

Registered number:
756582

XAFINITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



Xafinity Limited
Directors' report and financial statements for the year ended 31 December 2011
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Xafinity Limited
Directors' report
for the year ended 31 December 2011

The directors present their report and audited financial statements of the company for the year ended 31 December 2011. Xafinity Limited (the "Company") is a wholly owned subsidiary of Xafinity Services Limited which is part of the Xafinity Investments Limited Group (the "Group") which is ultimately owned through funds managed by Advent International Corporation. The Xafinity Investments Limited Group is comprised of Xafinity Investments Limited and its subsidiary companies as listed in note 12 of the Xafinity Investments Limited Consolidated financial statements for the year ended 31 December 2011.

Xafinity Limited is part of the Equinix Group. The ultimate parent company incorporated in the UK is Equinix Group Limited.

Principal activities and business review

The principal activities of the company are the holding of investments in subsidiary undertakings and the provision of management services to its subsidiary undertakings.

The future developments of the Company are to continue to support and provide management services to its subsidiary undertakings.

Key performance indicators

The directors of Xafinity Investments Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Xafinity Limited. The key performance indicators used by the parent company are set out in the financial statements of Xafinity Investments Limited.

Liquidity risk

The company has access to funding through its parent companies. The Group's policy is to ensure funding for operations via medium-term loans.

Financial risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and the effects of changes in interest rates on debt. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The group's principal financial instruments comprise Sterling cash and bank deposits, bank loans and overdrafts, other loans together with intercompany receivables and intercompany payables that arise directly from its relationships with its subsidiaries.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a variable rate.

Foreign currency risk

The company has no significant exposure to foreign currency risk as the level of dealings in foreign currency is immaterial.

Credit risk

The company's principal financial assets are intergroup receivables and the directors consider there is no credit risk in relation to these financial assets.

Price risk

The company has no exposure to securities price risk, as it holds no listed equity investments.

Xafinity Limited
Directors' report
for the year ended 31 December 2011

Results and dividends

The loss for the period after tax amounted to £4,490,000 (9 months ended 2010 loss £1,291,000) No dividends were paid during the period (9 months ended 2010 £nil) The loss after tax of £4,490,000 (9 months ended 2010 loss £1,291,000) has been taken to reserves

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below

P Bingham

R Birmingham

A Marnoch

Directors' indemnity

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The Company also purchased and maintained throughout the financial year Directors and officers' liability insurance in respect of itself and its Directors and officers

Going concern

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the going concern basis has been adopted in preparing the financial statements

Donations

The Company did not make any charitable donations during the year (9 months ended 2010 £nil)

The Group did not make any political donations during the year (9 months ended 2010 £nil)

Statement of disclosure of information to the auditors

Each person who is a director at the date of approval of this report confirms that

So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware The directors have taken all the steps that they consider necessary in their duty as a director to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information

Xafinity Limited
Directors' report
for the year ended 31 December 2011

Statement of Directors' responsibilities

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

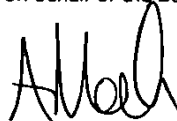
In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed and 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



A Marnoch
Director
23 April 2012

Registered number
756582
Registered office
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Xafinity Limited
Independent auditor's report to the members of Xafinity Limited

We have audited the financial statements of Xafinity Limited for the year ended 31 December 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 3, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 December 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

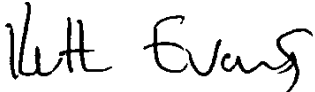
Opinion on other matter prescribed by the Companies Act 2006

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.

