

# **ASMMC Limited**

## **Report and Financial Statements**

18 month period ended 31 December 2010

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COMPANIES HOUSE

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**Directors**

N Grossman  
T W Burt  
S Burt

**Secretary**

N Grossman

**Auditors**

Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
Berkshire RG1 1YE

**Bankers**

HSBC Bank plc  
70 Pall Mall  
London SW1Y 5EZ

**Solicitors**

DLA Piper UK LLP  
3 Noble Street  
London EC2V 7EE

**Registered Office**

The Mansion House  
Benham Valence  
Speen  
Newbury  
Berks  
RG20 8LU

## Directors' report

The directors present their report and financial statements for the 18 months period ended 31 December 2010  
Comparative figures are for the 12 month period ended 30 June 2009

### Results and dividends

The profit for the period after taxation amounted to £582,000 (2009 – £18,000) The directors do not recommend the payment of a dividend (2009 - £5,000,000)

### Principal activities and review of the business

Following disposal of its core trading business in February 2009, closure of the Luxembourg branch in August 2009 and disposal or closure of its remaining investments during 2009, the company has ceased trading and is likely to be liquidated in the near future

There were limited transactions during the period mainly reflecting balance sheet clean-up preparing the company for liquidation

### Principal risks and uncertainties

As the company has ceased trading and is in the process of closedown there are limited risks in its activities

### Directors

The directors who served the company during the period were as follows

M Phillips (resigned 21 June 2010)  
S Chase (resigned 21 June 2010)  
G Millward (appointed 1 July 2009, resigned 21 June 2010)  
B Robinson (resigned 1 July 2009)  
N Grossman (appointed 21 June 2010)  
T W Burt (appointed 21 June 2010)  
S Burt (appointed 21 June 2010)

### Political and charitable donations

The company made no political or charitable donations or incurred any political expenditure during the year In 2009 there were no political donations and donations to charities amounted to £1,185

### Disclosure of information to the auditors

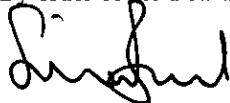
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she are obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

### Auditors

KPMG LLP resigned as auditors on 23 August 2010 and Ernst & Young LLP were appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board



Simon Burt  
Director  
28 April 2011

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK 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 directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

### **to the members of ASMMC Limited**

We have audited the financial statements of ASMMC Limited for the 18 month period ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report (Continued)**

**to the members of ASMMC Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant + Young LLP*

Kevin Harkin (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Reading  
28 April 2011

## Profit and loss account

for the 18 month period ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Revenue		-	5,193
Cost of sales		-	(4,656)
<b>Gross profit</b>		<b>-</b>	<b>537</b>
Administrative income/(expense) before exceptional items		79	(653)
Exceptional item – Restructuring costs	4	-	(528)
Exceptional item – (Loss)/Profit on business unit disposal	4	(60)	612
Exceptional item – Investment impairment	4	(47)	(211)
<b>Operating Loss</b>	<b>3</b>	<b>(28)</b>	<b>(243)</b>
Interest payable		-	-
Interest receivable	5	6	8
Income from group undertakings	6	764	200
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>742</b>	<b>(35)</b>
Tax	7	(160)	53
<b>Profit for the financial period</b>	<b>13</b>	<b>582</b>	<b>18</b>

## Statement of total recognised gains and losses

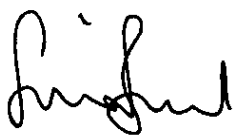
for the period ended 31 December 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £582,000 in the period ended 31 December 2010 (2009 – £18,000)

# Balance sheet

at 31 December 2010 and 30 June 2009

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	11
Investments	9	-	172
		<u>-</u>	<u>183</u>
<b>Current assets</b>			
Debtors	10	1,375	448
Cash at bank and in hand		11	1,247
		<u>1,386</u>	<u>1,695</u>
<b>Creditors' amounts falling due within one year</b>	11	(55)	(1,129)
<b>Net Current Assets</b>		<u>1,331</u>	<u>566</u>
<b>Total Net Assets</b>		<u>1,331</u>	<u>749</u>
<b>Capital and reserves</b>			
Called up share capital	12	10	10
Profit and loss account	13	1,321	739
<b>Shareholders' Funds</b>		<u>1,331</u>	<u>749</u>



Simon Burt  
Director  
28 April 2011

## Notes to the financial statements (Continued)

at 31 December 2010

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### *Statement of cash flows*

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows

#### *Going concern*

The directors, after making appropriate enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future

Based on this undertaking the directors believe that it remains appropriate to prepare financial statements on a going concern basis

#### *Investments*

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value. Trade investments are held at cost less provision for any impairment in value. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### *Revenue*

Revenue represents the value of advisory and resource placement services provided within the Company's ordinary activities net of Value Added Tax. Revenue recognition occurs when persuasive evidence of an arrangement exists, provision of advisory or resource placement services has occurred, the fee is determinable and collection is probable

#### *Tangible fixed assets*

The cost of the tangible fixed assets, net of estimated residual value, is depreciated in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are as follows

Computers and office equipment - 3 years

Leasehold improvements and fixtures and fittings are depreciated over the remaining term of the property lease

#### *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease

#### *Pension costs*

The Company makes contributions to an independently administered defined contribution scheme. Contributions are charged to the profit and loss account as they accrue. In addition the Company makes contributions to certain employees' personal pension arrangements which are charged to the profit and loss account as they accrue

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated to Sterling at the average monthly exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. These translation differences are included in the profit and loss account

Exchange differences arising on the Consolidation of the Company's foreign branch are included in the profit and loss account

# Notes to the financial statements (Continued)

at 31 December 2010

## 1. Accounting policies (continued)

### Taxation

Taxation is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable profit for the period using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior periods

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

In June 2010 the Morse Group was acquired by the 2e2 Group. A deferred tax asset has not been recognised in respect of timing differences as there is insufficient evidence that the asset will be recovered

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### Group Financial Statements

No consolidated group financial statements have been prepared because at 31 December 2010, the company was a wholly owned subsidiary of 2e2 Group Limited (incorporated in the United Kingdom) and thus satisfies the conditions for exemption under section 400 of the Companies Act 2006. These financial statements contain information about the Company an individual undertaking, and not its group

The Luxembourg branch is considered to be an extension of the UK business and is fully consolidated within these financial statements

## 2. Turnover

Turnover is derived from the provision of advisory and placement services to companies engaged in the investment industry. An analysis of turnover by geographical market is given below

	2010 £'000	2009 £'000
United Kingdom	-	5,192
Luxembourg	-	1
	<u>-</u>	<u>5,193</u>
	<u><u>-</u></u>	<u><u>5,193</u></u>

## Notes to the financial statements (Continued)

at 31 December 2010

### 3. Operating Loss

This is stated after charging/(crediting)

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets	11	195
Auditors' remuneration		
- statutory audit fees	7	7
- tax fees	10	10
Foreign exchange gain	(6)	(83)
Operating lease rentals - land and buildings		397
Operating lease rentals - other		15
Profit on disposal of fixed assets	-	(7)

### 4. Exceptional items

	2010 £'000	2009 £'000
Exceptional item - Restructuring costs	-	(528)
Exceptional item - (Loss)/Profit on business unit disposal	(60)	612
Exceptional item - Investment impairment	(47)	(211)
	<u>(107)</u>	<u>(127)</u>

There were no restructuring costs in the period ended 31 December 2010. Restructuring costs in the year ended 30 June 2009 amounted to £528,415 and related to the cost reduction programme undertaken during the year.

In the period ended 31 December 2010 there was a loss on disposal of the majority shareholding in the French subsidiary, Morse Management Consulting SAS, which was sold to Yen Bay Partners, an entity owned by the directors of Morse Management Consulting SAS. The consideration for the sale was €150,000, approximately £135,000, and the sale was completed in October 2010, following approval by Morse plc's shareholders as it was a related party transaction under Chapter 11 of the listing rules of the Financial Services Authority made under Part VI of the Financial Services and Markets Act 2000 as amended. In the year ended 30 June 2009 there was a profit on disposal as a result of the sale of the UK consulting business to Navigant Consulting (Europe) Limited which was completed in February 2009.

In the period ended 31 December 2010 there is an investment impairment of £47,000 as there are no more subsidiary companies and the trade investment has been written down to Nil. In the year ended 30 June 2009 the carrying value of investments was impaired as a result of a review by the directors to reflect the net realisable value of those investments.

### 5. Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest	3	4
Other interest	3	4
	<u>6</u>	<u>8</u>

# Notes to the financial statements (Continued)

at 31 December 2010

## 6. Income from group undertakings

	2010 £'000	2009 £'000
Dividends from ASMMCTWO Ltd	32	200
Dividends from MMC Ltd	48	-
Dividends from Morse Ltd (Jersey)	684	-
	<u>764</u>	<u>200</u>

## 7. Tax

### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK corporation tax charge/(credit) on the loss for the year	-	(122)
Adjustment to prior period tax	160	69
Total current tax charge/(credit) (note 7(b))	<u>160</u>	<u>(53)</u>

