

Registered no 2703310  
England and Wales

## **Orange Business Integration UK Limited**

### **Annual report and financial statements for the year ended 31 December 2011**

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# **Orange Business Integration UK Limited**

## **Annual report and financial statements for the year ended 31 December 2011**

### **Contents**

	<b>Pages</b>
Directors and other information	1
Directors' report	2 - 5
Statement of directors' responsibilities	6
Independent auditor's report	7 - 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11 - 24

# **Orange Business Integration UK Limited**

## **Annual report and financial statements for the year ended 31 December 2011**

### **Directors and other information**

#### **Board of Directors**

K Van den Eynde  
M Kenealy

#### **Co-Secretaries**

T Dhillon  
I Solanke (appointed 8 December 2011)

#### **Registered Office**

Betjeman Place  
217 Bath Road  
Slough  
SL1 4AA

#### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# Orange Business Integration UK Limited

## Directors' report for the year ended 31 December 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

### Principal activities

The principal activities of the company are the provision of support services to other group companies

The directors do not anticipate any significant changes in the company's activities in the foreseeable future

### Business review and future outlook

The activities of the company are consolidated into the Enterprise Division of FTSA

The management reviews the below key performance indicators specific to Orange Business Integration UK Limited on a standalone basis. All other key performance indicators are set and reviewed at the Enterprise Division level, results of which are included in the consolidated financial statements of the ultimate parent company, France Telecom SA,

	2011 £000	2010 £000
Turnover	33,281	36,174
Operating loss	(1,560)	(327)
Loss for the financial year	(543)	(542)
Shareholders' deficit	(8,264)	(7,766)
Current assets as % current liabilities	72.9%	77.1%
Average number of employees	242	278

### Results and dividends

The net loss of the company for the year ended 31 December 2011 is £543,000 (2010 £542,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010 £nil).

### Principal risks and uncertainties facing the business

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The activities of the company are consolidated into the Enterprise Division of France Telecom (FTSA). The company applies the same internal control mechanism as adopted by FTSA. The risks and uncertainties facing the business are also similar to those which face the Enterprise Division of FTSA and these risks are discussed in the FTSA group's Annual Report which does not form part of this report but is publically available.

The company is financed by other group companies and has no third party debt.

# **Orange Business Integration UK Limited**

## **Directors' report (continued) for the year ended 31 December 2011**

### **Financial risk management objectives and policy**

The risks are similar to those of the Enterprise Division of France Telecom SA. These risks are discussed in the group's Annual Report which does not form part of this report.

### **Going concern basis**

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and accordingly have adopted the going concern basis in preparing the financial statements. This judgement is formed in light of the restructuring exercise undertaken by the company's ultimate parent company, in the recent prior year, in which the company and its parent company received additional equity share capital. Further, the company participates in the group's centralised funding and cash pooling arrangements with its ultimate parent and fellow subsidiaries. The directors also believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors, having assessed the responses of the directors of the company's parent Orange Business Holdings UK Limited to their enquiries, and the letter of support received, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Orange Business Holdings group to continue as a going concern.

### **Directors**

The directors, who served throughout the year and subsequently, were as follows:

K Van den Eynde  
M Kenealy

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# **Orange Business Integration UK Limited**

## **Directors' report (continued) for the year ended 31 December 2011**

### **Employee consultation**

The company recognises and respects the statutory requirements to consult with employees and aims to

- begin consultation as early as possible,
- allow for longer than the statutory period of consultation, wherever practicable, and
- utilise the knowledge of employee representatives to make better decisions

The company holds regular meetings with employees which are attended by Human Resources (HR) and employee representatives. The aim is of ensuring that their views are taken into account when decisions are made that are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business unit and of the company as a whole. Communication with all employees continues through the in-house intranet and the issue of a daily news summary via email.

Orange Business Integration UK Limited encourages the involvement in the company's performance through the payment of a company bonus which is made upon the achievement of certain individual and company objectives.

Employee representatives are nominated and elected annually through public ballot. The company's aim is to have at least one employee representative per 100 staff.

An Employee Representative Agreement has been implemented between the Employee Representative Group and Regional HR in the UK for consultation from 5 April 2004. The agreement will be reviewed annually and documents procedures for employee consultation on the following key areas:

- redundancy programmes,
- harmonisation of terms and conditions,
- health and safety,
- organisational changes, and
- information and consultation on decisions likely to lead to substantial changes in work organisation or contractual relations

### **Policy and practice on payment of suppliers**

The company pays all invoices to the terms set out by the supplier, subject to authorisation by company management. It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods. Trade creditors at the year-end represented approximately 37 days (2010: 26 days) of purchases.

