

Motifact Service Management UK Limited

Annual report and financial statements

For the year ended 31 December 2006

Registered Number 4032693

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MOTIFACT SERVICE MANAGEMENT UK LIMITED

Directors' Report

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 December 2006

Principal activity and Business Review

During 2006, the business continued to build upon its trade as a provider of IT consulting services under the brand Q-Pex, with turnover increasing from £266k in 2005 to £824k in 2006

Results and dividends

There was a loss for the year of £20k (2005 £9k)

The directors are unable to recommend the payment of a dividend (2005 £nil)

Directors and their interests

The directors who served during the year ended 31 December 2006 were

T Burt
M McVeigh

No director held any interest in the shares of the company during the year

T Burt and M McVeigh are also directors of 2e2 Holdings Limited, the company's ultimate holding company, and their interests in the share capital of that company are disclosed in its financial statements

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). 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 those 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

The directors are responsible for keeping proper accounting records that 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

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

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Employees

The company has no employees but is charged by a fellow group company for the use of their staff engaged in the company's business

Principal Risks and Uncertainties

Discussed below are the Company's major business risks, together with systems and initiatives in place to address them

Market

The IT services market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycle and changes in the spending patterns of customers. In addition, the Company works with a number of key vendors and it is important to maintain strong relationships and terms of business with these partners.

Operational

This relates to the risk of financial loss resulting from internal processes, people and systems. The Company manages this risk through appropriate internal controls and proactive intervention, such as management reporting systems, insurances, business interruption and disaster recovery planning.

Liquidity

This relates to the risk that the Company is unable to fund its requirements because of insufficient banking facilities. This risk is reduced as 2e2 Group's banking facilities are available on a committed basis.

Key Performance Indicators

The senior management of the Company focus on a number of key performance indicators. These include sales bookings and billings, the value of contracted annuity revenues, gross margins and staff utilisation. These, along with other measures, are monitored regularly with explanations sought for variances against expectations.

Auditors

Grant Thornton UK LLP resigned as auditors during the year. Ernst and Young LLP were appointed to fill the casual vacancy arising. Ernst and Young LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

By Order of the Board,



N Grossman
Secretary

31 OCT 2007

The Mansion House
Benham Valence
Speen
Newbury
Berkshire
RG20 8LU

MOTIFACT SERVICE MANAGEMENT UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTIFACT SERVICE MANAGEMENT UK LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the **Profit and Loss Account**, the **Balance Sheet**, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the directors' report is 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Reading

31/10/07

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Profit and Loss Account For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Turnover	1	<u>824</u>	<u>266</u>
Cost of Sales	2	(253)	(248)
Gross Profit		571	18
Operating Expenses	2	<u>(591)</u>	<u>(27)</u>
Loss on ordinary activities before interest		(20)	(9)
Interest Payable and similar charges	4	<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation	5	(20)	(9)
Tax on Loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss transferred from reserves		<u>(20)</u>	<u>(9)</u>

All results arose from continuing operations

There were no recognised gains or losses other than the result/profit for each financial year, and accordingly no statement of total recognised gains and losses is presented


The accompanying notes are an integral part of this profit and loss account

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Balance Sheet At 31 December 2006

	Notes	2006 £000	2005 £000
Fixed assets			
Tangible assets	7	9	-
		<u>9</u>	<u>-</u>
Current assets			
Debtors	8	681	283
Cash at bank and in hand		<u>266</u>	<u>18</u>
		947	301
Creditors Amounts falling due within one year	9	(994)	(353)
Net current liabilities		<u>(47)</u>	<u>(52)</u>
Total assets less current liabilities		(38)	(52)
Deferred income	10	(43)	(9)
Net Liabilities		<u>(81)</u>	<u>(61)</u>
Capital and Reserves			
Called-up share capital	11	-	-
Profit and loss account	12	(81)	(61)
Shareholders' deficit	13	<u>(81)</u>	<u>(61)</u>

The financial statements were approved by the Board of Directors on **31 OCT** 2007



T Burt
Director

The accompanying notes are an integral part of this balance sheet

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Statement of accounting policies For the year ended 31 December 2006

Basis of preparation

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Cash flow statement

2e2 Group Limited, the ultimate parent company, has included a group cash flow statement in its financial statements in accordance with Financial Reporting Standard No 1 (Revised). Accordingly, no cash flow statement is included in these financial statements

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write-off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows

Computer equipment	25-33% per annum
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Foreign currencies

Trading transactions denominated in foreign currencies are recorded in sterling at actual exchange rates ruling at the date of the transaction. Assets and liabilities at the balance sheet date denominated in foreign currencies are reported at the rates of exchange prevailing at that date. Any gain or loss arising from changes in exchange rates subsequent to the date of the transaction are reported as an exchange gain or loss in the profit and loss account.