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



Keith Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

25 April 2012

Xafinity Limited
Statement of comprehensive income
for the year ended 31 December 2011

		Year ended	<i>9 months</i>
		2011	<i>ended</i>
	Note	£'000	<i>2010</i>
			<i>£'000</i>
Other operating income		6,508	<i>5,902</i>
Operating costs before exceptional costs, depreciation and amortisation		(8,186)	<i>(5,739)</i>
Operating costs - exceptional items	3	(4,163)	<i>(1,469)</i>
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(5,841)	<i>(1,306)</i>
Depreciation of property, plant and equipment	8	(471)	<i>(209)</i>
Amortisation of intangible assets	9	(118)	<i>(43)</i>
Total operating costs		(12,938)	<i>(7,460)</i>
Loss from operating activities		(6,430)	<i>(1,558)</i>
Finance income	6	2,849	<i>1,543</i>
Finance costs	6	(3,059)	<i>(1,583)</i>
Net finance costs		(210)	<i>(40)</i>
Loss before income tax		(6,640)	<i>(1,598)</i>
Income tax credit	7	2,150	<i>307</i>
Loss and total comprehensive income for the period		(4,490)	<i>(1,291)</i>

The notes on pages 9 to 23 form part of these financial statements

Xafinity Limited
Statement of financial position
as at 31 December 2011

		31 December	<i>31 December</i>
		2011	<i>2010</i>
Assets		£'000	<i>£'000</i>
	Note		
Non-current assets			
Property, plant and equipment	8	1,414	<i>594</i>
Intangible assets	9	400	<i>242</i>
Investments in subsidiaries	10	64,695	<i>64,700</i>
Other financial assets	11	45,125	<i>29,659</i>
Deferred income tax assets	12	153	<i>70</i>
		111,787	<i>95,265</i>
Current assets			
Tax receivable	16	1,727	<i>3,149</i>
Trade and other receivables	13	4,491	<i>4,412</i>
Cash and cash equivalents	14	-	<i>894</i>
		6,218	<i>8,455</i>
Total assets		118,005	<i>103,720</i>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	19	61,992	<i>61,992</i>
Accumulated deficit / (retained earnings)		(1,565)	<i>2,925</i>
Total equity		60,427	<i>64,917</i>
Non-current liabilities			
Loans and borrowings	17	830	<i>-</i>
		830	<i>-</i>
Current liabilities			
Trade and other payables	15	53,672	<i>38,803</i>
Loans and borrowings	17	3,076	<i>-</i>
		56,748	<i>38,803</i>
Total liabilities		57,578	<i>38,803</i>
Total equity and liabilities		118,005	<i>103,720</i>

The notes on pages 9 to 23 form part of these financial statements

These financial statements were approved by the Board of directors on 23 April 2012 and were signed on its behalf by



A Marnoch
Director

Xafinity Limited
Statement of changes in equity
for the year ended 31 December 2011

	Share capital £'000	Retained profit/ Accumulated loss £'000	Total equity £'000
Balance at 1 April 2010	61,992	4,216	66,208
Loss for the period and total comprehensive income	-	(1,291)	(1,291)
Balance at 31 December 2010	61,992	2,925	64,917
Balance at 1 January 2011	61,992	2,925	64,917
Loss for the year and total comprehensive income	-	(4,490)	(4,490)
Balance at 31 December 2011	61,992	(1,565)	60,427

Xafinity Limited
Statement of cash flows
for the year ended 31 December 2011

		Year ended	9 months ended
		2011	2010
	Note	£'000	£'000
Cash flows from operating activities			
Loss for the period		(4,490)	(1,291)
Adjustments for			
Depreciation and amortisation		589	252
Finance income	6	(2,849)	(1,543)
Finance costs	6	3,059	1,583
Income tax credit	7	(2,150)	(307)
		(5,841)	(1,306)
Increase in trade and other receivables	13	(79)	(1,298)
Movement in other financial assets	11	(15,466)	(8,999)
Increase in trade and other payables	15	14,869	12,832
		(6,517)	1,229
Group relief received		3,489	-
Net cash (outflow) inflow from operating activities		(3,028)	1,229
Cash flows from investing activities			
Interest received		2,849	1,543
Acquisition of a subsidiary		5	-
Purchases of property, plant and equipment	8	(1,291)	(350)
Purchases of software	9	(276)	(208)
Net cash inflow from investing activities		1,287	985
Cash flows from financing activities			
Proceeds from the issue of share capital		-	-
Increase in borrowings		3,906	-
Finance lease payments		-	-
Interest paid		(3,059)	(1,583)
Net cash outflow from financing activities		847	(1,583)
Net (decrease)/increase in cash and cash equivalents		(894)	631
Cash and cash equivalents at beginning of period		894	263
Cash and cash equivalents at end of period	14	-	894