### **Political and charitable contributions**

The company made no political or charitable contributions in the year (2010: £nil).

# **Orange Business Integration UK Limited**

## **Directors' report (continued) for the year ended 31 December 2011**

### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditor is unaware. Having made enquiries of fellow directors and of the company's auditor, each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Ernst & Young LLP were appointed on 25 January 2010 and have expressed their willingness to continue in office as auditor.

### **On behalf of the Board**

A handwritten signature in black ink, appearing to be 'M Kenealy', written over a horizontal line.

M Kenealy  
**Director**

3 August 2012

# **Orange Business Integration UK Limited**

## **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 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 judgements 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, 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 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.



# **Independent auditor's report to the members of Orange Business Integration UK Limited**

We have audited the financial statements of Orange Business Integration UK Limited for the year ended 31 December 2011 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 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 Statement of directors' responsibilities on page 6, 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 Annual Report and Financial Statements 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 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.

# **Independent auditor's report to the members of Orange Business Integration UK Limited (continued)**

## **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

## **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

*Ernst & Young LLP*

Neil Cullum (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

*3/8/2012*

# Orange Business Integration UK Limited

Registered Number: 2703310

## Profit and loss account for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	33,281	36,174
Administrative expenses		(34,841)	(36,501)
Operating loss	5	<u>(1,560)</u>	<u>(327)</u>
Interest payable and similar charges	6	(306)	(604)
Loss on ordinary activities before taxation		<u>(1,866)</u>	<u>(931)</u>
Tax on loss on ordinary activities	7	1,323	389
Loss for the financial year	14, 15	<u>(543)</u>	<u>(542)</u>

All the above amounts are in respect of continuing activities

The company has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

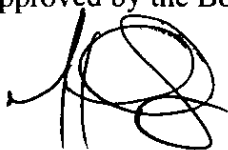
# Orange Business Integration UK Limited

Registered Number: 2703310

## Balance sheet at 31 December 2011

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible assets	8	<u>2,893</u>	<u>3,232</u>
<b>Current assets</b>			
Debtors	9	10,710	9,661
Cash at bank		56	137
		<u>10,766</u>	<u>9,798</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(14,773)</u>	<u>(12,704)</u>
<b>Net current liabilities</b>		<u>(4,007)</u>	<u>(2,906)</u>
<b>Total assets less current liabilities</b>		(1,114)	326
<b>Creditors' amounts falling due after more than one year</b>	11	(771)	(966)
<b>Provisions for liabilities</b>	12	(6,379)	(7,126)
<b>Net liabilities</b>		<u>(8,264)</u>	<u>(7,766)</u>
<b>Capital and reserves</b>			
Called-up share capital	13	45,733	45,733
Profit and loss account	14	(53,997)	(53,499)
<b>Total shareholders' deficit</b>	15	<u>(8,264)</u>	<u>(7,766)</u>

Approved by the Board



M Kenealy  
Director

3 August 2012

# **Orange Business Integration UK Limited**

## **Notes to the financial statements for the year ended 31 December 2011**

### **1 Accounting policies**

#### **Basis of preparation**

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

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and accordingly have adopted the going concern basis in preparing the financial statements. This judgement is formed in light of the restructuring exercise undertaken by the company's ultimate parent company, in the recent prior year, in which the company and its parent company received additional equity share capital. Further, the company participates in the group's centralised funding and cash pooling arrangements with its ultimate parent and fellow subsidiaries. The directors also believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors, having assessed the responses of the directors of the company's parent Orange Business Holdings UK Limited to their enquiries, and the letter of support received, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Orange Business Holdings group to continue as a going concern.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### **Cash flow statement and related party transactions**

The company is included in the group financial statements of France Telecom SA which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised).

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the France Telecom SA group, the ultimate parent company, or investees of the France Telecom SA group.

#### **Assets in the course of construction**

Costs that are directly attributable to the development of new assets and which are incurred during the year prior to the date that the asset is placed into operational use, are capitalised. No depreciation is charged on assets in the course of construction until the asset is brought into operational use.

Finance costs directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets.