Turnover

Turnover comprises the value of sales of goods and services despatched to or accepted by customers, in the normal course of business and is stated net of credit notes, allowances, trade discounts and value added tax.

Taxation

Current tax, including UK corporation tax and foreign taxes, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to arise in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Notes to the financial statements

1 Turnover

Turnover is wholly attributable to the company's sole principal activity. An analysis of turnover by geographic market is given below

	2006 £000	2005 £000
United Kingdom	595	179
The Netherlands	229	87
Total	<u>824</u>	<u>266</u>

2 Cost of sales, gross profit and operating expenses

	2006 £000	2005 £000
Cost of sales	253	248
Gross Profit	<u>571</u>	<u>18</u>
Selling and Distribution Costs	574	11
Administrative Expenses	17	16
Operating Expenses	<u>591</u>	<u>27</u>

3 Staff costs and directors' remuneration

Particulars of staff costs and employees, including executive directors

Staff costs

The aggregate remuneration comprised

	2006 £000	2005 £000
Wages and salaries	416	39
Social security costs	49	5
Other pension costs	4	-
	<u>469</u>	<u>44</u>

Staff costs are charged to the company by a fellow group company by whom the staff are employed. The recharges are made on the basis of time spent on the company's activities.

Staff numbers

The company has no employees.

Directors' remuneration

T Burt and M McVeigh were directors of the company throughout 2006. Both were employed by 2e2 Holdings Limited and hence no charge is made in these accounts to cover their costs.

The directors did not receive emoluments for their services to the company (2005: £nil).

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Notes to the financial statements (continued)

4 Interest payable and similar charges

	2006 £000	2005 £000
Bank loans, overdrafts and other loans	-	-
	<u>-</u>	<u>-</u>

5 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2006 £000	2005 £000
Auditors' remuneration	-	-
- Audit fees	<u>-</u>	<u>-</u>

Audit fees in the current year have been borne by a group company

6. Taxation

The charge based on the loss for the year comprises

	2006 £000	2005 £000
Current taxation	-	-
	<u>-</u>	<u>-</u>

The differences between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2006 £000	2005 £000
Loss before taxation	<u>(20)</u>	<u>(9)</u>
Corporation tax at 30% (2005 30%)	(6)	(3)
Other timing differences	(6)	-
Group relief surrendered for nil payment	12	3
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Deferred taxation assets not recognised in the accounts

Decelerated capital allowances	-	-
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MOTIFACT SERVICE MANAGEMENT UK LIMITED

Notes to the financial statements (continued)

7. Fixed assets

	Computer equipment £000	Total £000
Cost		
At beginning of year	-	-
Additions	10	10
At end of year	10	10
Depreciation		
At beginning of year	-	-
Charge for the year	1	1
At end of year	1	1
Net book value		
At end of year	9	9
At beginning of year	-	-

8 Debtors Amounts falling due within one year

	2006 £000	2005 £000
Trade Debtors	220	72
Amounts owed by fellow subsidiary undertakings	433	151
Prepayments and accrued income	28	60
	681	283

9 Creditors Amounts falling due within one year

	2006 £000	2005 £000
Trade Creditors	81	72
Amounts owing to fellow subsidiary undertakings	868	246
Taxation and social security	32	2
Accruals	13	33
	994	353

10 Deferred income

	2006 £000	2005 £000
Deferred income – within one year	43	9

MOTIFACT SERVICE MANAGEMENT UK LIMITED

Notes to the financial statements (continued)

11. Called-up share capital

	2006 £000	2005 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
 Allotted, called-up and fully-paid		
1 ordinary share of £1 each	<u>-</u>	<u>-</u>

12. Reserves

	Profit and loss account £000
Deficit at beginning of year	(61)
Loss for the year	<u>(20)</u>
Deficit at end of year	<u>(81)</u>

13. Reconciliation of movements in shareholders' deficit

	2006 £000	2005 £000
Balance at beginning of year	(61)	(52)
Loss for the year	(20)	(9)
Deficit balance at end of year	<u>(81)</u>	<u>(61)</u>

14. Ultimate parent company and controlling party

The immediate parent company of Motifact Service Management UK Limited is 2e2 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 and largest undertaking into which the results of the company are consolidated is 2e2 Group 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 not disclosed related party transactions with group entities as permitted by the exemption under Financial Reporting Standard No. 8.

15. Commitments and Contingencies

The company has entered into a cross guarantee in conjunction with its parent company, 2e2 Holdings Limited, and other members of the 2e2 Group, in favour of the Group's bankers in respect of the borrowings of the Group.