

**TRANSACT MANAGEMENT SERVICES LIMITED**

**REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS**

**31st DECEMBER 2005**

WEDNESDAY



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**Transact Management Services Limited**

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For the year ended 31st December 2005**

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**Transact Management Services Limited****Company Information  
For the year ended 31st December 2005**

<b>Director:</b>	K. Swayne
<b>Secretary:</b>	B. Peak
<b>Registered Office:</b>	Warwick House Station Road Great Shelford Cambridge, CB2 5LR
<b>Registered Number:</b>	2847893
<b>Auditors:</b>	Moore Stephens LLP Chartered Accountants St. Paul's House Warwick Lane London EC4M 7BP

**Transact Management Services Limited****Report of the Director  
For the year ended 31st December 2005**

The director presents his report with the financial statements of the company for the year ended 31st December 2005.

**Principal Activity**

The principal activity of the company in the year under review was that of a holding company providing management services.

**Director**

The director during the year under review was:

K. Swayne

The director holding office at 31st December 2005 did not hold any beneficial interest in the issued share capital of the company at 1st January 2005 or 31st December 2005.

The interests of the company's director in the ultimate holding company, Transact Group Limited, are shown in the accounts of that company.

**Statement of Director's Responsibilities**

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 384 of the Companies Act 1985 a resolution for the re-appointment of Moore Stephens LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



B. PEAK  
Secretary

## **Independent Auditors' Report to the Shareholders of Transact Management Services Limited**

We have audited the financial statements of Transact Management Services Limited for the year ended 31 December 2005 which are set out on pages 4 to 10. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 auditor's 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**

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).

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 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.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

St Paul's House  
Warwick Lane  
LONDON EC4M 7BP

17th December 2006

*Moore Stephens LLP*

**Moore Stephens LLP**  
Registered Auditors  
Chartered Accountants

**Transact Management Services Limited**

**Profit and Loss Account  
For the year ended 31st December 2005**

	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
<b>Turnover</b>	1(b)	3,428,572	2,438,535
<b>Cost of Sales</b>		(5,003)	-
<b>Gross Profit</b>		<u>3,423,569</u>	<u>2,438,335</u>
Administrative expenses		(3,439,714)	(2,497,834)
<b>Operating Loss</b>	2	<u>(16,145)</u>	<u>(59,299)</u>
Interest payable and similar charges		(19,602)	(12,974)
<b>Loss on Ordinary Activities before Taxation</b>		<u>(35,747)</u>	<u>(72,273)</u>
Tax on profit on ordinary activities	3	-	-
<b>Loss for the Financial Year after Taxation</b>		<u>(35,747)</u>	<u>(72,273)</u>
Retained profit brought forward		205,375	277,648
<b>Retained Profit Carried Forward</b>		<u>£ 169,628</u>	<u>£ 205,375</u>

There are no recognised gains or losses other than those included in the profit and loss account above. All activities are in respect of continuing operations.

## Transact Management Services Limited

## Balance Sheet - 31st December 2005

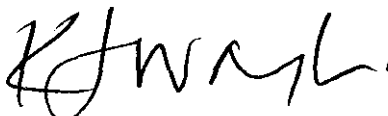
	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
<b>Fixed Assets</b>			
Tangible assets	4	658,576	424,919
Investments	5	<u>100,551</u>	<u>100,551</u>
		759,127	525,470
<b>Current Assets</b>			
Debtors	6	2,059,995	1,344,711
Cash at bank and in hand		<u>1,501</u>	<u>1,500</u>
		2,061,496	1,346,211
<b>Creditors, amounts falling due within one year</b>			
	7	<u>(2,473,991)</u>	<u>(1,604,674)</u>
<b>Net Current Liabilities</b>		<u>(412,495)</u>	<u>(258,463)</u>
<b>Total Assets Less Current Liabilities</b>		346,632	267,007
<b>Creditors, amounts falling due after more than one year</b>			
	8	<u>(176,904)</u>	<u>(61,532)</u>
		<u>£ 169,728</u>	<u>£ 205,475</u>
<b>Capital and Reserves</b>			
Called up share capital	9	100	100
Profit and loss account		169,628	205,375
<b>Equity Shareholders' funds</b>		<u>£ 169,728</u>	<u>£ 205,475</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board on 13<sup>th</sup> December 2006

K. SWAYNE

Director



## Transact Management Services Limited

### Notes to the Financial Statements For the year ended 31st December 2005

#### 1. Accounting Policies

##### (a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). Group accounts have not been prepared as the company is a wholly owned subsidiary of Transact Group Limited.