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition, less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following basis:

	Method	Rate
Leasehold improvements	Straight line	Period of lease
Other tangible assets	Straight line	10% per annum
Computer software	Straight line	33 $\frac{1}{3}$ % per annum
Computer equipment	Straight line	33 $\frac{1}{3}$ % per annum
Fixtures and fittings	Straight line	20 - 33 $\frac{1}{3}$ % per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# **Orange Business Integration UK Limited**

## **Notes to the financial statements for the year ended 31 December 2011 (continued)**

### **1 Accounting policies (continued)**

#### **Provisions**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

#### **Foreign currencies**

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

#### **Operating and finance leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the shorter of the period of the lease and the related asset's useful life.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

# **Orange Business Integration UK Limited**

## **Notes to the financial statements for the year ended 31 December 2011 (continued)**

### **1 Accounting policies (continued)**

#### **Pension scheme arrangements**

The company contributed to two defined benefit schemes during the year, the Equant Pension Scheme, and the Sprint International (UK) Limited Retirement Benefits Plan, that were terminated on 31 July 2011

Both schemes operate for employees at a number of companies and as such, Orange Business Integration UK Limited is unable to identify its share of the underlying assets and liabilities of the schemes. The company is therefore accounting for the schemes as if they were defined contribution schemes

Under FRS 17 the actual cost of providing pensions to the company is charged to the profit and loss account as incurred during the year

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions actually paid are shown as either accruals or prepayments in the balance sheet

#### **Share based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting periods, which ends on the date on which the relevant employees become fully entitled to the award. Fair value of share awards is charged to the profit and loss account over the vesting period on straight line basis with a corresponding credit to the reserves. If an award fails to vest as a result of certain types of performance condition not being satisfied, the charge to the income statement will be adjusted to reflect this

Fair value is determined by France Telecom SA using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any non-market vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

### **2 Turnover**

The turnover and loss on ordinary activities before taxation are wholly attributable to the principal activity of the company which arises solely in Europe



# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 3 Directors' emoluments

The remuneration paid to directors was	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	<b>160</b>	<b>146</b>
Pension contributions	<b>5</b>	<b>-</b>
	<b>165</b>	<b>146</b>

During the year retirement benefits were accruing to no director (2010 nil) in respect of defined benefit pension schemes

The highest paid director received remuneration of £160,000 (2010 £127,000) and the company made £5,000 (2010 £nil) pension contributions on his behalf. The accrued pension of the highest paid director as at 31 December 2011 was £nil (2010 £nil) per annum.

The emoluments of one (2010 two) of the directors of this company were paid and borne by another group company for which it is not practicable to allocate an amount to the company.

### 4 Employee information

Staff costs, including directors' remuneration, were as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>20,816</b>	<b>21,369</b>
Social security costs	<b>2,481</b>	<b>2,530</b>
Pension costs - Equant scheme (see note 16a)	<b>583</b>	<b>744</b>
Pension costs - Sprint scheme (see note 16b)	<b>711</b>	<b>604</b>
Pension costs - Defined contribution scheme (see note 16c)	<b>879</b>	<b>773</b>
	<b>25,470</b>	<b>26,020</b>

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

	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
Distribution	<b>84</b>	<b>90</b>
General and administration	<b>67</b>	<b>83</b>
Sales and marketing	<b>91</b>	<b>105</b>
	<b>242</b>	<b>278</b>

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 5 Operating loss

	2011 £000	2010 £000
Operating loss is stated after charging/(crediting)		
Depreciation of tangible fixed assets - owned by the company	688	758
Auditor's remuneration – audit of the financial statements	31	29
Operating lease rentals		
- land and buildings	3,203	3,203
- other	170	166
Difference on foreign exchange	(11)	7

### 6 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable to group undertakings	73	103
Finance charge from unwinding of lease exit provision	233	501
	<u>306</u>	<u>604</u>

### 7 Tax on loss on ordinary activities

	2011 £000	2010 £000
Current year tax	(658)	(347)
Prior year tax	(665)	(42)
UK Corporation tax at 26.5% (2010: 28%)	<u>(1,323)</u>	<u>(389)</u>

#### a) Reconciliation of the current year tax credit

The current tax credit for the year differs from the credit using the standard rate applying in the UK of 26.5% (2010: 28%). The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before tax	<u>(1,866)</u>	<u>(931)</u>
Loss on ordinary activities at the United Kingdom tax rate of 26.5% (2010: 28%)	(494)	(261)
Effects of		
Expenses not deductible for tax purposes	72	85
Excess of capital allowances over depreciation	(159)	(215)
Other timing differences	(77)	44
Prior year adjustment	(665)	(42)
Total current tax credit	<u>(1,323)</u>	<u>(389)</u>

The prior year tax income relates to the revision of previously estimated tax and the benefit of payment for tax losses surrendered to other group companies

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 7 Tax on loss on ordinary activities (continued)

