

Registered number: 04992246

LIVSMART LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**



LIVSMART LIMITED

COMPANY INFORMATION

DIRECTOR	N Scales J R Barclay A G Stilwell
COMPANY SECRETARY	L A Outram
COMPANY NUMBER	04992246
REGISTERED OFFICE	24 Hatton Garden Liverpool L3 2AN
AUDITOR	Ernst & Young LLP 20 Chapel Street Liverpool L3 9AG

LIVSMART LIMITED

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LIVSMART LIMITED

DIRECTORS' REPORT For the year ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is that of managing information, access and communication through a Smart Card on behalf of public and private organisations

LiveSmart Limited continues to deliver a range of loyalty, membership and ticketing products throughout the Liverpool city region, using smart card technology and the internet, and is positioned for national and international expansion through both its own product range and by securing contracted activity

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £351,047 (2010 - profit £213,014)

The directors do not recommend the payment of a dividend (2010 £nil)

DIRECTORS

The directors who served during the year were

N Scales
J R Barclay
A G Stilwell
D J Wade-Smith (resigned 19 October 2011)
C Speight (resigned 19 October 2011)

EVENTS SINCE THE END OF THE YEAR

Since the balance sheet date, the ownership of the company has been restructured, with the 96 B shares being acquired by Merseyside Passenger Transport Executive ("MPTE") (the entity's ultimate parent undertaking by virtue of its ownership of Global Smart Media Limited) on 19 October 2011. In addition to this, subsequent to the year end, on 31 October 2011, an additional 440,728 cumulative redeemable preference shares of £1 each were issued at par, for consideration of £440,728

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

LIVSMART LIMITED

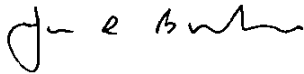
DIRECTORS' REPORT
For the year ended 31 March 2011

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

The report of the directors has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

This report was approved by the board on *16 December 2011* and signed on its behalf



J R Barclay
Director

LIVSMART LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 March 2011

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 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 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,
- 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 adequate 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.

LIVSMART LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIVSMART LIMITED

We have audited the financial statements of Livesmart Limited for the year ended 31 March 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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. In addition, we read all the financial and non-financial information in the Directors' Report and Financial statements for the year ended 31 March 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2011 and of its loss for the year 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.

LIVESMART LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIVESMART 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



Barry Flynn (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Liverpool
Date 21/12/2011

LIVSMART LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2011

	Note	12 months ended 31 March 2011 £	8 months ended 31 March 2010 £
TURNOVER	1,2	312,920	105,298
Cost of sales		<u>(194,074)</u>	<u>(30,477)</u>
GROSS PROFIT		118,846	74,821
Administrative expenses		<u>(469,893)</u>	<u>(408,802)</u>
OPERATING LOSS	3	(351,047)	(333,981)
EXCEPTIONAL ITEMS			
Other exceptional items	8	<u>-</u>	<u>547,000</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(351,047)	213,019
Interest payable and similar charges	7	<u>-</u>	<u>(5)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(351,047)	213,014
Tax on (loss)/profit on ordinary activities	9	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	£ (351,047)	£ 213,014

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

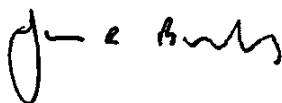
The notes on pages 8 to 17 form part of these financial statements

LIVSMART LIMITED
Registered number: 04992246

BALANCE SHEET
As at 31 March 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	10		414		820
Investments	11		100		100
			<u>514</u>		<u>920</u>
CURRENT ASSETS					
Stocks	12	1,606		450	
Debtors	13	63,743		58,771	
Cash at bank and in hand		80,110		97,740	
		<u>145,459</u>		<u>156,961</u>	
CREDITORS: amounts falling due within one year	14	(542,914)		(74,940)	
NET CURRENT (LIABILITIES)/ASSETS			(397,455)		82,021
TOTAL ASSETS LESS CURRENT LIABILITIES			(396,941)		82,941
CREDITORS: amounts falling due after more than one year	15		(1,367,296)		(1,496,131)
NET LIABILITIES			£ (1,764,237)		£ (1,413,190)
CAPITAL AND RESERVES					
Called up share capital	16		196		196
Profit and loss account	17		(1,764,433)		(1,413,386)
SHAREHOLDERS' DEFICIT	18		£ (1,764,237)		£ (1,413,190)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16/2/11



J R Barclay
Director

The notes on pages 8 to 17 form part of these financial statements

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company is supported by its ultimate parent company, Merseyside Passenger Transport Executive. The directors have received undertaking from the ultimate parent that they will continue to provide support to allow the company to meet its liabilities as they fall due. Accordingly, the directors consider the business to be a going concern and these accounts are prepared on the going concern basis.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	50% straight line
Other fixed assets	-	50% straight line or period of license

1.5 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. TURNOVER

The whole of the turnover is attributable to the principal business activity.

