

**Three X Communication Limited**

**Directors' report and financial statements**

**Year ended 31 December 1999**

Registered number 1833521



# **Three X Communication Limited**

## **Directors' report and financial statements**

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## **Three X Communication Limited**

### **Officers and professional advisers**

#### **Directors**

ST Gallagher  
CA Cowdery  
R Brannock  
TA Schauenberg

#### **Secretary**

M Chambers

#### **Registered office**

Vantage West  
Great West Road  
Brentford  
Middlesex  
TW8 9AG

#### **Auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

#### **Bankers**

Barclays Bank Plc  
8 George Street  
Richmond  
TW9 1JU

# Three X Communication Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

The principal activities of the company are computer facilities management services and the production and distribution of communication software.

### Review of the business and future prospects

The company's significant increase in turnover reflects a buoyant Mobile Communications market. The year 2000 issue, however, adversely affected the company's profits. Clients required early completion of projects resulting in the need for contractors to increase resources, and reduced orders were placed in the run up to the year end. The company is continuing to invest in new products and to look to new markets.

The company's entire issued share capital was transferred on 12<sup>th</sup> February 1999 to GE Capital Investments, an unlimited company incorporated in Great Britain and registered in England and Wales. This change of ownership had no effect on the day to day running of the business. Three X Communication Ltd remains within the GE Capital group of companies, its new parent being GE Capital Investments.

### Results and dividends

Details of the results for the year are set out in the profit and loss account on page 6.

The profit before taxation for the year was £15,629 (1998 : £406,370). The taxation charge was £4,262 (1998 : £2,920) resulting in a profit after tax of £11,367 (1998: £403,450). The directors propose a final dividend relating to the ordinary shares of £nil (1998: £nil).

### Fixed assets

Changes in tangible fixed assets during the year are detailed in note 7 to the accounts.

### Directors and directors' interests

The directors who served during the year were:

ST Gallagher	
SJ Basaran	Resigned 30 November 1999
R Brannock	
CA Cowdery	
DL Raab	Resigned 1 June 1999
TA Schauenberg	Appointed 21 May 1999

The directors in office at 31 December 1999 held no beneficial interest in the shares of the company or fellow subsidiary undertakings at 31 December 1999 or 1 January 1999.

At 31 December 1999 none of the directors held any ordinary £1 shares in the immediate parent company.

## Three X Communication Limited

### Directors' report *(continued)*

#### Year 2000

The Year 2000 issue revolved around the potential failure or disruption of computer systems from their inability to function correctly when the date reached 1 January 2000.

Management implemented a plan which was intended to address the Year 2000 issue and minimise the potential impact upon the company's operations and the potential to continue as a going concern. This plan included projects working with customers, suppliers and systems to ensure Year 2000 compliance.

There were no reported problems with the Year 2000 issue either with the company's own systems or with any software or systems supplied by the company to its customers.

#### Auditors

KPMG Audit Plc will be re-appointed as auditors at the Annual General Meeting.

By order of the board



**M Chambers**  
Secretary

Vantage West  
Great West Road  
Brentford  
Middlesex  
TW8 9AG

**31<sup>st</sup> October** 2000

## **Three X Communication Limited**

### **Statement of 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 its profit or loss 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;
- state whether applicable accounting standards have been followed within the financial statements; and
- 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.

# Three X Communication Limited

## Auditors' report to the members of Three X Communication Limited

We have audited the financial statements on pages 6 to 17.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### 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 the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*3<sup>rd</sup> October* 2000

# Three X Communication Limited

## Profit and loss account

Year ended 31 December 1999

	Note	Year ended 31 December 1999 £	Year ended 31 December 1998 £
<b>Turnover</b>	2	<b>5,876,816</b>	3,647,451
Cost of sales		<b>(2,815,340)</b>	(1,055,721)
<b>Gross profit</b>		<b>3,061,476</b>	2,591,730
<b>Administrative expenses</b>		<b>(3,037,758)</b>	(2,169,295)
<b>Operating profit for the financial period</b>		<b>23,718</b>	422,435
Interest payable	4	<b>(8,089)</b>	(16,065)
<b>Profit on ordinary activities before taxation for the financial period</b>	5	<b>15,629</b>	406,370
Tax on profit on ordinary activities	6	<b>(4,262)</b>	(2,920)
<b>Profit on ordinary activities after taxation for the financial period</b>		<b>11,367</b>	403,450

The turnover and operating profit for the current year and prior period arise from continuing activities.

There are no recognised gains and losses for the current financial year and preceding financial period other than as stated in the profit and loss account.

There is no material difference between the results for the current year and the previous period as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly a note of historical cost profits and losses for the year is not given.



# Three X Communication Limited

## Balance sheet

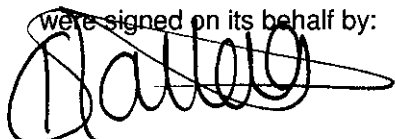
As at 31 December 1999

	Note	31 December 1999		31 December 1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7		122,007		111,136
<b>Current assets</b>					
Stock and work in progress	8	67,054		-	
Debtors	9	1,715,342		5,389,213	
Cash at bank and in hand		250		4,443	
		<u>1,782,646</u>		<u>5,393,656</u>	
<b>Creditors:</b> amounts falling due within one year	10	<u>(1,310,875)</u>		<u>(4,922,381)</u>	
<b>Net current assets</b>			471,771		471,275
<b>Total assets less current liabilities</b>			<u>593,778</u>		<u>582,411</u>
<b>Capital and reserves</b>					
Called up share capital	11		120,000		120,000
Profit and loss account	12		473,778		462,411
			<u>593,778</u>		<u>582,411</u>
<b>Equity shareholders' funds</b>			<u>533,778</u>		<u>522,411</u>
<b>Non equity shareholders' funds</b>			<u>60,000</u>		<u>60,000</u>

These financial statements were approved by the board of directors on  
were signed on its behalf by:

30 October

2000 and



ST Gallagher

Director

# Three X Communication Limited

## Notes to the accounts *(continued)*

### **Pension costs**

A defined contribution pension scheme is operated by the company for all of its employees who wish to join. The pension cost charge in the profit and loss account includes the contributions payable by the company under the rules of the scheme.

### **Development costs**

All development costs are charged to the profit and loss account as incurred.

### **Statement of cash flows**

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

### **Stocks and long term contracts**

Stocks are stated at the lower of cost and net realisable value.

Long term contracts, which are included in debtors as "amounts recoverable on contracts", are stated at cost, plus attributable profits, less provisions for any anticipated final losses, less payments receivable on account. The profit attributable to the stage of completion of a long term contract is recognised if the outcome of the contract can be foreseen with reasonable certainty.

Payments on account received in excess of the value of long term contract work in progress or amounts recoverable on contracts are included within creditors.

## **2 Turnover**

The turnover attributable to each of the company's geographical markets was:

	<b>Year ended 31 December 1999 £</b>	<b>Year ended 31 December 1998 £</b>
United Kingdom	<b>5,656,327</b>	3,446,548
Other Europe	<b>189,679</b>	172,299
Rest of the world	<b>30,810</b>	28,604
	<hr/> <b>5,876,816</b> <hr/>	<hr/> 3,647,451 <hr/>

The turnover and profit before taxation is attributable to the principal activities of the company.

# Three X Communication Limited

## Notes to the accounts (continued)

### 3 Employees and directors

*The average number employed by the company, including directors, within each category of persons was:*

	Year ended 31 December 1999	Year ended 31 December 1998
Technical consultants	42	35
Sales and marketing	4	7
Office and management	9	6
	<hr/> 55 <hr/>	<hr/> 48 <hr/>

*The costs incurred in respect of these employees were:*

	£	£
Wages and salaries	1,622,359	1,189,995
Social security costs	154,475	113,501
Pension costs	49,374	60,248
	<hr/> 1,826,208 <hr/>	<hr/> 1,363,744 <hr/>

	Year ended 31 December 1999	Year ended 31 December 1998
Directors' emoluments	74,914	155,931
Company contributions to money purchase pension schemes	6,151	8,519
	<hr/> 81,065 <hr/>	<hr/> 164,450 <hr/>

The emoluments of the highest paid director were £74,914 (1998:£ 65,135) and company pension contributions of £6,151 (1998:£ nil) were made to a money purchase scheme on his behalf.

	Number of directors	
	Year ended 31 December 1999	Year ended 31 December 1998
<i>Retirement benefits are accruing to the following directors under :</i>		
Money purchase schemes	1	2

The emoluments of the directors who are also directors of the immediate parent company, GE Capital Investments, are disclosed in the financial statements of that company.

# Three X Communication Limited

## Notes to the accounts *(continued)*

### 4 Interest payable

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Finance lease and hire purchase interest	Nil	326
Other interest payable	12,893	15,739
	<hr/>	<hr/>
	12,893	16,065
Interest receivable on deposits	(4,804)	-
	<hr/>	<hr/>
	8,089	16,065
	<hr/>	<hr/>

### 5 Profit on ordinary activities before taxation

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
<b><i>Profit on ordinary activities before taxation is stated after charging:</i></b>		
Depreciation		
- owned assets	79,924	66,153
- assets held under finance leases and hire purchase agreements	Nil	17,455
Auditors remuneration	10,000	-
Operating leases - building rental	63,366	70,148
	<hr/>	<hr/>

Auditors' remuneration for the prior period was charged to the immediate parent company, GE Capital Warranty Services Group Ltd, and is disclosed in the accounts of that company.

