4 Projects Ltd

Annual report and accounts

for the year ended 31 March 2006

Registered Number 03948233



4 Projects Ltd

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for the year ended 31 March 2006

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Directors and Advisors for the year ended 31 March 2006

Directors
J B Callaghan
D Mactear
S Nelson
R A Vertigan

Secretary
S Nelson

Auditors
PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Registered Office
The Teleport
Doxford International
Sunderland
SR3 3XD

Registered Number
03948233

4 Projects Ltd

Directors' report for the year ended 31 March 2006

The directors present their report and the audited financial statements of the company for the year ended 31 March 2006.

Principal activities
The principal activity of the company was that of software development and distribution.

Review of business and future developments
Both the level of the business and the year end financial position were satisfactory and the directors view the future with optimism.

At the year end the company was in a strong position to take advantage of suitable expansion opportunities that may arise.

Results and dividends
The company's profit for the financial year is £133,975 (2005: £238,443). An interim dividend of 0.3085p (2005: nil) per ordinary share, amounting to £31,500 (2005: £nil) was paid during the year. A final dividend has not been proposed (2005: nil).

Directors and their interests
The directors who held office during the year are given below:

	Class of share	31/03/06	01/04/05
J B Callaghan	Ordinary shares	-	-
D Mactear	Ordinary shares	-	-
S Nelson	Ordinary shares	-	-
R A Vertigan	Ordinary shares	-	-

Each of the directors is a shareholder of 4Projects Holdings Limited and their shareholdings are disclosed in the accounts of that company.

Research and development
While the current suite of products has helped the company attain a market-leading position and has many years of revenue-generating potential to come, the directors believe that the company needs to constantly innovate, to attract new customers in new markets. Accordingly, the company is currently undertaking significant research and development into new products and services and will continue to do so in the coming years.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.

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The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

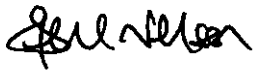
This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Auditors and disclosure of information to auditors
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as *"information needed by the company's auditors in connection with preparing their report"*.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

During the year the previous auditors, Ainleys resigned and PricewaterhouseCoopers LLP were appointed. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed in the annual general meeting.

By order of the Board



S Nelson
Secretary
12 January 2007

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Auditors' report to the members of 4 Projects Ltd

We have audited the financial statements of 4 Projects Ltd for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

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Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
12 January 2007

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Profit and loss account for the year ended 31 March 2006

	Note	2006	2005
		£	£
Turnover	1	**2,291,248**	2,082,470
Cost of sales		**(71,715)**	(234,774)
Gross profit		**2,219,533**	1,847,696
Distribution costs		**(89,375)**	(88,673)
Administrative expenses		**(1,997,272)**	(1,492,204)
Operating profit	2	**132,886**	266,819
Interest payable and similar charges	3	**(8,916)**	(967)
Profit on ordinary activities before taxation		**123,970**	265,852
Tax on profit on ordinary activities	4	**10,005**	(27,409)
Profit on ordinary activities after taxation		**133,975**	238,443
Dividends	7	**(31,500)**	-
Retained profit for the financial year		**102,475**	238,443
Accumulated loss brought forward		**(80,525)**	(318,968)
Accumulated profit/(loss) carried forward		**21,950**	(80,525)

All amounts relate to continuing activities.

The company has no gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

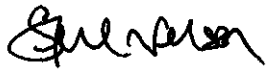
There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents.

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Balance sheet as at 31 March 2006

	Note	2006	2006	2005	2005
		£	£	£	£
Fixed assets					
Tangible assets	8		**242,879**		309,420
Current assets					
Debtors	9	**613,526**		438,949	
Cash at bank and in hand		**25,919**		91,671	
		639,445		530,620	
Creditors: amounts falling due within one year	10	**(329,044)**		(466,553)	
Net current assets			**310,401**		64,067
Total assets less current liabilities			**553,280**		373,487
Creditors : amounts falling due after more than one year	11		**(87,323)**		-
Provisions for liabilities and charges	12		**(19,326)**		(29,331)
Net assets			**446,631**		344,156
Capital and reserves					
Called up equity share capital	13		**1,021**		1,021
Share premium account			**423,660**		423,660
Profit and loss account			**21,950**		(80,525)
Total equity shareholders' funds			**446,631**		344,156

The financial statements on pages 6 to 15 were approved by the board of directors on 12 January 2007 and were signed on its behalf by:



S Nelson
Director

4 Projects Ltd

Accounting policies

Accounting convention
These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Wages and salaries costs have been reclassified from 'distribution costs' to 'administrative expenses' and interest costs have been reclassified from 'administrative expenses' to 'interest payable and similar charges' as the directors believe this is a more representative way of reporting the expenditure.

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

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:

Fixtures and fittings	-	Over a period of 2 to 3 years on a straight line basis
Computer equipment	-	Over a period of 2 to 3 years on a straight line basis

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 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. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Pensions
The company contributes to externally administered Stakeholder Pension Schemes. Contributions to the pension schemes are charged to the profit and loss account as they become payable.

