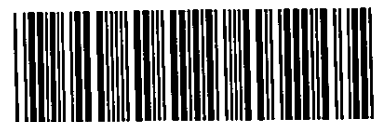


**LIVSMART LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2010**

FRIDAY



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**LIVSMART LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

N Scales  
J R Barclay  
A G Stilwell  
D J Wade-Smith  
C Speight

**COMPANY SECRETARY**

L A Outram

**COMPANY NUMBER**

4992246

**REGISTERED OFFICE**

C/o Mace & Jones, Drury House  
19 Water Street  
Liverpool  
Liverpool  
Merseyside

**AUDITORS**

Ernst & Young LLP  
20 Chapel Street  
Liverpool  
L3 9AG

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**LIVSMART LIMITED**

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**LIVSMART LIMITED**

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**DIRECTORS' REPORT**  
**For the period ended 31 March 2010**

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The directors present their report and the financial statements for the period ended 31 March 2010

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

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 successful securing contracted activity

**RESULTS AND DIVIDENDS**

The profit for the period, after taxation, amounted to £213,014 (2009 - loss £523,061)

The directors do not recommend the payment of a dividend (2009 £nil)

**DIRECTORS**

The directors who served during the period were

N Scales  
J R Barclay  
A G Stilwell  
D J Wade-Smith  
C Speight

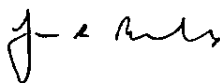
**PROVISION OF INFORMATION TO AUDITORS**

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

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 *20 December 2010* and signed on its behalf



**J R Barclay**  
Director

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**LIVESMART LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the period ended 31 March 2010**

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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,
- 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.

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## LIVSMART LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIVSMART LIMITED

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We have audited the financial statements of Livesmart Limited for the period ended 31 March 2010, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 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

As explained more fully in the Statement of Directors' Responsibilities 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 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.

#### 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 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 period for which the financial statements are prepared is consistent with the financial statements.

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**LIVESMART LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIVESMART LIMITED**

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**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

20 Chapel Street  
Liverpool  
L3 9AG

Date 21/12/10

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**LIVSMART LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the period ended 31 March 2010**

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	<b>Note</b>	<b>8 months ended 31 March 2010 £</b>	<b>12 months ended 31 July 2009 £</b>
<b>TURNOVER</b>	1,2	<b>105,298</b>	223,366
Cost of sales		<b>(30,477)</b>	<b>(89,723)</b>
<b>GROSS PROFIT</b>		<b>74,821</b>	133,643
Administrative expenses		<b>(408,802)</b>	<b>(656,704)</b>
<b>OPERATING LOSS</b>	3	<b>(333,981)</b>	<b>(523,061)</b>
<b>EXCEPTIONAL ITEMS</b>			
Other exceptional items	8	<b>547,000</b>	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>213,019</b>	<b>(523,061)</b>
Interest payable	7	<b>(5)</b>	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>213,014</b>	<b>(523,061)</b>
Tax on profit/(loss) on ordinary activities	9	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>	17	<b>£ 213,014</b>	<b>£ (523,061)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account

The notes on pages 7 to 15 form part of these financial statements

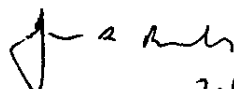


**LIVSMART LIMITED**  
Registered number: 4992246

**BALANCE SHEET**  
As at 31 March 2010

	Note	£	31 March 2010 £	£	31 July 2009 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		820		1,560
Fixed asset investments	11		100		100
			920		1,660
<b>CURRENT ASSETS</b>					
Stocks	12	450		730	
Debtors	13	58,771		111,846	
Cash at bank and in hand		97,740		95,509	
		156,961		208,085	
<b>CREDITORS</b> : amounts falling due within one year	14	(74,940)		(61,134)	
<b>NET CURRENT ASSETS</b>			82,021		146,951
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			82,941		148,611
<b>CREDITORS</b> : amounts falling due after more than one year	15		(1,496,131)		(1,774,815)
<b>NET LIABILITIES</b>			£ (1,413,190)		£ (1,626,204)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		196		196
Profit and loss account	17		(1,413,386)		(1,626,400)
<b>SHAREHOLDERS' DEFICIT</b>	18		£ (1,413,190)		£ (1,626,204)

The financial statements were approved by the board and were signed on its behalf on



20/12/10

**J R Barclay**  
Director

The notes on pages 7 to 15 form part of these financial statements

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## LIVSMART LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 March 2010

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#### 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. 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, 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 period ended 31 March 2010

**3 OPERATING LOSS**

The operating loss is stated after charging

	<b>8 months ended 31 March 2010 £</b>	<i>12 months ended 31 July 2009 £</i>
Depreciation of tangible fixed assets - owned by the company	<b>740</b>	<i>29,627</i>
	<u>740</u>	<u>29,627</u>

**4. AUDITORS' REMUNERATION**

	<b>8 months ended 31 March 2010 £</b>	<i>12 months ended 31 July 2009 £</i>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>6,000</b>	<i>-</i>
	<u>6,000</u>	<u>-</u>

**5 STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>8 months ended 31 March 2010 £</b>	<i>12 months ended 31 July 2009 £</i>
Wages and salaries	<b>131,905</b>	<i>220,108</i>
Social security costs	<b>14,873</b>	<i>21,793</i>
	<u>£ 146,778</u>	<u>£ 241,901</u>

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

	<b>8 months ended 31 March 2010 No.</b>	<i>12 months ended 31 July 2009 No</i>
Marketing	<b>4</b>	<i>5</i>
Administration	<b>1</b>	<i>1</i>
IT	<b>1</b>	<i>1</i>
	<u>6</u>	<u>7</u>