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

1 Accounting policies

Xafinity Limited (the "Company") is a limited company incorporated and domiciled in the UK

These separate financial statements contain information about Xafinity Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Xafinity Investments Limited.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 26.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Equiniti Group Limited. The directors have received confirmation that Equiniti Group Limited intends to support the company for at least one year after these financial statements are signed.

These financial statements were authorised for use by the Board on 23 April 2012.

Functional and presentation currency

These financial statements are presented in British Pounds which is the Company's functional currency.

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provisions for impairment.

Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. For items acquired as part of a business combination, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Estimated useful lives are as follows:

- | | |
|-------------------------|---------------|
| • Office equipment | 3 to 10 years |
| • Fixtures and fittings | 3 to 10 years |

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

1 Accounting policies (continued)

Intangible assets and goodwill

Business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Other intangible assets that are acquired by the Company are stated at cost net of related grants less accumulated amortisation and impairment losses.

Amortisation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are as follows:

- Software 3 to 10 years

Trade receivables

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the statement of comprehensive income within administrative expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of financial position and statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

1 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other operating income

Other operating income comprises of management and support function recharges to group companies.

Expenses

Exceptional items

Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and, in management's judgement, to show more accurately the underlying profits of the group. Such items are included within the statement of comprehensive income caption to which they relate, and are separately disclosed either in the notes to the financial statements or on the face of the statement of comprehensive income. This includes costs in relation to potential and aborted acquisitions and from 2010, includes all costs incurred against investigated and completed acquisitions.

Operating lease payments

Payments made under operating leases are recognised in profit and loss in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, dividend income, foreign exchange gains and losses that are recognised in the statement of comprehensive income and the interest cost of defined pension scheme liabilities net of the expected return on plan assets.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

1 Accounting policies (continued)

New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Company

The following standards / interpretations that have been issued and are effective for periods starting on or after 1 January 2011: IAS 32, 'Financial instruments: Presentation - Classification of rights issues', IFRIC 19, 'Extinguishing financial liabilities with equity instruments', IFRS 1, 'First-time adoption of IFRS', IAS 24 (revised), 'Related party disclosures', IFRIC 14, 'IAS 19 - The limit on a defined benefit assets, minimum funding requirements and their interaction', and 'Improvements to IFRSs'. None of these had a material impact on the financial statements of the Company.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Not yet endorsed by the EU: IFRS 7, 'Financial instruments: Disclosures on derecognition', IFRS 1, 'First time adoption', IAS 12, 'Income taxes', IAS 1, 'Financial statement presentation', IAS 19, 'Employee benefits', IFRS 9, 'Financial instruments', IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements', IFRS 12, 'Disclosure of interests in other entities', IFRS 13, 'Fair value measurement', IAS 27 (revised), 'Separate financial statements', and IAS 28 (revised), 'Associates and joint ventures'.

The Company does not expect, at this stage, that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Company.

2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management policies are established for the Xafinity Investments Limited group of companies including Xafinity Limited and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, and from cash and deposits held with banks and financial institutions.

The primary exposure to credit risk relates to loans with related parties. These loans are held with trading entities within the group which are generating positive cash flows.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that the Company will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its financial instruments.

The Company does not engage in holding speculative financial instruments or their derivatives. Further details in relation to financial risk management are contained in note 20 to the financial statements.

