

**XWORKS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2006**

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# XWORKS (UK) LIMITED

## COMPANY INFORMATION

<b>Directors</b>	J Drummond P Tuson
<b>Secretary</b>	P Tuson
<b>Company number</b>	3836178
<b>Registered office</b>	77 Queen Victoria Street London EC4V 4AY
<b>Auditors</b>	Gerald Edelman 25 Harley Street London W1G 9BR

# **XWORKS (UK) LIMITED**

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# **XWORKS (UK) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006**

The directors present their report and financial statements for the year ended 30 September 2006

### **Principal activity**

The principal activity of the company is providing technology and consultancy services

### **Review of the business**

The company qualifies as a small company and is exempt from the requirements of producing a business review as part of its directors' report. However, a review of the group's business during the year and the information relating to its financial instruments are given in the consolidated financial statements of the ultimate parent company, Media Corporation plc

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The disclosures required by Financial Reporting Standard No. 18 in relation to the Directors' going concern assessment are set out in Note 1 to the accounts.

### **Results and dividends**

The results for the year are set out on page 4.

No ordinary dividend has been paid during the year.

### **Directors**

The directors that held office since 1 October 2005 were as follows:

J. Drummond

P. Tuson (appointed 24 April 2006)

P. J. Williams (resigned 24 April 2006)

### **Directors' interests**

No director had any interests in the shares of the company.

The directors are also directors of the ultimate parent company, Media Corporation Plc and their shareholdings in that company are disclosed in its own financial statements.

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

# XWORKS (UK) LIMITED

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

### **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 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 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 directors are responsible for keeping proper accounting records which 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 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.

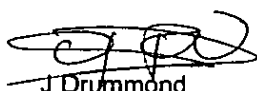
### **Statement of disclosure to the auditors**

Gerald Edelman, Chartered Accountants, are auditors of the company.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



J Drummond

**Director**

16 February 2007

# XWORKS (UK) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF XWORKS (UK) LIMITED

We have audited the financial statements of Xworks (UK) Limited on pages 4 to 11 for the year ended 30 September 2006. These financial statements have been prepared under the historical cost convention and 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 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 the directors and auditors

As described in the statement of director's responsibilities on page 2, the company's director is 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 and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company 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 of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements



Gerald Edelman

16 February 2007

Chartered Accountants  
Registered Auditor

25 Harley Street  
London  
W1G 9BR

# XWORKS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £000	2005 £000
Turnover	2	562	2,446
Cost of sales		-	(1,856)
<b>Gross profit</b>		<u>562</u>	<u>590</u>
Administrative expenses		(456)	(485)
<b>Operating profit</b>	3	<u>106</u>	<u>105</u>
Tax on profit on ordinary activities	4	-	(54)
<b>Retained profit for the year</b>		<u><u>106</u></u>	<u><u>51</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# XWORKS (UK) LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2006

		2006		2005	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	5		64		52
Investments	6		-		-
			<u>64</u>		<u>52</u>
<b>Current assets</b>					
Debtors	7	131		193	
Cash at bank and in hand		128		50	
		<u>259</u>		<u>273</u>	
<b>Creditors amounts falling due within one year</b>	8	(620)		(728)	
<b>Net current liabilities</b>			<u>(361)</u>		<u>(455)</u>
<b>Total assets less current liabilities</b>			<u>(297)</u>		<u>(403)</u>
<b>Capital and reserves</b>					
Called up share capital	9		250		250
Share premium account	10		114		114
Profit and loss account	10		(661)		(767)
<b>Shareholder's funds</b>	11		<u>(297)</u>		<u>(403)</u>

The financial statements were approved by the Board on 16 February 2007

  
J Drummond  
Director



# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The Company meets its day to day working capital requirements through an overdraft facility which is repayable on demand and through the support of the parent company. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the Company's bankers.

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Software development	33.3% per annum straight line
Computer equipment	33.3% per annum straight line
Fixtures & fittings	25% per annum reducing balance
Office equipment	25% per annum reducing balance

#### 1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7 Investments

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

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are only recognised when they are regarded as recoverable. The Company has not adopted a policy of discounting deferred tax assets and liabilities.

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 1 Accounting policies (continued)

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.10 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Media Corporation Plc, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	2006 £000	2005 £000
Operating profit is stated after charging		
Depreciation of tangible assets	28	20
Operating lease rentals	-	22
	<u>          </u>	<u>          </u>

The auditors' remuneration is borne by the parent company.