All turnover arose within the United Kingdom.

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

3. OPERATING LOSS

The operating loss is stated after charging

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
Depreciation of tangible fixed assets - owned by the company	891	<i>740</i>

4. AUDITORS' REMUNERATION

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
Fees payable to the company's auditor for the audit of the company's annual accounts	6,000	<i>6,000</i>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
Wages and salaries	247,414	<i>131,905</i>
Social security costs	25,482	<i>14,873</i>
	£ 272,896	<i>£ 146,778</i>

The average monthly number of employees, including the directors, during the year was as follows

	12 months ended 31 March 2011 No.	<i>8 months ended 31 March 2010 No</i>
Marketing	3	<i>4</i>
Administration	2	<i>1</i>
IT	2	<i>1</i>
	7	<i>6</i>

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. DIRECTORS' REMUNERATION

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
Emoluments	£ 118,965	£ 77,000

There were no retirement benefits accruing to the directors in either the current or the preceding year

7. INTEREST PAYABLE

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
On bank loans and overdrafts	£ -	£ 5

8. EXCEPTIONAL ITEMS

	12 months ended 31 March 2011 £	<i>8 months ended 31 March 2010 £</i>
Write off of loan liability to Global Smart Media Limited	£ -	£ 547,000

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

9. TAXATION

	12 months ended 31 March 2011 £	8 months ended 31 March 2010 £
UK corporation tax charge on (loss)/profit for the year/period	£ -	£ -

FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD

The tax assessed for the year/period is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%). The differences are explained below

	12 months ended 31 March 2011 £	8 months ended 31 March 2010 £
(Loss)/profit on ordinary activities before tax	£ (351,047)	£ 213,014
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	(98,293)	59,644
EFFECTS OF:		
Income and expenses not deductible for tax purposes	2,570	(148,960)
Capital allowances for year/period in excess of depreciation	(1,840)	(1,377)
Unrelieved tax losses carried forward	97,563	90,693
CURRENT TAX CHARGE FOR THE YEAR/PERIOD (see note above)	£ -	£ -

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

9. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has tax losses of £5,200,000 which are available to be carried forward and utilised against future trading profits

Deferred taxation

The deferred tax asset of £1,375,000, calculated at a rate of 26%, arising from the tax losses carried forward and fixed asset timing differences has not been recognised in these accounts due to the future uncertainty

Finance Act 2011

At the balance sheet date, legislation had been substantively enacted which would reduce the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011

Further reductions to the main rate of corporation tax were also announced in the March 2011 UK Budget Statement, to reduce the rate to 23% by 1 April 2014. The reduction from 26% to 25% has been included in Finance Bill 2011, to have effect from 1 April 2012. The reductions from 25% to 23% expected to be enacted separately, in the Finance Bill for each of the years 2012 and 2013 respectively. These changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements

10. TANGIBLE FIXED ASSETS

	Office equipment £	Other fixed assets £	Total £
COST			
At 1 April 2010	2,422	189,329	191,751
Additions	-	485	485
At 31 March 2011	<u>2,422</u>	<u>189,814</u>	<u>192,236</u>
DEPRECIATION			
At 1 April 2010	2,422	188,509	190,931
Charge for the year	-	891	891
At 31 March 2011	<u>2,422</u>	<u>189,400</u>	<u>191,822</u>
NET BOOK VALUE			
At 31 March 2011	<u>£ -</u>	<u>£ 414</u>	<u>£ 414</u>
At 31 March 2010	<u>£ -</u>	<u>£ 820</u>	<u>£ 820</u>

LIVESMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 April 2010 and 31 March 2011	100
NET BOOK VALUE	
At 31 March 2011	£ 100
At 31 March 2010	£ 100

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Global Smart Media (IPR) Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2011 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Global Smart Media (IPR) Limited	(6,549)	-

Global Smart Media (IPR) Limited did not trade during the period

12. STOCKS

	2011 £	2010 £
Finished goods and goods for resale	£ 1,606	£ 450

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

13. DEBTORS

	2011 £	2010 £
Trade debtors	39,406	31,101
Amounts owed by group undertakings	14,551	13,396
Other debtors	-	10,455
Prepayments and accrued income	9,786	3,819
	£ 63,743	£ 58,771