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

3 Expenses and auditors' remuneration

Included in the loss from operating activities are the following

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Auditors' remuneration - for audit of these financial statements	3	<i>3</i>
Depreciation	471	<i>252</i>
Operating lease rentals	21	<i>109</i>
	21	<i>109</i>
	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Exceptional costs:		
Severance costs and integration costs	4,163	<i>1,313</i>
Other exceptional costs	-	<i>156</i>
	4,163	<i>1,469</i>

Integration costs are those relating to resources applied to the group integration activities and severance costs are a result of that restructuring program. Other exceptional costs represent fees paid to third party advisors in respect of the acquisition of Xafinity Holdings Limited. The prior year exceptional costs include staff bonuses payable on the successful completion of the acquisition of Xafinity Holdings Limited.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	Number of employees	<i>Number of employees</i>
Management and administration	51	<i>76</i>
	51	<i>76</i>

The aggregate payroll costs of these persons were as follows

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Wages and salaries	2,953	<i>3,123</i>
Social security costs	287	<i>325</i>
Other pension costs	183	<i>200</i>
	3,423	<i>3,648</i>

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

5 Directors' remuneration

Two directors were remunerated for their services to the company during the year ended 31 December 2011 (9 months ended 2010 2) and their emoluments are disclosed below

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Directors' emoluments	322	<i>861</i>
Company contributions to money purchase pension plans	16	<i>65</i>
	338	<i>926</i>

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	Number of directors	<i>Number of directors</i>
Retirement benefits are accruing to the following number of directors under Money purchase schemes	1	<i>2</i>

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
The emoluments of the highest paid director, including benefits	322	<i>323</i>
Company contributions to money purchase pension	16	<i>14</i>
	338	<i>337</i>

The other directors were not remunerated for their services to the company

6 Finance income and expense

	Year ended	<i>9 months ended</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Interest income on loans to related parties	2,799	<i>1,529</i>
Other interest income	50	<i>14</i>
Finance income	2,849	<i>1,543</i>
Interest expense on loans from related parties	3,038	<i>1,583</i>
Interest on finance leases	21	<i>-</i>
Finance expenses	3,059	<i>1,583</i>

Xafinity Limited
Notes to the financial statements
for the year ended 31 December 2011

7 Income tax credit

Recognised in the statement of comprehensive income

	Year ended	9 months ended
	2011	2010
	£'000	£'000
Current tax		
Group relief receivable	(1,728)	(388)
Adjustment in respect of prior year	(339)	97
Deferred tax		
Origination and reversal of temporary differences	(6)	(26)
Adjustment in respect of prior year	(77)	10
Total income tax credit	(2,150)	(307)

Reconciliation of effective tax rate

	Year ended	9 months ended
	2011	2010
	£'000	£'000
Loss for the year	(4,490)	(1,291)
Total tax credit	(2,150)	(307)
Loss excluding taxation	(6,640)	(1,598)

Tax using the UK corporation tax rate of 26.5% (2010: 28%)	(1,760)	(447)
Non-deductible expenses	13	59
Difference in tax rates	13	(26)
Adjustment in respect of prior periods	(416)	107
Total income tax credit	(2,150)	(307)

The standard rate of Corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly the company's profits for this accounting period are taxed at an effective rate of 26.5%.

Future tax changes

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). The March 2011 UK Budget Statement announced an additional 1% reduction in the main UK corporation tax rate to 26% taking effect from 1 April 2011. At the balance sheet date, the second 1% reduction has been substantively enacted confirming that the main UK corporation tax rate will be 25% from 1 April 2012. Therefore, at 31 December 2011, deferred tax assets and liabilities have been calculated based on a rate of 25% where the timing difference is expected to reverse after 1 April 2012. The remaining proposed reductions of the main rate of corporation tax were expected to be 1% per year to 23% by 1 April 2014. The UK Government in the 2012 budget announced an additional 1% reduction from 1 April 2012 to 24% (rather than 25%) this was substantively enacted in March 2012 post the balance sheet and therefore has not been included in these financial statements. The further reductions of 1% are expected to be enacted separately each year, ultimately reducing the rate to 22% from 1 April 2014 and as they have not been substantively enacted at the balance sheet date they too, are not included in these financial statements.