## Three X Communication Limited

### Notes to the accounts *(continued)*

#### 6 Tax on profit on ordinary activities

The tax charge is based on the profit on ordinary activities for the year and comprises:

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Corporation tax at 31.5% (1998: 31.5%)	4,262	2,920
	<hr/> 4,262 <hr/>	<hr/> 2,920 <hr/>

# Three X Communication Limited

## Notes to the accounts *(continued)*

### 7 Tangible fixed assets

	Improvements to leasehold properties £	Motor vehicles £	Office equipment £	Computer equipment £	Computer Software £	Total £
<b>Cost</b>						
At 1 January 1999	11,011	92,669	68,245	440,897	57,995	670,817
Additions	9,999	-	26,061	35,404	19,331	90,795
Disposals	-	(40,793)	(32,601)	-	(17,620)	(91,014)
<b>At 31 December 1999</b>	<b>21,010</b>	<b>51,876</b>	<b>61,705</b>	<b>476,301</b>	<b>59,706</b>	<b>670,598</b>
<b>Depreciation</b>						
At 1 January 1999	5,344	87,166	55,117	355,210	56,844	559,681
Charge for the year	5,677	5,503	16,832	46,468	5,444	79,924
Disposals	-	(40,793)	(32,601)	-	(17,620)	(91,014)
<b>At 31 December 1999</b>	<b>11,021</b>	<b>51,876</b>	<b>39,348</b>	<b>401,678</b>	<b>44,668</b>	<b>548,591</b>
<b>Net book value</b>						
<b>At 31 December 1999</b>	<b>9,989</b>	<b>nil</b>	<b>22,357</b>	<b>74,623</b>	<b>15,038</b>	<b>122,007</b>
At 31 December 1998	5,667	5,503	13,128	85,687	1,151	111,136

The net book value of the company's fixed assets includes motor vehicles with a net book value of £nil (1998:£ 4,248) held under hire purchase and finance agreements.

# Three X Communication Limited

## Notes to the accounts *(continued)*

### 8 Stock and work in progress

	31 December 1999 £	31 December 1998 £
Goods held for resale	65,290	-
Work in progress	1,764	-
	<hr/>	<hr/>
	67,054	-
	<hr/>	<hr/>

### 9 Debtors

	31 December 1999 £	31 December 1998 £
Trade debtors	1,270,153	1,927,330
Amounts owed by immediate parent undertaking	Nil	3,448,771
Prepayments	20,633	521
Amounts recoverable on contracts	413,728	-
Sundry debtors	3,646	-
Taxation recoverable	7,182	12,591
	<hr/>	<hr/>
	1,715,342	5,389,213
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	31 December 1999 £	31 December 1998 £
Trade creditors	125,467	49,542
Bank overdraft	512,162	-
Amounts owed to immediate parent undertaking	-	19,049
Amounts owed to fellow subsidiary undertaking	200,480	4,020,063
Corporation tax	7,181	12,591
Other creditors	-	4,450
Other taxation and social security	101,394	150,286
Advance payments	133,151	-
Accruals and deferred income	231,040	666,400
	<hr/>	<hr/>
	1,310,875	4,922,381
	<hr/>	<hr/>

# Three X Communication Limited

## Notes to the accounts *(continued)*

### 11 Called up share capital

	31 December 1999		31 December 1998	
	Number	£	Number	£
<b><i>Authorised, allotted and fully paid</i></b>				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
Non cumulative preference shares of £1 each	60,000	60,000	60,000	60,000
	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

The non cumulative preference shares carry no dividend entitlement and may be redeemed at par at the discretion of the company. In the event of a winding up, this class of shares ranks ahead of the ordinary shares and is entitled to £1 per share on any distribution arising.

### 12 Profit and loss account

	£
At 1 January 1999	462,411
Profit for the year after taxation and dividends	<u>11,367</u>
<b>At 31 December 1999</b>	<b><u>473,778</u></b>

### 13 Deferred taxation

At 31 December 1999 there is an unprovided deferred tax asset of £21,393 (1998:£ 20,088) in respect of the depreciation charges in excess of capital allowances.



# Three X Communication Limited

## Notes to the accounts *(continued)*

### 14 Operating lease commitments

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 1999 Land and Buildings £	Office Equipment £
Leases which expire:		
Within 2 to 5 years	-	
After 5 years	71,915	-
	<hr/>	<hr/>
	71,915	
	<hr/>	<hr/>

### 15 Movement in shareholders' funds

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Profit for the year after taxation	11,367	403,450
Opening shareholders' funds	582,411	178,961
	<hr/>	<hr/>
Closing shareholders' funds	593,778	582,411
	<hr/>	<hr/>

## **Three X Communication Limited**

### **Notes to the accounts** *(continued)*

#### **16 Parent company**

The company's ultimate holding company is General Electric Company ("GEC"), a company registered in the State of New York, in the United States of America. GEC is the parent of the largest group of which the company is a member and for which group financial statements are prepared. The group financial statements of GEC are available to the public and may be obtained from GE Corporate Investor Communications, 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA.

The company's entire issued share capital was transferred on 12<sup>th</sup> February 1999 to GE Capital Investments, an unlimited company incorporated in Great Britain and registered in England and Wales.

IGE USA Investments was the parent of the smallest group of which the company was a member and for which group financial statements were prepared. The group financial statements of IGE USA Investments may be obtained from the Company Secretary, 3<sup>rd</sup> Floor, 1 Trevelyan Square, Boar Lane, Leeds, LS1 6HP.

#### **17 Related party transactions**

The company has taken advantage of the exemption from FRS8 with respect to disclosure of transactions with other group undertakings and investees of the company qualifying as related parties.