##### (b) Turnover

Turnover represents services provided during the year and is stated net of value added tax.

##### (c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Leasehold property	Over period of lease
Communications equipment	- 25% on cost
Fixture and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Office equipment	- 25% on cost
Websites	- 10% - 33% on cost

##### (d) Fixed asset investments

Fixed asset investments are included at cost less provision for permanent diminution in value.

##### (e) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

##### (f) Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of those obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

##### (g) Cashflow statement FRS1

Exemption has been taken from preparing a cash flow statement on the grounds that the ultimate parent company prepares a consolidated cash flow statement.



**Transact Management Services Limited**

**Notes to the Financial Statements  
For the year ended 31st December 2005 (Continued)**

**2. Operating Loss**

The operating loss is stated after charging/(crediting):

	<u>2005</u> £	<u>2004</u> £
Depreciation -owned assets	126,912	188,236
Depreciation -assets on hire purchase contracts or finance leases	77,796	35,984
(Profit) / Loss on disposal of fixed assets	(26,495)	(12,221)
Auditors' remuneration	<u>-</u>	<u>-</u>
Director's emoluments and other benefits etc	<u>-</u>	<u>-</u>

**3. Taxation**

There is no taxation charge in respect of 2005 or 2004 due to the availability of group losses. No payments are made in respect of losses surrendered to or by fellow subsidiaries. No deferred tax asset has been recognised in respect of losses carried forward due to the uncertainty over when these losses will be utilised

**Transact Management Services Limited**

**Notes to the Financial Statements  
For the year ended 31st December 2005 (Continued)**

**4. Tangible Fixed Assets**

	Leasehold Property	Communications Equipment	Fixtures, Fittings, Office Equipment and Websites	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1st January 2005	80,529	979,197	298,777	114,892	1,473,395
Additions		379,884	225,738	20,695	626,317
Disposals		(149,948)	(33,419)	(66,223)	(249,590)
At 31st December 2005	80,529	1,209,133	491,096	69,364	1,850,122
Depreciation					
At 1st January 2005	80,529	682,314	222,172	63,461	1,048,476
Charge for year		144,049	45,957	14,702	204,708
Transfer to group company					
Eliminated on disposals		(14,473)	(344)	(46,821)	(61,638)
At 31st December 2005	80,529	811,890	267,785	31,342	1,191,546
Net book value					
At 31st December 2005		397,243	223,311	38,022	658,576
At 31st December 2004	-	296,883	76,605	51,431	424,919

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Communications Equipment	Fixtures, Fittings, Office Equipment and Website	Motor Vehicles	Totals
	£	£	£	£
Net book value				
At 31st December 2005	210,365	92,089	30,453	332,907
At 31st December 2004		113,168	40,748	153,916

**Transact Management Services Limited**

**Notes to the Financial Statements  
For the year ended 31st December 2005 (Continued)**

**5. Fixed Asset Investments**

Cost and Net Book Value

At 1st January 2005 and 31st December 2005

	<u>2005</u> £	<u>2004</u> £
Group companies (Unlisted investments)	100,551	100,551

The company owns 100% of the issued share capital of the following companies, all of which were incorporated in England.

<u>Name</u>	<u>Activity</u>
Advanced Interactive Systems Limited	Telephony Services
Global Communication Productions Limited	Dormant
Transact Media Services	Advertising Agency
Global Media Services Limited	Advertising Agency
Rayshield Limited	Telephony Services
Sport Livewire Limited	Dormant

**6. Debtors: amounts falling due within one year**

	<u>2005</u> £	<u>2004</u> £
Trade debtors	283,420	19,377
Other debtors	115,627	70,307
Prepayments and accrued income	32,215	83,215
Amounts owed by group companies	1,628,733	1,171,812
	<u>2,059,995</u>	<u>1,344,711</u>

**7. Creditors: amounts falling due within one year**

	<u>2005</u> £	<u>2004</u> £
Bank loans and overdrafts (secured)	9,632	21,370
Trade creditors	189,213	87,031
Amounts owed to group companies	1,621,103	1,153,632
Hire purchase and finance leases	135,960	79,733
Other creditors	-	1,000
Social security and other taxes	389,721	173,036
Accrued expenses	128,362	88,872
	<u>2,473,991</u>	<u>1,604,674</u>