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8 Property, plant and equipment

	Office Equipment	Fixtures & fittings	Total
Cost	£'000	£'000	£'000
Balance at 1 April 2010	2,757	211	2,968
Additions	349	1	350
Balance at 31 December 2010	<u>3,106</u>	<u>212</u>	<u>3,318</u>
Depreciation			
Balance at 1 April 2010	2,325	190	2,515
Depreciation charge for the year	196	13	209
Balance at 31 December 2010	<u>2,521</u>	<u>203</u>	<u>2,724</u>
Net book value			
Balance at 1 April 2010	<u>432</u>	<u>21</u>	<u>453</u>
Balance at 31 December 2010	<u>585</u>	<u>9</u>	<u>594</u>

	Office Equipment	Fixtures & fittings	Total
Cost	£'000	£'000	£'000
Balance at 1 January 2011	3,106	212	3,318
Additions	1,259	32	1,291
Disposals	(2,171)	(133)	(2,304)
Balance at 31 December 2011	<u>2,194</u>	<u>111</u>	<u>2,305</u>
Depreciation			
Balance at 1 January 2011	2,521	203	2,724
Depreciation charge for the period	459	12	471
Disposals	(2,171)	(133)	(2,304)
Balance at 31 December 2011	<u>809</u>	<u>82</u>	<u>891</u>
Net book value			
Balance at 1 January 2011	<u>585</u>	<u>9</u>	<u>594</u>
Balance at 31 December 2011	<u>1,385</u>	<u>29</u>	<u>1,414</u>

Xafinity Limited
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9 Intangible assets

	Software	Total
Cost	£'000	£'000
Balance at 1 April 2010	651	651
Additions	208	208
Balance at 31 December 2010	859	859
Amortisation		
Balance at 1 April 2010	574	574
Amortisation for the year	43	43
Balance at 31 December 2010	617	617
Net book value		
Balance at 1 April 2010	77	77
Balance at 31 December 2010	242	242

	Software	Total
Cost	£'000	£'000
Balance at 1 January 2011	859	859
Additions	276	276
Disposals	(524)	(524)
Balance at 31 December 2011	611	611
Amortisation		
Balance at 1 January 2011	617	617
Amortisation for the period	118	118
Disposals	(524)	(524)
Balance at 31 December 2011	211	211
Net book value		
Balance at 1 January 2011	242	242
Balance at 31 December 2011	400	400

10 Investments in subsidiaries

	2011	2010
	£'000	£'000
At 1 January and 31 December	64,695	64,695

The Company holds 100% of the ordinary share capital of the following companies

	Country of Incorporation	Principal activity	Class of shares held
Xafinity Consulting Limited	England & Wales	Employee Benefit Consultancy	Ordinary
Paymaster (1836) Limited	England & Wales	Pensions Administration	Ordinary
Claybrook Computing (Holdings) Limited	England & Wales	Holding Company	Ordinary

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11 Other financial assets

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Non-current		
Intercompany loan due from related parties	45,125	<i>29,659</i>
	45,125	<i>29,659</i>

Interest on intercompany loans is charged at a rate equivalent to the average rate charged on the underlying loans in Advent X2 Holdings Limited that were created following the acquisition of the Xafinity Group by that company. This rate is currently 7.0% (2010: 7.25%). Amounts owed to group undertakings are unsecured and have no fixed date of repayment but will not be called upon in the next twelve months.

