	7,045	36,510	4,358	17,675	65,588
Additions	-	22,511	729	213	23,453
At 31 March 2002	7,045	59,021	5,087	17,888	89,041
Depreciation					
At 1 November 2000	4,359	35,199	3,798	15,949	59,305
Charge for the period	2,279	6,376	626	1,071	10,352
At 31 March 2002	6,638	41,575	4,424	17,020	69,657
Net book values					
At 31 March 2002	407	17,446	663	868	19,384
At 31 October 2000	2,686	1,311	560	1,726	6,283

The Consultancy Corporation Plc

**Notes to the financial statements
for the period ended 31 March 2002**

..... continued

12. Debtors	2002	2001
	£	£
Trade debtors	217,808	634,898
Other debtors	5,000	60,000
Prepayments and accrued income	144,739	55,939
	<u>367,547</u>	<u>750,837</u>

The company has an Invoice Discounting facility with Lloyds TSB Commercial Finance. The funds in use at 31 March 2002 were £50,760 (31 October 2000 were nil). The company has given a debenture over all of its assets as security for funds advanced under the facility.

13. Creditors: amounts falling due within one year	2002	2001
	£	£
Trade creditors	92,734	341,910
Amounts owed to group undertaking	(33,376)	(2,464)
Corporation tax	(35,000)	69,812
Other taxes and social security costs	11,318	35,499
Directors' accounts	-	223
Other creditors	-	(100)
Accruals and deferred income	116,898	40,666
	<u>152,574</u>	<u>485,546</u>

14. Share capital	2002	2001
	£	£
Authorised equity		
97,000 Ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>
Allotted, called up and fully paid equity		
52,083 Ordinary shares of £1 each	<u>52,083</u>	<u>50,000</u>

The Consultancy Corporation Plc

Notes to the financial statements for the period ended 31 March 2002

..... continued

15. Equity Reserves	Share premium account £	Profit and loss account £	Total £
At 1 November 2000	1,250	328,705	329,955
Premium on issue of shares	47,917		45,917
Loss for the period		(248,960)	(248,960)
At 31 March 2002	<u>49,167</u>	<u>79,745</u>	<u>128,912</u>

16. Reconciliation of movements in shareholders' funds	2002 £	2001 £
(Loss)/profit for the period	(248,960)	63,189
Dividends	-	(83,408)
	<u>(248,960)</u>	<u>(20,219)</u>
Net proceeds of equity share issue	50,000	-
Net addition to/deduction from shareholders' funds	<u>(198,960)</u>	<u>(20,219)</u>
Opening shareholders' funds	379,955	400,174
Closing shareholders' funds	<u>180,995</u>	<u>379,955</u>

17. Financial commitments
At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Other 2002 £	2001 £
Expiry date:		
Within one year	-	23,678
Between one and five years	61,866	4,804
	<u>61,866</u>	<u>28,482</u>

18. Ultimate parent undertaking

The company considers Metaskil Group Ltd, a company incorporated in England, to be it's ultimate holding company.

The Consultancy Corporation Plc

**Notes to the financial statements
for the period ended 31 March 2002**

..... continued

Returns on investments and servicing of finance

Interest received	581	526
-------------------	-----	-----

Taxation

Corporation tax paid	-	(320)
----------------------	---	-------

Capital expenditure

Payments to acquire tangible assets	(23,453)	-
Receipts from sales of tangible assets	-	327
	<u>(23,453)</u>	<u>327</u>

Financing

Issue of ordinary share capital	50,000	-
---------------------------------	--------	---

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	103,681	(157,043)	(53,362)
Net funds	<u>103,681</u>	<u>(157,043)</u>	<u>(53,362)</u>