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LIVSMART LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 31 March 2010

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6. DIRECTORS' REMUNERATION

	8 months ended 31 March 2010 £	12 months ended 31 July 2009 £
Emoluments	£ 77,000	£ 83,828

7 INTEREST PAYABLE

	8 months ended 31 March 2010 £	12 months ended 31 July 2009 £
On bank loans and overdrafts	£ 5	£ -

8 EXCEPTIONAL ITEMS

	8 months ended 31 March 2010 £	12 months ended 31 July 2009 £
Write off of loan liability to Global Smart Media Limited	£ 547,000	£ -

**LIVSMART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 March 2010

**9 TAXATION**

	<b>8 months ended 31 March 2010 £</b>	<b>12 months ended 31 July 2009 £</b>
UK corporation tax charge on profit/loss for the period/year	£ -	£ -

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR**

The tax assessed for the period/year is lower than (2009 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	<b>8 months ended 31 March 2010 £</b>	<b>12 months ended 31 July 2009 £</b>
Profit/loss on ordinary activities before tax	£ 213,014	£ (523,061)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	59,644	(146,457)
<b>EFFECTS OF:</b>		
Income and expenses not deductible for tax purposes	(148,960)	-
Depreciation in excess of capital allowances	(1,377)	5,321
Unrelieved tax losses	90,693	141,136
<b>CURRENT TAX CHARGE FOR THE PERIOD/YEAR</b> (see note above)	£ -	£ -

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The company has tax losses of £4,900,000 which are available to be carried forward and utilised against future trading profits

**Deferred taxation**

The deferred tax asset arising from the tax losses carried forward has not been recognised in these accounts

**LIVSMART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 March 2010

**10. TANGIBLE FIXED ASSETS**

	Office equipment £	Technical equipment £	Total £
<b>COST</b>			
At 1 August 2009 and 31 March 2010	2,422	189,329	191,751
<b>DEPRECIATION</b>			
At 1 August 2009	2,422	187,769	190,191
Charge for the period	-	740	740
At 31 March 2010	2,422	188,509	190,931
<b>NET BOOK VALUE</b>			
At 31 March 2010	£ -	£ 820	£ 820
At 31 July 2009	£ -	£ 1,560	£ 1,560

**11. FIXED ASSET INVESTMENTS**

	Shares in group under- takings £
<b>COST OR VALUATION</b>	
At 1 August 2009 and 31 March 2010	£ 100

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company

Name	Holding
Global Smart Media (IPR) Limited	100%

The aggregate of the share capital and reserves as at 31 March 2010 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

**LIVSMART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 March 2010

**12 STOCKS**

	<b>31 March 2010</b>	<b>31 July 2009</b>
	£	£
Finished goods and goods for resale	£ 450	£ 730

**13 DEBTORS**

	<b>31 March 2010</b>	<b>31 July 2009</b>
	£	£
Trade debtors	31,101	79,192
Amounts owed by group undertakings	13,396	13,396
Other debtors	10,455	893
Prepayments and accrued income	3,819	18,365
	<b>£ 58,771</b>	<b>£ 111,846</b>

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

	<b>31 March 2010</b>	<b>31 July 2009</b>
	£	£
Trade creditors	44,246	25,512
Social security and other taxes	5,693	8,036
Accruals and deferred income	25,001	27,586
	<b>£ 74,940</b>	<b>£ 61,134</b>

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

	<b>31 March 2010</b>	<b>31 July 2009</b>
	£	£
Debenture loans	100,000	100,000
Amounts owed to group undertakings	-	546,192
Share capital treated as debt (Note 16)	1,396,131	1,128,623
	<b>£ 1,496,131</b>	<b>£ 1,774,815</b>

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

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**LIVSMART LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 March 2010

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

Creditors include amounts not wholly repayable within 5 years as follows

	<b>31 March 2010 £</b>	<b>31 July 2009 £</b>
Repayable other than by instalments	<b>£ 100,000</b>	<b>£ 100,000</b>

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

**16 SHARE CAPITAL**

	<b>31 March 2010 £</b>	<b>31 July 2009 £</b>
<b>SHARES CLASSIFIED AS CAPITAL</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
100 A ordinary shares of £1 each	<b>100</b>	<b>100</b>
96 B ordinary shares of £1 each	<b>96</b>	<b>96</b>
	<b>£ 196</b>	<b>£ 196</b>
<b>SHARES CLASSIFIED AS DEBT</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,396,131 (2009 - 1,128,623) Cumulative redeemable preference shares of £1 each	<b>£ 1,396,131</b>	<b>£ 1,128,623</b>

During the period the company issued 267,508 cumulative redeemable preference shares of £1 each at par, the consideration received was £267,508



**LIVSMART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 March 2010

**16. SHARE CAPITAL (continued)**

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.

**17. RESERVES**

	<b>Profit and loss account £</b>
At 1 August 2009	<b>(1,626,400)</b>
Profit for the period	<b>213,014</b>
At 31 March 2010	<b>£(1,413,386)</b>

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<b>31 March 2010 £</b>	<b>31 July 2009 £</b>
Opening shareholders' deficit	<b>(1,626,204)</b>	<b>(1,103,143)</b>
Profit/(loss) for the period/year	<b>213,014</b>	<b>(523,061)</b>
Closing shareholders' deficit	<b>£ (1,413,190)</b>	<b>£ (1,626,204)</b>

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**LIVSMART LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 March 2010**

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**19 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 company and controlling party. Copies of the parent company financial statements may be obtained from MPTE, 24 Hatton Garden, Liverpool L3 2AN.