12 Deferred tax assets

Deferred tax assets are attributable to the following:

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Property, plant and equipment	153	<i>61</i>
Other timing differences	-	<i>9</i>
Net tax assets	153	<i>70</i>

Movement in deferred tax during the prior year

	<i>As re-stated</i>	<i>Recognised</i>	<i>Recognised</i>	<i>31/12/2010</i>
	<i>01/04/2010</i>	<i>in income</i>	<i>in equity</i>	<i>31/12/2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Property, plant and equipment	52	9	-	61
Other timing differences	2	7	-	9
	54	16	-	70

Movement in deferred tax during the current period

	01/01/2011	Recognised	Recognised	31/12/2011
	£'000	in income	in equity	£'000
Property, plant and equipment	61	92	-	153
Other timing differences	9	(9)	-	-
	70	83	-	153

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. All potential deferred tax has been recognised at 31 December 2011.

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13 Trade and other receivables

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Receivables due from related parties	3,171	<i>3,069</i>
Other financial assets	-	<i>11</i>
Other receivables and prepayments	1,320	<i>1,332</i>
	4,491	<i>4,412</i>

14 Cash and cash equivalents

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Cash and cash equivalents per statement of financial position	-	<i>894</i>
Cash and cash equivalents per statement of cash flows	-	<i>894</i>

15 Trade and other payables

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Trade payables	-	<i>586</i>
Payables due to related parties	49,641	<i>36,897</i>
Other payables	-	<i>106</i>
Deferred income and accrued expenses	4,029	<i>1,212</i>
Payables due to related parties	2	<i>2</i>
	53,672	<i>38,803</i>

All amounts are expected to be settled within 12 months

Trade and other payables denominated in currencies other than sterling comprise £39,000 (31 March 2009 £33,000) of trade and other payables

16 Current tax receivable

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Group relief receivable	1,727	<i>3,149</i>
	1,727	<i>3,149</i>

17 Loans and borrowings

	31 December	<i>31 December</i>
	2011	<i>2010</i>
	£'000	<i>£'000</i>
Non current		
Finance lease liabilities	830	-
	830	-
Current		
Bank overdraft	2,821	-
Finance lease liabilities	255	-
	3,076	-

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18 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan. The total expense relating to this plan in the period was £183,000 (9 months ended 2010: £200,000).

19 Share capital

<i>In thousands of shares</i>	31 December 2011	<i>31 December 2010</i>
In issue at the beginning of the period / year	61,992	<i>61,992</i>
In issue at the end of the period / year	61,992	<i>61,992</i>
	31 December 2011	<i>31 December 2010</i>
<i>Authorised</i>		
Ordinary shares of £1 each	61,992	<i>61,992</i>
<i>Allotted, called up to be paid</i>		
Ordinary shares of £1 each	61,992	<i>61,992</i>
Shares classified in shareholders' funds	61,992	<i>61,992</i>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20 Financial instruments

The fair values and the carrying values of financial assets and liabilities are the same.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount 2011 £'000	<i>Carrying Amount 2010 £'000</i>
Loans and receivables due from related parties	11	45,125	<i>29,659</i>
Trade and other receivables	13	4,491	<i>4,412</i>
Cash and equivalents	14	-	<i>894</i>
		49,616	<i>34,965</i>

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

	Note	Carrying Amount 2011 £'000	<i>Carrying Amount 2010 £'000</i>
Trade and other payables	15	53,672	<i>38,803</i>
Loans and borrowings	17	3,906	<i>0</i>
		57,578	<i>38,803</i>

All trade and other payables are expected to be paid in 6 months or less.

Loans from related parties are repayable on demand.

Xafinity Limited
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20 Financial instruments (continued)

Capital risk management

As part of the Xafinity Group, the Company is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Total capital for the Company comprises total equity.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the Company ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the Company is tracking the targets set and to reforecast as necessary based on the most up to date information. This then contributes to the Xafinity Group's forecast which ensures future covenant test points are met. The Xafinity Group continue to meet these test points and they have been achieved over the last 12 months. Further information can be found within financial statements of Xafinity Investments Limited.