#### b) Deferred tax

	2011 £000	2010 £000
Excess of capital allowances over depreciation	683	912
Tax losses carried forward	373	403
Other short term timing differences	55	139
Total deferred tax asset not recognised	<u>1,111</u>	<u>1,454</u>

The deferred tax asset has not been recognised because, on the basis of all available evidence, it is regarded more likely than not that there will not be any suitable taxable profits in the future from which the reversal of underlying timing differences can be deducted

Deferred tax assets have been measured at the rate of 25% (2010 27%)

Legislation was introduced in Finance (No 2) Act 2010 to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011, reflected in the unrecognised 2010 deferred tax balance. In March 2011 this rate was subsequently reduced to 26% with effect from 1 April 2011, enacted under the Provisional Collection of Taxes Act 1968. Legislation was then introduced in Finance (No 3) Act 2011 to reduce the main rate of corporation tax from 26% to 25% with effect from 1 April 2012. The effect of this reduction is reflected in the unrecognised 2011 deferred tax asset disclosed in the accounts. On 21 March 2012 as part of the 2012 Budget, the UK government announced its intention to legislate to reduce the rate to 24% with effect from 1 April 2012 and further by 1% per annum falling to 22% with effect from 1 April 2014.

The directors estimate that the effect of these changes will be to reduce the company's unrecognised deferred tax asset by a maximum of £133,000.

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 8 Tangible fixed assets

	Leasehold Improvements £000	Computer equipment and software £000	Office equipment and furniture £000	Other tangible assets £000	Assets in the course of construction £000	Total £000
<b>Cost</b>						
At 1 January 2011	8,800	50,704	2,210	577	228	62,519
Transfers	101	185	2	59	(347)	-
Additions	-	-	-	-	349	349
<b>At 31 December 2011</b>	<b>8,901</b>	<b>50,889</b>	<b>2,212</b>	<b>636</b>	<b>230</b>	<b>62,868</b>
<b>Depreciation</b>						
At 1 January 2011	6,531	49,981	2,198	577	-	59,287
Charge for year	248	419	13	8	-	688
<b>At 31 December 2011</b>	<b>6,779</b>	<b>50,400</b>	<b>2,211</b>	<b>585</b>	<b>-</b>	<b>59,975</b>
<b>Net book value</b>						
<b>At 31 December 2011</b>	<b>2,122</b>	<b>489</b>	<b>1</b>	<b>51</b>	<b>230</b>	<b>2,893</b>
At 31 December 2010	2,269	723	12	-	228	3,232

### 9 Debtors

	2011 £000	2010 £000
Amounts falling due within one year		
Trade debtors	40	36
Amounts owed by group undertakings	5,659	634
Other debtors	318	286
VAT recoverable	471	295
Corporation tax	4,003	7,646
Prepayments and accrued income	219	764
	<b>10,710</b>	<b>9,661</b>

### 10 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdrafts	7,456	5,359
Trade creditors	743	1,287
Amounts owed to group undertakings	7	12
Other taxation and social security	1,033	1,060
Other creditors	1,103	260
Accruals and deferred income	4,431	4,726
	<b>14,773</b>	<b>12,704</b>

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 11 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Accruals and deferred income	771	966
	<u>771</u>	<u>966</u>

### 12 Provisions for liabilities

	2011 Property £000	2011 Dilapidations £000	2011 Other £000	2011 Total £000
At 1 January	5,807	1,310	9	7,126
(Released)/Charged to profit and loss account	(1,224)	-	244	(980)
Unwinding of discount	195	38	-	233
At 31 December	<u>4,778</u>	<u>1,348</u>	<u>253</u>	<u>6,379</u>

The property provision consists of a lease exit provision relating to 215 and 217 Bath Road, Slough. The lease on this property expires in March 2019. Provision is made for the rent, rates and utilities costs to the end of the lease. This has been provided using a discount rate of 2.3%. There is an assumption that the unoccupied part of the properties will be fully sub-let from January 2015.

The dilapidations provision represents a leasehold premises exit obligation to return buildings to their original condition. These are expected to be utilised on exit of individual leases. The obligation is created on entry to the leasehold premises with a regular review of the exit obligation undertaken.

