

**M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2011**



**M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2011**

**CONTENTS**

**Page**

<b>Officers and professional advisors</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7</b>

---

**M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2011**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

C G Donaldson  
H M Green  
M E Plato  
M A Webberley

**SECRETARY**

C G Donaldson

**REGISTERED OFFICE**

Point 3  
Haywood Road  
Warwick  
CV34 5AH

**AUDITOR**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, UK

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2011

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

## PRINCIPAL ACTIVITY AND FUTURE PROSPECTS

The Company acts as an investment holding company and will continue to do so for the foreseeable future

The parent company, **telent** Limited, has agreed to support the Company for at least the next 12 months, commencing from the date of signing these accounts. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements

## RESULTS AND DIVIDENDS

The loss of the Company for the year ended 31 March 2011 was £86,000 (2010 £36,128,000 loss). The Directors do not recommend the payment of a dividend (2010 £nil)

## DIRECTORS

The Directors holding office since 1 April 2010 are listed below

C G Donaldson

H M Green

M E Plato

K D Smith - resigned 29 July 2011

M A Webberley - appointed 29 July 2011

## AUDITOR

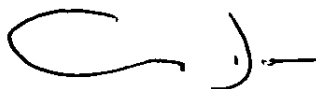
In the case of each of the persons who are Directors of the Company at the date when this report is approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP resigned as auditor on 31 March 2011. KPMG LLP was appointed as auditor with effect from 1 April 2011 and will be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006

By Order of the Board



C G Donaldson

Director

6<sup>TH</sup> DECEMBER 2011

# **M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED**

We have audited the financial statements of M Communications International Holdings Limited for the year ended 31 March 2011 set out on pages 5 to 10. 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 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 (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **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.

## **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.



**M Froom (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

One Snowhill  
Snow Hill Queensway  
Birmingham, B4 6GH

Date

12 December

2011

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2011

	Note	2011 £000	2010 £000
Administrative expenses		-	(4)
Release of provision against receivables		-	1,935
<b>OPERATING PROFIT</b>		-	1,931
Income from subsidiary undertakings		-	89,300
Investments in subsidiaries and associates			
Net increase in provisions against fixed asset investments	4	(86)	(2,064)
Loss on disposals	4	-	(125,334)
Interest receivable and similar income			
Foreign exchange gain on foreign currency cash deposits		-	4
Foreign exchange gain on amounts due from Group undertakings		-	35
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(86)	(36,128)
Tax on loss on ordinary activities	3	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(86)	(36,128)

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

The Company had no recognised gains or losses in either the current or prior years other than the loss set out above  
Accordingly no Statement of Total Recognised Gains and Losses has been prepared

All results derive from continuing operations

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 2011

	2011 £000	2010 £000
Shareholders' funds as at 1 April	78,808	114,936
Loss for the financial year	(86)	(36,128)
<b>Shareholders' funds as at 31 March</b>	<b>78,722</b>	<b>78,808</b>

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## BALANCE SHEET

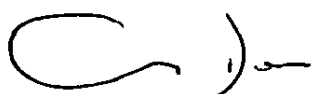
At 31 March 2011

	Note	2011 £000	2010 £000
<b>FIXED ASSETS</b>			
Investments	4	-	-
<b>CURRENT ASSETS</b>			
Amounts due from Group undertakings		78,722	78,934
		<u>78,722</u>	<u>78,934</u>
<b>CREDITORS, amounts falling due within one year</b>	6	-	(126)
<b>NET CURRENT ASSETS</b>		<u>78,722</u>	<u>78,808</u>
<b>NET ASSETS</b>		<u>78,722</u>	<u>78,808</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	-	-
Capital contribution	8	88,454	88,454
Profit and loss account	8	(9,732)	(9,646)
<b>SHAREHOLDERS' FUNDS</b>		<u>78,722</u>	<u>78,808</u>

The accompanying notes are an integral part of this balance sheet

The Board of Directors approved and authorised for issue the financial statements of M Communications International Holdings Limited, registered number 2204070 on 6th December 2011

Signed on behalf of the Board of Directors by



C G Donaldson  
Director



# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently in this year and the preceding period, is set out below.

#### Group accounts

The financial statements contain information about M Communications International Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of telent Limited, a company registered in England.

#### Going Concern

The parent company, telent Limited, has agreed to support the Company for at least the next 12 months, commencing from the date of signing these accounts. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### Fixed asset investments

Investments in subsidiary and associated undertakings are valued at cost less any provision necessary for impairment.

