

**SMS Management & Technology Limited**

**Directors' report and financial  
statements**

**Registered number 3628022**

**30 June 2008**

MONDAY



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

### **Principal activity**

The principal activity of SMS Management and Technology Limited "The company" in the year under review was the provision of professional IT services and other consultancy services.

The Company ceased trading on 31st May 2008. These accounts have therefore not been prepared on a going concern basis as it is intended to wind up the company. The effect of this is shown in Note 1.

The Directors have reviewed the financial position of the Company, including confirmation from the parent undertaking that they will continue to provide financial support as necessary and consider that the company will be able to meet all its liabilities as and when they fall due.

The results of the company show a loss of £22,960 (2007: £11,002) and sales of £626,602 (2007: £1,229,875).

### **Review of the business**

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

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

### **Dividends**

The directors do not recommend the payment of a dividend (2007: *£nil*).

### **Directors**

The directors who held office during the year were as follows:

M Senova (resigned 31 May 2008)

T Stianos

S Kelly (appointed 31 May 2008)

### **Political and charitable contributions**

The Company made no political or charitable donations or incurred any political expenditure during the year.

## Directors' report

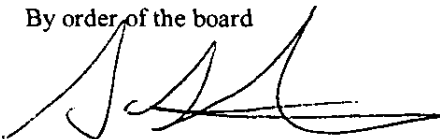
### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for re-appointment of KPMG as auditors of the Company is proposed at the forthcoming Annual General Meeting.

By order of the board



**Thomas Stianos**  
*Director*

Level 41, 140 William Street  
Melbourne VIC 3000  
Australia

25<sup>th</sup> March 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK generally Accepted Accounting Principles).

The financial statements are required by law to 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in Note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 its 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.

## **Independent auditors' report to the members of SMS Management and Technology Limited**

We have audited the financial statements of SMS Management and Technology Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. As set out in Note 1 they have not been prepared on a going concern basis.

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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

In addition we 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss 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

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor

6<sup>th</sup> April 2009.

## Profit and loss account

for the year ended 30 June 2008

	Note	2008 £	2007 £
<b>Turnover</b>	2	<b>626,602</b>	1,229,875
Net operating expenses	3	<b>(631,654)</b>	(1,186,498)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(5,052)</b>	43,377
Interest payable and similar charges	6	<b>(22,526)</b>	(36,667)
Interest receivable and similar income	6	<b>4,527</b>	5,468
		<hr/>	<hr/>
<b>(Loss) / Profit on ordinary activities before taxation</b>		<b>(23,051)</b>	12,178
Taxation on profit on ordinary activities	7	<b>91</b>	(1,176)
		<hr/>	<hr/>
<b>(Loss) / Profit for the financial year</b>	14	<b>(22,960)</b>	11,002
		<hr/>	<hr/>

The above figures relate to discontinued activities.

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

There is no difference between the loss on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents.

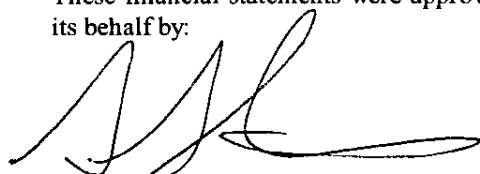
The notes on pages 8 to 15 form an integral part of these financial statements.

## Balance sheet

As at 30 June 2008

	Note	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	9		-		6,568
Investments	10		-		1
			-		6,569
<b>Current assets</b>					
Debtors	11	68,044		287,294	
Cash at bank and in hand		80,430		245,517	
		148,474		532,811	
<b>Creditors</b>					
Amounts falling due within one year	12	(280,868)		(648,814)	
<b>Net current (liabilities)</b>			(132,394)		(116,003)
<b>Total assets less current liabilities</b>			(132,394)		(109,434)
<b>Net (liabilities)</b>			(132,394)		(109,434)
<b>Capital and reserves</b>					
Called up share capital	13		300,000		300,000
Profit and loss account	14		(432,394)		(409,434)
<b>Total equity shareholders' deficit</b>	15		(132,394)		(109,434)

These financial statements were approved by the board of directors on 25<sup>th</sup> March 2009 and were signed on its behalf by:



**Thomas Stianos**  
Director

The notes on pages 8 to 15 form an integral part of these financial statements.