### (b) Factors affecting current tax charge for the year

The current tax charge differs from the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit/(Loss) on ordinary activities before tax	742	(35)
Tax charge/(credit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	<u>208</u>	<u>(10)</u>
<i>Effects of</i>		
Non tax deductible expenses	-	29
Non taxable income	(195)	(56)
Depreciation in excess of capital allowances	1	24
Impairment of investment not tax deductible for tax purposes	-	59
Group relief surrendered/(received) for nil payment	(20)	-
Business disposal losses/profits not taxable	-	(168)
Other timing differences	6	-
Adjustment to prior period tax	160	69
Current tax for the period (note 6(a))	<u>160</u>	<u>(53)</u>

# Notes to the financial statements (Continued)

at 31 December 2010

Finance Act 2010, which included a reduction in the UK corporate tax rate to 27% was substantially enacted on 21 July 2010. Therefore the deferred tax assets and liabilities of the company have been calculated at this rate.

In his budget of 23 March 2011, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. The Budget proposed a decrease in the rate of UK corporation tax from 27% to 26% in April 2011 and by a further 1% each year until 2014. This reduction will affect any future and current tax charge of the company. The effect of the reduction in the tax rate to 23% would be to reduce the unrecognised deferred tax asset by £1,000.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

## 8. Tangible Fixed Assets

	Leasehold improvements	Computer and office equipment	Fixtures & fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 30 June 2009	340	-	104	444
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2010	340	-	104	444
Depreciation				
At 30 June 2009	332	-	101	433
Disposals	-	-	-	-
Charge for the year	8	-	3	11
At 31 December 2010	340	-	104	444
Net book value				
At 31 December 2010	-	-	-	-
At 30 June 2009	8	-	3	11

# Notes to the financial statements (Continued)

at 31 December 2010

## 9. Investments

	Subsidiary undertakings	Other investments	Total
	£'000	£'000	£'000
Cost			
At 30 June 2009	749	25	774
Disposal	(749)	-	(749)
At 31 December 2010	-	25	25
Provision for Impairment			
At 30 June 2009	602	-	602
Disposal	(624)	-	(624)
Charge to profit and loss account in year	22	25	47
At 31 December 2010	-	25	25
Net book value			
At 31 December 2010	-	-	-
At 30 June 2009	147	25	172

At the end of the period the company has no active subsidiary undertakings accordingly the carrying value of investments is Nil. During the period the 60% shareholding in Morse Management Consulting SAS was sold, ASMMCTWO Limited was liquidated and Morse Limited (Jersey) is planned for strike off.

Other investments are represented by the 9.7% shareholding in Fleming McGillivray & Co Limited, a company registered in England. The carrying value has been impaired to reflect a net realisable value of Nil on this investment.

# Notes to the financial statements (Continued)

at 31 December 2010

## 10. Debtors

	2010 £'000	2009 £'000
Trade debtors	-	1
Amounts due from group companies	1,372	231
Other debtors	-	29
Corporation tax	-	160
VAT	3	27
	<u>1,375</u>	<u>448</u>

## 11. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	-	128
Amounts owed to other group companies	-	725
PAYE and social security	6	13
Accruals and deferred income	49	263
	<u>55</u>	<u>1,129</u>

## 12. Share capital

	2010 £	2009 £
<i>Authorised share capital</i>		
20,000 Ordinary shares of £1 00 each	20,000	20,000
<i>Allotted, called up and fully paid</i>		
10,400 Ordinary shares of £1 00 each	10,400	10,400

## 13. Reserves

	Profit and loss account £'000
At 1 July 2009	739
Profit for the period	582
At 31 December 2010	<u>1,321</u>

## Notes to the financial statements (Continued)

at 31 December 2010

### 14. Contingent liabilities

At 31 December 2010 the company had no contingent liabilities (2009 – £nil)

### 15. Financial commitments

Following the acquisition of Morse plc by 2e2 Ltd on 21 June 2010, the company entered into a cross guarantee on 21 June 2010 for the amount of £85,000,000, in favour of certain investors

### 16. Ultimate parent company and controlling party

The immediate parent company of ASMMC Limited is Morse Limited, a company incorporated in the United Kingdom. The ultimate holding company and controlling party is 2e2 Holdings Limited, a company incorporated in the United Kingdom.

The smallest undertaking into which the results of the company are consolidated is 2e2 Group Limited. The largest undertaking into which the results of the company are consolidated is 2e2 Holdings Limited. Copies of financial statements for 2e2 Group Limited can be obtained from the company's registered office at The Mansion House, Benham Valence, Newbury, Berkshire RG20 8LU.

The company has taken advantage of FRS 8 "Related Party Disclosures" and has not disclosed transactions within group undertakings.

### 17. Post balance sheet events

There are no post balance sheet events.