#### Investment income

Income from fixed asset investments is credited to the profit and loss account on an accruals basis.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences arising on foreign currency borrowings, to the extent that they hedge the Group's investment in foreign equity investments, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

#### Taxation

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### 2. DIRECTORS, EMPLOYEES AND AUDITOR

The Directors are employed and remunerated by other companies in the telent Group. They do not receive any remuneration specifically for their services as Directors of the Company (2010: £nil). The Company had no employees during the year (2010: none). Fees payable to the Company's auditor for the audit of the annual accounts is £1,800 (2010: £1,800), and were borne by another Group company in both the current and preceding years. There were no fees paid for non-audit work in either year.

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 3. TAX ON LOSS ON ORDINARY ACTIVITIES

	2011 £000	2010 £000
<b>Reconciliation of current taxation charge for the year</b>		
Loss on ordinary activities before taxation	(86)	(36,128)
Tax credit on loss at UK statutory rate of 28% (2010 28%)	24	10,116
Non deductible provision against fixed asset investments and receivables	(24)	(36)
Non deductible loss on sale of fixed assets investments	-	(35,094)
Non taxable income from subsidiary undertakings	-	25,004
Group relief for no payment	-	10
Current tax charge for the year	-	-

The UK Government has indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and effective from 1 April 2011, and a further reduction to 26% in the rate applicable from 1 April 2011 was substantively enacted on 29 March 2011.

There are no provided or unprovided deferred tax assets or liabilities.

### 4. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £000	Total £000
<b>Cost</b>		
At 1 April 2010	39,523	39,523
Addition	86	86
At 31 March 2011	39,609	39,609
<b>Provisions</b>		
At 1 April 2010	39,523	39,523
Addition	86	86
At 31 March 2011	39,609	39,609
<b>Net book value</b>		
At 31 March 2010	-	-
At 31 March 2011	-	-

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 5. SUBSIDIARY UNDERTAKINGS

The companies set out below are principal subsidiary undertakings, all of which are non-trading. The share capital of the undertakings comprises ordinary shares or common stock and is wholly owned by the Company.

	Principal activity	Percentage held %	Country of incorporation and operation
Allard Consultoria em Telecomunicacoes Limitada	Non-trading	99.9	Brazil
M & G Middle East Ltd	In Liquidation	99.0	Saudi Arabia
RSCD Telecommunications Private Limited	Non-trading	100.0	India

In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

### 6. CREDITORS

	2011 £000	2010 £000
Amounts owed to Group undertakings	-	126

### 7. SHARE CAPITAL

	2011 £	2010 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	100	100

### 8. RESERVES

	Profit and loss account £000	Capital contribution £000	Total £000
At 1 April 2010	(9,646)	88,454	78,808
Loss for the year	(86)	-	(86)
At 31 March 2011	(9,732)	88,454	78,722

# M COMMUNICATIONS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 9. CONTINGENT LIABILITIES

The Company is party to a group bank offset arrangement whereby positive and negative cash balances in certain **telent** Group UK companies may be offset. The Company has committed to pay and satisfy to the bank on written demand any money and liabilities owing to it by any of these Group companies in the offset agreement and to indemnify the bank against any loss incurred by it in respect of these liabilities. The maximum liability of the Company at any time shall not exceed the cash balance in the Company's bank account, which amounted to £nil at 31 March 2011 (2010: £nil).

### 10. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of **telent** Limited. Advantage has been taken of the exemption permitted by Financial Reporting Standard 8 not to disclose transactions with entities that are part of the **telent** Group or investees of the group qualifying as related parties. Balances with these entities are disclosed in the balance sheet on page 6 and in note 6 of these financial statements. The Company had no other related party transactions.

### 11. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of **telent** Limited, in whose consolidated financial statements, which are publicly available, the Company is included. The Company is therefore exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised).

### 12. PARENT UNDERTAKING

The Company's ultimate controlling party is Tusk Investments LP Inc (formerly Pension Corporation Investments LP Inc), a Guernsey registered limited liability partnership. The Company's immediate parent and controlling company is **telent** Limited, which is the only parent undertaking to consolidate the financial statements of the Company.

Copies of the financial statements of **telent** Limited are available from the Secretary at Point 3, Haywood Road, Warwick, CV34 5AH.