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

4	Taxation	2006 £000	2005 £000
	<b>Domestic current year tax</b>		
	Current tax	-	-
	Deferred tax	-	(54)
		<u>-</u>	<u>(54)</u>
		<u>-</u>	<u>(54)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	106	51
		<u>106</u>	<u>51</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005 30%)	32	15
	Effects of		
	Non deductible expenses	2	10
	Depreciation	8	6
	Capital allowances	(10)	(5)
	Utilisation of brought forward tax losses	(32)	(26)
		<u>-</u>	<u>-</u>
	<b>Current tax charge</b>	<u>-</u>	<u>-</u>
	There is no provision for UK corporation tax losses brought forward subject to agreement with HM Revenue and Customs		

5	Tangible fixed assets	Software Development £000	Computer equipment £000	Fixtures & fittings £000	Office equipment £000	Total £000
	<b>Cost</b>					
	At 1 October 2005	95	80	31	8	214
	Additions	-	34	-	6	40
		<u>95</u>	<u>114</u>	<u>31</u>	<u>14</u>	<u>254</u>
	At 30 September 2006	95	114	31	14	254
	<b>Depreciation</b>					
	At 1 October 2005	67	66	23	6	162
	Charge for the year	12	12	3	1	28
		<u>79</u>	<u>78</u>	<u>26</u>	<u>7</u>	<u>190</u>
	At 30 September 2006	79	78	26	7	190
	<b>Net book value</b>					
	At 30 September 2006	16	36	5	7	64
		<u>16</u>	<u>36</u>	<u>5</u>	<u>7</u>	<u>64</u>
	At 30 September 2005	28	14	8	2	52
		<u>28</u>	<u>14</u>	<u>8</u>	<u>2</u>	<u>52</u>

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 6 Fixed asset investments

	Shares in subsidiary undertakings £000
<b>Cost</b>	
At 1 October 2005 and at 30 September 2006	28
<b>Provisions for diminution in value</b>	
At 1 October 2005 and at 30 September 2006	28
<b>Net book value</b>	
At 30 September 2006 and 30 September 2005	-

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following company

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Careerplus Limited	England and Wales	10p Ordinary	98.00

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year was as follows

		Capital and reserves	Profit for the year
		2006	2006
	Principal activity	£000	£000
Careerplus Limited	Recruitment consultancy	(61)	17

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

<b>7 Debtors</b>	<b>2006 £000</b>	<b>2005 £000</b>
Trade debtors	13	95
Other debtors	4	4
Prepayments and accrued income	69	49
Deferred tax asset	45	45
	<u>131</u>	<u>193</u>

The deferred tax asset is made up almost entirely of tax losses

<b>8 Creditors: amounts falling due within one year</b>	<b>2006 £000</b>	<b>2005 £000</b>
Trade creditors	6	10
Amounts owed group undertakings	606	688
Taxes and social security costs	-	30
Accruals and deferred income	8	-
	<u>620</u>	<u>728</u>

<b>9 Share capital</b>	<b>2006 £000</b>	<b>2005 £000</b>
<b>Authorised</b>		
4,000,000 Ordinary shares of 25p each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of 25p each	<u>250</u>	<u>250</u>

<b>10 Statement of movements on reserves</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>
Balance at 1 October 2005	114	(767)
Retained profit for the year	-	106
Balance at 30 September 2005	<u>114</u>	<u>(661)</u>

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

11 Reconciliation of movements in shareholders' funds	2006 £000	2005 £000
Profit for the financial year	106	51
Opening shareholders' funds	(403)	(454)
Closing shareholders' funds	<u>(297)</u>	<u>(403)</u>

### 12 Financial commitments

At 30 September 2006 the company had no annual commitments under non-cancellable operating leases

### 13 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Sales and administration	<u>6</u>	<u>6</u>

#### Employment costs

	2006 £000	2005 £000
Wages and salaries	<u>230</u>	<u>158</u>

### 14 Control

The ultimate parent company is Media Corporation plc a company registered in England and Wales

Media Corporation plc prepares consolidated financial statements and copies can be obtained from the parent company's registered office at 77 Queen Victoria Street, London, EC4V 4AY

### 15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company