Government grants
Government grants in respect of capital expenditure are credited to deferred income and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

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Leases
Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful economic lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful economic lives.

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

Cash flow statement
The company has used the exemption under Financial Reporting Standard 1 (revised 1996), not to prepare a cash flow statement as the directors believe the company is a "small entity" as defined under Section 247 of the Companies Act 1985.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Notes to the financial statements for the year ended 31 March 2006

1 Turnover

The total turnover of the company for the year has been derived from its principal activity as noted in the Directors' report.

2 Operating profit

	2006	2005
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets	**17,144**	9,672
- leased assets	**90,865**	-
Amortisation of deferred income	**(33,827)**	-
Audit fee	**3,000**	-
Management fees from 4Projects Management Limited	**720,000**	720,000

In the prior year the audit fee was borne by 4Projects Management Limited.

3 Interest payable and similar charges

	2006	2005
	£	£
Bank charges	**1,619**	967
Finance charges - finance lease and hire purchase contracts	**7,297**	-
	8,916	967

4 Tax on profit on ordinary activities

(a) Analysis of tax charge in year:

	2006	2005
	£	£
Current tax:		
UK corporation tax on profits of the year	-	-
	-	-
Deferred tax	(10,005)	27,409
Tax on profits on ordinary activities	(10,005)	27,409

(b) Factors affecting tax charge for the year:

	2006	2005
	£	£
Profit on ordinary activities before tax	123,970	265,852
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	37,191	79,756
Losses available from prior years	(37,191)	(79,756)
Current tax charge for year	-	-

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

5 Directors' emoluments

	2006	2005
	£	£
Aggregate emoluments	**130,000**	130,000

The total pension contributions paid by the company to a money purchase pension schemes on behalf of the directors was £6,500 (2005: £15,875). Benefits are accruing on behalf of 2 (2005: 2) directors under money purchase pension schemes.

6 Employee information

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2006	2005
	Number	Number
Technical	**10**	7
Sales, marketing and account management	**15**	9
	25	16

	2006	2005
	£	£
Staff costs for the above persons		
Wages and salaries	**824,543**	578,175
Social security costs	**86,175**	63,191
Other pension costs	**17,551**	9,394
	928,269	650,760

7 Dividends

	2006	2005
	£	£
Interim paid: 0.3085p per 1p share (2005: nil)	**31,500**	-

8 Tangible fixed assets

	Computer Equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 April 2005	346,031	6,052	352,083
Additions	40,428	1,040	41,468
At 31 March 2006	**386,459**	**7,092**	**393,551**
Deprecation			
At 1 April 2005	36,611	6,052	42,663
Charge for the year	108,009	-	108,009
At 31 March 2006	**144,620**	**6,052**	**150,672**
Net book values			
At 31 March 2006	**241,839**	**1,040**	**242,879**
At 31 March 2005	309,420	-	309,420

The net book value of tangible fixed assets includes an amount of £181,729 (2005: £nil) in respect of assets held under finance lease and hire purchase contracts.

9 Debtors

	2006	2005
	£	£
Trade debtors	**352,535**	286,281
Amount owed by 4 Projects Management Limited	**250,000**	136,965
Other debtors	**686**	3,028
Prepayments and accrued income	**10,305**	12,675
	613,526	438,949

10 Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	**115,673**	38,771
Other taxes and social security costs	**100,906**	103,098
Other creditors	**3,347**	275,182
Accruals and deferred income	**51,587**	49,502
HP and finance lease	**57,531**	-
	329,044	466,553

11 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Deferred income	**34,586**	-
HP and finance lease	**52,737**	-
	87,323	-

12 Provisions for liabilities and charges

	Deferred taxation
	£
As at 1 April 2005	29,331
Credit for the year	(10,005)
As at 31 March 2006	**19,326**

Deferred taxation provided in the accounts comprises:

	2006	2005
	£	£
Excess of capital allowances over depreciation	**19,326**	29,331

13 Equity share capital

	2006	2005
	£	£
Authorised		
102,500 ordinary shares of 1 pence each	**1,025**	1,025
Allotted, called up and fully paid		
102,100 ordinary shares of 1 pence each	**1,021**	1,021

14 Related party transactions

4Projects Management Limited is a related party by virtue of common ownership with the company's ultimate parent company. Management charges of £720,000 (2005: £720,000) were charged from 4Projects Management Limited during the year. Rent and rates charges of £60,000 (2005: £36,000) were made from 4Projects Management Limited during the year. £250,000 is outstanding from 4Projects Management Limited at the year end (2005: £136,965).

15 Ultimate controlling party

At 31 March 2006 and 31 March 2005, the company's ultimate parent company was 4Projects Holdings Limited, which is the parent of both the smallest and largest groups of which the company is a member.

In the opinion of the directors there is no ultimate controlling party of the company as no shareholder possesses more than 50% of the ordinary share capital of 4Projects Holdings Limited.