	31 December 2011 £'000	<i>31 December 2010 £'000</i>
Management of capital		
Total equity	60,427	64,917

21 Operating leases

The future aggregate minimum lease payments are payable as follows

	31 December 2011 £'000	<i>31 December 2010 £'000</i>
Less than one year	4	76
Between one and five years	5	65
	9	141

During the period £21,000 (9 months ended 2010: £109,000) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

22 Contingencies

The company has provided security over its assets and a guarantee in relation to the repayment of syndicated banking facilities available to its intermediate holding companies, Xafinity Investments Limited and Advent X2 Holdings Limited. The facilities guaranteed comprise a term loan of £110 million and a revolving credit facility of £10 million which was undrawn at 31 December 2011. The bank borrowings are repayable between one and eight years and bear interest at LIBOR plus a margin determined by the loan agreements. The LIBOR element of the interest has been fixed by a contract to 31 March 2013 which covers a minimum of two thirds of the bank borrowings outstanding.

23 Related parties

Key management emoluments during the period

	Year ended 2011 £'000	<i>9 months ended 2010 £'000</i>
Emoluments including social security costs	322	861
Company contributions to money purchase pension plans	16	65
	338	926

Xafinity Limited
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23 Related parties (continued)

Other operating income from related parties during the period

	Year ended	9 months ended
	2011	2010
	£'000	£'000
Subsidiaries	5,138	5,902
	5,138	5,902

Administrative expenses recharged by related parties during the period

	Year ended	9 months ended
	2011	2010
	£'000	£'000
Invoiced by subsidiary	-	2,249
Invoiced by related party	1,200	-
	1,200	2,249

Interest receivable from related parties during the period

	Year ended	9 months ended
	£'000	£'000
	2011	2010
Other related parties	2,799	1,529
	2,799	1,529

Interest payable to related parties during the period

	Year ended	9 months ended
	2011	2010
	£'000	£'000
Other related parties	3,038	1,583
	3,038	1,583

Amounts receivable from related parties at the balance sheet date

	31 December	31 December
	2011	2010
	£'000	£'000
Loan due from related party	45,125	29,659
Receivables from related party	3,171	3,069
	48,296	32,728

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23 Related parties (continued)

Amounts payable to related parties at the balance sheet date

	31 December 2011 £'000	<i>31 December 2010 £'000</i>
Payables due to related parties	49,641	<i>36,897</i>
Payables due to related parties - non current	2	<i>2</i>
	<u>49,643</u>	<i><u>36,899</u></i>

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured

Interest on intercompany loans is charged at a rate equivalent to the average rate charged on the underlying loans in Advent X2 Holdings Limited that were created following the acquisition of the Xafinity Group by that company. This rate is currently 7.5%. In the prior period interest was charged at a blended rate comprising the Barclays Bank Plc base rate plus a margin of 5%. Amounts owed to group undertakings are unsecured and have no fixed date of repayment but will not be called upon in the next twelve months.

24 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of Xafinity Services Limited, a company incorporated in the UK. Equiniti Group Limited is the ultimate parent company incorporated in the UK. The ultimate controlling party relationship lies with the Funds managed by Advent International Corporation.

The smallest group in which the results of the Company are consolidated is that of Xafinity Investments Limited. The consolidated financial statements of Xafinity Investments Limited are available to the public and may be obtained from Sutherland House, Russell Way, Crawley, West Sussex.

The largest group in which the results of the Company are consolidated is that of Equiniti Group Limited. The consolidated financial statements of Equiniti Group Limited are available to the public and may be obtained from Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

25 Subsequent events

There have been no events subsequent to the balance sheet date which require disclosure in or adjustment to the financial statements.

26 Accounting estimates and judgements

Fair Values

Fair values of intangibles have been calculated by estimating the net present value of future revenues generated by the assets over their estimated useful lives.

Useful Lives

Useful lives are estimated as the expected period to replacement for software development, or the period over which the asset is expected to generate future revenues.

Deferred Tax

Under IAS 12 deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised.