

Three X Communication Limited

Directors' report and financial statements

Year ended 31 December 2000

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
RW Davies

Secretary

M Chambers

Registered office

Vantage West
Great West Road
Brentford
Middlesex
TW8 9AG

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

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 2000.

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 impact of the slow down in new business activity in 1999, caused by the year 2000 issue, continued to be felt throughout 2000.

The company has taken the opportunity to undertake a review and restructure of the business to provide the best platform for future growth and development. Best practices advocated by our parent company (General Electric Company) have been adopted and continue to be incorporated into the day to day activities of the business.

Results and dividends

Details of the results for the year are set out in the profit and loss account on page 5.

The loss before taxation for the year was £363,306 (profit 1999: £15,629). The taxation charge was £nil (1999: £4,262) resulting in a loss after tax of £363,306 (profit 1999: £11,367). The directors propose a final dividend relating to the ordinary shares of £nil (1999: £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
R Brannock
CA Cowdery
TA Schauenberg
RW Davies (appointed 27.9.00)
T Moon

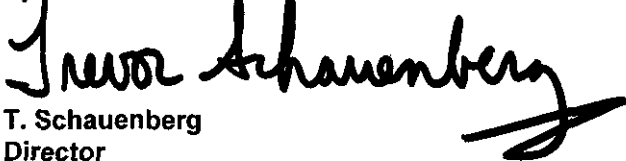
The directors in office at 31 December 2000 held no beneficial interest in the shares of the company or fellow subsidiary undertakings at 31 December 2000 or 1 January 2000.

At 31 December 2000 none of the directors held any ordinary £1 shares in the immediate parent company.

Auditors

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

By order of the board



T. Schauenberg
Director

24 October 2001

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 2000 and of its loss 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

24 October 2001

Three X Communication Limited

Profit and loss account

Year ended 31 December 2000

	Note	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Turnover	2	3,136,577	5,876,816
Cost of sales		(770,496)	(2,815,340)
Gross profit		2,366,081	3,061,476
Administrative expenses		(2,727,292)	(3,037,758)
Operating (loss) / profit for the financial period		(361,211)	23,718
Interest payable	4	(2,095)	(8,089)
(Loss) / Profit on ordinary activities before taxation for the financial period	5	(363,306)	15,629
Tax on (loss) /profit on ordinary activities	6	0	(4,262)
(Loss) / Profit on ordinary activities after taxation for the financial period		(363,306)	11,367

The turnover and operating (loss) / 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 2000

	Note	31 December 2000		31 December 1999	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7	96,470		122,007	
Intangible fixed assets	8	101,133		0	
		<u>197,603</u>		<u>122,077</u>	
Current assets					
Stock and work in progress	9	0		67,054	
Debtors	10	1,725,891		1,715,342	
Cash at bank and in hand		110,955		250	
		<u>1,836,846</u>		<u>1,782,646</u>	
Creditors: amounts falling due within one year	11	<u>(1,803,977)</u>		<u>(1,310,875)</u>	
Net current assets		<u>32,869</u>		<u>471,771</u>	
Total assets less current liabilities		<u>230,472</u>		<u>593,778</u>	
Capital and reserves					
Called up share capital	12	120,000		120,000	
Profit and loss account	13	110,472		473,778	
		<u>230,472</u>		<u>593,778</u>	
Equity shareholders' funds		<u>170,472</u>		<u>533,778</u>	
Non equity shareholders' funds		<u>60,000</u>		<u>60,000</u>	

These financial statements were approved by the board of directors on 24 October 2001 and were signed on its behalf by:



T Schauenberg

Director

Three X Communication Limited

Notes to the accounts

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and on the going concern basis.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax. Income from maintenance contracts is recognised over the specific period of each contract.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is estimated that tax will arise.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life as follows:

Improvements to leasehold properties	5 years
Motor vehicles	4 years
Office equipment	4 years
Computer equipment	4 years
Computer software	3 years

Leases

Assets held under finance leases and hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The amounts by which the repayments exceed the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal instalments over the period of each lease.

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 on projects are charged to the profit and loss account as incurred.

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.

Intangible fixed assets

Software developed internally for resale as software product to external customers is capitalised according to the time invested and is amortised over the twelve months following release of the product for general sale.

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.

2 Turnover

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

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
United Kingdom	2,902,769	5,656,327
Other Europe	198,025	189,679
Rest of the world	35,783	30,810
	<hr/> 3,136,577 <hr/>	<hr/> 5,876,816 <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 2000	Year ended 31 December 1999
Technical consultants	41	42
Sales and marketing	5	4
Office and management	10	9
	<hr/> 56 <hr/>	<hr/> 55 <hr/>

The costs incurred in respect of these employees were:

	£	£
Wages and salaries	1,710,454	1,622,359
Social security costs	178,769	154,475
Pension costs	67,182	49,374
Staff costs capitalised	(101,133)	0
	<hr/> 1,855,272 <hr/>	<hr/> 1,826,208 <hr/>

	Year ended 31 December 2000	Year ended 31 December 1999
Directors' emoluments	76,985	74,914
Company contributions to money purchase pension schemes	9,188	6,151
	<hr/> 86,173 <hr/>	<hr/> 81,065 <hr/>

The emoluments of the highest paid director were £76,985 (1999:£ 74,914) and company pension contributions of £9,188 (1999:£ 6,151) were made to a money purchase scheme on his behalf.

	Number of directors	
	Year ended 31 December 2000	Year ended 31 December 1999
<i>Retirement benefits are accruing to the following directors under :</i>		
Money purchase schemes	1	1

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 2000 £	Year ended 31 December 1999 £
Other interest payable	3,599	12,893
Interest receivable on deposits	(1,504)	(4,804)
	<u>2,095</u>	<u>8,089</u>

5 Profit on ordinary activities before taxation

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation		
- owned assets	70,875	79,924
Auditors remuneration	10,200	10,000
Operating leases - building rental	72,122	63,366
	<u>153,197</u>	<u>153,290</u>

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 2000 £	Year ended 31 December 1999 £
Corporation tax at 30.25% (1999: 30.25%)	0	4,262
	<u>0</u>	<u>4,262</u>

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 £
Cost						
At 1 January 2000	21,010	51,876	61,705	476,301	59,706	670,598
Additions	-	-	1,071	26,916	17,351	45,338
Disposals	-	(40,780)	-	-	-	(40,780)
At 31 December 2000	21,010	11,096	62,776	503,217	77,057	675,156
Depreciation						
At 1 January 2000	11,021	51,876	39,348	401,678	44,668	548,591
Charge for the year	6,554	-	15,668	38,167	10,486	70,875
Disposals	-	(40,780)	-	-	-	(40,780)
At 31 December 2000	17,575	11,096	55,016	439,845	55,154	578,686
Net book value						
At 31 December 2000	3,435	nil	7,760	63,372	21,903	96,470
At 31 December 1999	9,989	nil	22,357	74,623	15,038	122,007

The net book value of the company's fixed assets includes motor vehicles with a net book value of £nil (1999:£nil) held under hire purchase and finance agreements.

8 Intangible Fixed Assets

Software product development	Cost £	Amortisation £	Net Book Value £
Cost			
At 1 January 2000	-	-	-
Additions	101,133	-	101,133
At 31 December 2000	101,133	-	101,133

Three X Communication Limited

Notes to the accounts *(continued)*

9 Stock and work in progress

	31 December 2000 £	31 December 1999 £
Goods held for resale	-	65,290
Work in progress	-	1,764
	<hr/>	<hr/>
	-	67,054
	<hr/>	<hr/>

10 Debtors

	31 December 2000 £	31 December 1999 £
Trade debtors	1,405,743	1,270,153
Amounts recoverable on contracts	299,394	413,728
Sundry debtors	410	3,646
Taxation recoverable	-	7,182
Prepayments	20,344	20,633
	<hr/>	<hr/>
	1,725,891	1,715,342
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	31 December 2000 £	31 December 1999 £
Bank overdraft	-	512,162
Trade creditors	125,190	125,467
Payments on Account	361,743	133,151
Amounts owed to group undertaking	812,859	200,480
Corporation tax	-	7,181
Other creditors	8,948	-
Other taxation and social security	139,980	101,394
Accruals and deferred income	355,257	231,040
	<hr/>	<hr/>
	1,803,977	1,310,875
	<hr/>	<hr/>

Three X Communication Limited

Notes to the accounts (continued)

12 Called up share capital

	31 December 2000		31 December 1999	
	Number	£	Number	£
Authorised, allotted and fully paid				
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.

13 Profit and loss account

	£
At 1 January 2000	473,778
Loss for the year after taxation and dividends	(363,306)
	<u>110,472</u>
At 31 December 2000	110,472

14 Deferred taxation

At 31 December 2000 there is an unprovided deferred tax asset of £18,746 (1999:£ 21,393) in respect of the depreciation charges in excess of capital allowances.

15 Operating lease commitments

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2000	
	Land and Buildings £	Office Equipment £
Leases which expire:		
Within 2 to 5 years	-	-
After 5 years	75,555	-
	<u>75,555</u>	<u>-</u>

Three X Communication Limited

16 Contingent Liabilities

The company has been engaged in a contract that has recently gone into dispute. Discussions concerning this dispute are only at the preliminary stages and therefore it is neither possible to assess the probable outcome of the matter, nor is it practicable to give an estimate of any potential liability at this stage. On the basis of the information available it is considered that no provision is required at the date of signing these financial statements.

17 Movement in shareholders' funds

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
(Loss) / Profit for the year after taxation	(363,306)	11,367
Opening shareholders' funds	593,778	582,411
	<hr/>	<hr/>
Closing shareholders' funds	230,472	593,778
	<hr/>	<hr/>

18 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.

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

19 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.