**14. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	25,784	44,246
Social security and other taxes	11,369	5,693
Accruals and deferred income	83,329	25,001
Share capital treated as debt (Note 16)	422,432	-
	£ 542,914	£ 74,940

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16

**15. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011 £	2010 £
Debenture loans	100,000	100,000
Share capital treated as debt (Note 16)	1,267,296	1,396,131
	£ 1,367,296	£ 1,496,131

Disclosure of the terms and conditions attached to the non-equity shares is made in note 16

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	2010 £
Repayable other than by instalments	£ 100,000	£ 100,000

The loan is secured by a fixed and floating charge over all the assets of the company

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

16. SHARE CAPITAL

	2011 £	2010 £
SHARES CLASSIFIED AS CAPITAL		
ALLOTTED, CALLED UP AND FULLY PAID		
100 A ordinary shares of £1 each	100	100
96 B ordinary shares of £1 each	96	96
	<u>£ 196</u>	<u>£ 196</u>
SHARES CLASSIFIED AS DEBT		
ALLOTTED, CALLED UP AND FULLY PAID		
1,689,728 (2010 - 1,396,131) Cumulative redeemable preference shares of £1 each	<u>£ 1,689,728</u>	<u>£ 1,396,131</u>

During the period the company issued 293,597 cumulative redeemable preference shares of £1 each at par, the consideration received was £293,597

The cumulative redeemable preference share dividends will be fixed and will be paid by two equal instalments on 1 July and 1 January in each year in respect of the six month period ending on those dates with the first such payments to be made on the earlier of (i) the date of redemption (where shares are redeemed after 1 January 2010) to the extent that the class of share on which the dividend is payable has been redeemed, and (ii) 30 June 2010, the rate of dividend payable is calculated as LIBOR plus 2%, with LIBOR being the rate ruling at 12 pm on the business day prior to 1 January or 1 July as appropriate. The whole amount of any unpaid dividend will be increased by 2% per annum above the base lending rate of Barclays Bank plc from time to time.

The company will redeem for cash at par the following numbers of cumulative redeemable preference shares on the following dates

<u>Redemption Date</u>	<u>Percentage of outstanding Preference Shares in issue to be Redeemed</u>
31 December 2011	25%
31 December 2012	33%
31 December 2013	50%
31 December 2014	100%

The cumulative redeemable preference shares may also be redeemed under certain limited situations as specified in the Articles of Association

LIVSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

17. RESERVES

	Profit and loss account £
At 1 April 2010	(1,413,386)
Loss for the year	(351,047)
	£(1,764,433)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Opening shareholders' deficit	(1,413,190)	(1,626,204)
(Loss)/profit for the year/period	(351,047)	213,014
	£ (1,764,237)	£ (1,413,190)

19. RELATED PARTY TRANSACTIONS

	12 months ended 31 March 2011 £	8 months ended 31 March 2010 £
<u>Amounts due from/(to) related parties:</u>		
Global Smart Media Limited	1,155	-
Global Smart Medial (IPR) Limited	13,396	13,396
Merseyside Passenger Transport Executive	(100,000)	(100,000)

Global Smart Media Limited is the parent company and Global Smart Media (IPR) Limited is a fellow subsidiary Merseyside Passenger Transport Executive is the ultimate parent undertaking

During the year the company incurred management expenses of £1,155 on behalf of its parent company There has been no movement on the loans to/(from) Global Smart Medial (IPR) Limited and Merseyside Passenger Transport Executive during the year

20. POST BALANCE SHEET EVENTS

Since the balance sheet date, the ownership of the company has been restructured, with the 96 B shares being acquired by Merseyside Passenger Transport Executive ("MPTE") (the entity's ultimate parent undertaking by virtue of it's ownership of Global Smart Media Limited) on 19 October 2011 In addition to this, subsequent to the year end, on 31 October 2011, an additional 440,728 cumulative redeemable preference shares of £1 each were issued at par, for consideration of £440,728

LIVESMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a subsidiary of Global Smart Media Limited, the immediate parent company. Copies of the parent company accounts may be obtained from the Registrar of Companies, Cardiff CF14 3UZ.

The directors consider Global Smart Media Limited to be controlled by Merseyside Passenger Transport Executive, the ultimate parent undertaking and controlling party. Copies of the parent undertaking financial statements may be obtained from MPTE, 24 Hatton Garden, Liverpool L3 2AN.