## Cash flow statement

for the year ended 30 June 2008

	<i>Note</i>	<b>2008</b> £	<b>2007</b> £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating (loss)/profit		(5,052)	43,377
Depreciation charges		2,159	3,539
Loss on sale of assets		5,611	-
Write down of investment		1	-
Decrease in debtors		219,250	158,448
(Decrease) in creditors		(101,628)	(66,312)
<b>Net cash inflow from operating activities</b>		<b>120,341</b>	<b>139,052</b>

## Cash flow statement

<b>Cash flow from operating activities</b>		<b>120,341</b>	<b>139,052</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		4,527	5,468
<b>Taxation</b>		<b>(3,563)</b>	<b>(82)</b>
<b>Capital expenditure and financial investments</b>			
Net cash movement on purchase/sale of assets		(1,202)	(1,217)
<b>Net cash inflow before financing</b>		<b>120,103</b>	<b>143,221</b>
<b>Financing</b>			
Intercompany loan repayment		(285,190)	8,185
<b>(Decrease) / Increase in cash in the year</b>	<i>16/17</i>	<b>(165,087)</b>	<b>151,406</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company ceased trading on 31st May 2008. These accounts have therefore not been prepared on a going concern basis as it is intended to wind up the company.

The Directors have reviewed the financial position of the Company, including confirmation from the parent undertaking that they will continue to provide financial support as necessary, and, notwithstanding net liabilities of £132,394 (2007: £109,434) consider that the company will be able to meet all its liabilities as and when they fall due.

#### *Fixed assets and depreciation*

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office equipment	-	33%
Furniture and fittings	-	20%

#### *Operating leases*

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### *Turnover*

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of professional services and other consultancy services supplied. Turnover is recognised when services are provided.

#### *Pension*

The company operates a defined contribution pension scheme on behalf of certain staff. The assets of the scheme are held separately from those of the company by an insurance company. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the profit / loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Related party transactions*

As 100% of the company's voting rights are controlled within the group headed by SMS Management & Technology Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group or investees of the group qualifying as related parties. The consolidated financial statements of SMS Management & Technology Limited within which this Company is included can be obtained from the address stated in Note 19.

#### *Foreign currencies*

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rate prevailing on that date. Exchange gains or losses are taken to the profit and loss account in the year in which they arise.

### 2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

### 3 Operating profit

	2008 £	2007 £
<i>Operating profit is stated after charging:</i>		
Depreciation of tangible fixed assets	2,159	3,539
Operating lease rentals - property	58,369	113,577
	2008 £	2007 £
<i>Auditors' remuneration:</i>		
Audit of these financial statements	2,000	2,958

**Notes (continued)**

**4 Directors emoluments**

	2008 £	2007 £
Aggregate emoluments (including benefits in kind)	104,814	132,813
Contributions to a defined contribution scheme	1,000	4,000
	<u>105,814</u>	<u>136,813</u>

The aggregate of emoluments of the highest paid director was £104,814 (2007: £132,813) and pension contributions of £1,000 (2007: £4,000).

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year was 4 (2007: 7).

	Number of employees	
	2008	2007
Consultants	3	6
Administration	1	1
	<u>4</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 £
Wages and salaries	296,641	393,790
Social security costs	25,092	34,537
Other pension costs	7,715	11,425
	<u>329,448</u>	<u>439,752</u>

**6 Interest payable and similar charges/Interest receivable and similar income**

	2008 £	2007 £
Interest Payable on Group undertakings	(22,526)	(36,667)
Interest Income	<u>4,527</u>	<u>5,468</u>

**Notes (continued)**

**7 Tax on profit/(loss) on ordinary activities**

	2008 £	2007 £
<i>Analysis of charge in period</i>		
Current tax on income for the year	-	1,094
(Over) / Under provision in respect of previous year	(91)	82
	<hr/>	<hr/>
Tax on profit on ordinary activities	(91)	1,176
	<hr/>	<hr/>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is nil (2007: lower than the standard rate of corporation tax in the UK of 30%). The differences are explained below:

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	(23,051)	12,178
	<hr/>	<hr/>
Current tax at 30% (2007:30%)	(6,915)	3,653
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,877	16,590
Depreciation for period in excess of capital allowances	(6,433)	(1,233)
Losses utilised in the period	-	(17,369)
Effect of lower tax rate (20%) on interest income	(453)	(547)
Deferred tax asset not recognised	11,924	-
	<hr/>	<hr/>
Total current tax charge	-	1,094
	<hr/>	<hr/>

**8 Deferred tax**

The company has an unrecognised deferred tax asset as follows:

	2008 £	2007 £
Advance capital allowances	-	3,215
Losses	14,795	5,619
Other short term timing differences	-	5,249
	<hr/>	<hr/>
	14,795	14,083
	<hr/>	<hr/>

The deferred tax asset have not been recognised in 2008 as, in the opinion of the directors, there is insufficient evidence that they will be recoverable.

## Notes (continued)

### 9 Tangible fixed assets

	<b>Fixtures and Fittings £</b>
<b>Cost</b>	
At beginning of year	62,572
Additions	1,525
Disposals	(64,097)
	<hr/>
At end of year	-
	<hr/>
<b>Depreciation</b>	
At beginning of year	56,004
Charge for year	2,159
Disposals	(58,163)
	<hr/>
At end of year	-
	<hr/>
<b>Net book value</b>	
At 30 June 2008	-
	<hr/>
At 30 June 2007	6,568
	<hr/>

### 10 Investment in Subsidiary

The carrying amount of the investment in subsidiary M86 Limited is £ Nil (2007: £1). The Subsidiary was deregistered on 7<sup>th</sup> October 2008, therefore the carrying amount was written off during the period.

### 11 Debtors: amounts falling due within one year

	<b>2008 £</b>	<b>2007 £</b>
Trade debtors	11,500	270,813
Other debtors	56,544	16,481
	<hr/>	<hr/>
	68,044	287,294
	<hr/>	<hr/>

Trade debtors are shown net of impairment losses of £nil (2007: Nil)

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	2008 £	2007 £
Trade creditors	-	8,949
Corporation tax	-	3,654
Loan from parent undertaking	280,868	543,532
Other taxation and social security costs	-	36,913
Accruals and deferred income	-	55,766
	<u>280,868</u>	<u>648,814</u>

The amount owed to the parent undertaking are unsecured and have no set repayment date.

**13 Called up share capital**

	2008 £	2007 £
<i>Authorised</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
300,000 Ordinary shares of £1 each	300,000	300,000
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**14 Reserves - profit and loss account**

	2008 £	2007 £
Retained (loss) at beginning of year	(409,434)	(420,436)
Retained (loss) / profit for the year	(22,960)	11,002
	<hr/>	<hr/>
Retained (loss) at the end of year	(432,394)	(409,434)
	<hr/>	<hr/>

**15 Reconciliation of movement in shareholders' funds**

	2008 £	2007 £
Opening shareholders' deficit	(109,434)	(120,436)
(Loss) / Profit for the financial year	(22,960)	11,002
	<hr/>	<hr/>
Closing shareholders' deficit	(132,394)	(109,434)
	<hr/>	<hr/>

**16 Reconciliation of net cash flow to movement in net debt**

	2008 £	2007 £
(Decrease) / Increase in cash in the year	(165,087)	151,406
Cash outflow / (inflow) from decrease in debt	285,190	(8,185)
	<hr/>	<hr/>
Change in net debt resulting from cash flow	120,103	143,221
Accrued interest on intercompany loan	(22,526)	(36,667)
Net debt brought forward	(298,015)	(404,569)
	<hr/>	<hr/>
Net debt at 30 June	(200,438)	(298,015)
	<hr/>	<hr/>



## Notes (continued)

### 17 Reconciliation of movement in net debt

	At 1 July 2007	Cash flows £	Other non-cash movements £	At 30 June 2008 £
Cash in hand and at bank	245,517	(165,087)	-	80,430
Debt due within one year	(543,532)	285,190	(22,526)	(280,868)
	<u>(298,015)</u>	<u>120,103</u>	<u>(22,526)</u>	<u>(200,438)</u>

### 18 Financial commitments

At 30 June 2008 the company had no annual commitments under non-cancellable operating leases.

	2008 £	2007 £
<b>Land and buildings:</b>		
Within one year	-	30,600
	<u>-</u>	<u>30,600</u>

### 19 Ultimate and immediate parent company

At 30 June 2008 the Company's immediate parent company was SMS Consulting Group Limited, a company incorporated and registered in Australia, which held 100% of the issued share capital of the Company. The Company's ultimate parent company was SMS Management & Technology Limited, a company incorporated and registered in Australia.

The largest and smallest group in which the results of the Company were consolidated was that headed by SMS Management & Technology Limited. The consolidated accounts of SMS Management & Technology Limited are available to the public and may be obtained from the Company Secretary, Level 41, 140 William Street, Melbourne, Victoria, Australia 3000.