### 13 Share capital

	2011 Number	2010 Number	2011 £000	2010 £000
<b>Authorised</b>				
Ordinary shares of £1 each	<u>45,733,100</u>	<u>45,733,100</u>	<u>45,733</u>	<u>45,733</u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	<u>45,733,100</u>	<u>45,733,100</u>	<u>45,733</u>	<u>45,733</u>

### 14 Profit and loss reserve

	2011 £000	2010 £000
At 1 January	(53,499)	(52,890)
Loss for the financial year	(543)	(542)
Share based payments	45	(67)
At 31 December	<u>(53,997)</u>	<u>(53,499)</u>

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 15 Reconciliation of movement in total shareholders' deficit

	2011 £000	2010 £000
Opening shareholders' deficit	(7,766)	(7,157)
Loss for the financial year	(543)	(542)
Share based payments	45	(67)
Closing shareholders' deficit	<u>(8,264)</u>	<u>(7,766)</u>

### 16 Pension commitments

During the year the company provided pensions through two defined benefit pension schemes and one defined contribution pension scheme. The defined benefit pension schemes, the Equant Pension Scheme and the Sprint International (UK) Limited Retirement Benefits Plan, both of which are multi-employer defined benefit schemes spanning a number of UK entities, were terminated on 31 July 2011.

For the years ended 31 December 2010 and 2011 the company is unable to identify its share of the underlying assets and liabilities of the two schemes on a consistent and reliable basis since contributions are set for the schemes as a whole rather than reflecting the actuarial characteristics of the employees of the individual company. The company is therefore accounting for the schemes as if they were defined contribution schemes.

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 16 Pension commitments (continued)

#### a) Equant Pension Scheme

The Equant Pension Scheme provides benefits based on final pensionable pay and service at 31 July 2011 (the date the accrual of future benefits ceased). It is set up under a trust which holds the assets of the scheme separately from the company. Currently it is not possible to identify the company's share of those assets. The company pays contributions to the Scheme at a fixed contribution rate, which is charged directly to the profit and loss account.

As at the end of 2011, the last formal actuarial valuation of the Equant Pension Scheme was completed as at 1 January 2008. At the date of that valuation the actuarial value of the assets in the scheme was sufficient to cover 89.5% of the accrued benefits of the members, after allowing for projected salaries on the basis of the following assumptions:

LPI pension increases	3.05% pa
Fixed rate pension increases	5.00% pa
Post 88 GMP pension increases	2.45% pa
Pay increases	3.20% pa
Overall investment return	4.75% pa post-retirement/6.55% pre-retirement
Price inflation	3.20% pa
Mortality rates pre-retirement	AMC00 for males and AFC00 for females
Mortality rates post-retirement	80% of PCMA00 with individual Year of Birth Medium Cohort improvements from 2004 for males and 75% of PCFA00 with individual Year of Birth Medium Cohort improvements from 2004 for females

The employer's share of contributions for the accrual of benefits was 12.0% of pensionable salaries. This was payable until 31 July 2011 (the date the accrual of future benefits ceased). No further contributions to the Plan are made by the members or by employers in respect of employment after this date. Under the deficit recovery plan, Orange Business Integration UK Limited, Orange Business Holdings UK Limited and Orange Business UK Limited contribute £1,175,000 per annum to the Equant Pension Scheme. This is payable until 31 December 2019. The company's share of this is currently £302,000 per annum. The company is currently making payments of £82,000 per annum to cover the expenses of running the Scheme.

The total pension contributions, including the deficit recovery plan payments, for the year were £583,000 (2010: £744,000). Accrued pension costs at 31 December 2011 were £32,000 (2010: £32,000).

A valuation of the Scheme is being conducted as at 1 January 2011. This valuation has not yet been completed.

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 16 Pension commitments (continued)

#### b) Sprint Plan

The Sprint International (UK) Limited Retirement Benefits Plan (the 'Plan') provides benefits based on final pensionable pay and service at 31 July 2011 (the date the accrual of future benefits ceased), and is set up under a trust which holds the assets of the Plan separately from the company. Currently, it is not possible to identify the company's share of those assets. The company pays contributions to the plan at a fixed contribution rate, which is charged directly to the profit and loss account.

The last formal actuarial valuation of the Sprint International (UK) Limited Retirement Benefits Plan was prepared as at 6 April 2009. At the date of the valuation the actuarial value of the assets in the scheme was sufficient to cover 70% of the accrued benefits of the members, after allowing for projected salaries on the basis of the following assumptions:

#### Staff

Pension increases (to 1990)	2.80% pa
Pension increases (1990 – 1997)	3.00% pa
Pension increases (1997 – 2005)	3.00% pa
Pension increases (2005 onwards)	2.50% pa

#### Executives

Pension increases	5.00% pa
Pay increases	1.40% pa
Discount rate	post-retirement 5.00% pa
	pre-retirement 5.00% pa
Expected return on assets	5.00% pa
Price inflation	2.80% pa
Mortality rates pre-retirement	SNA03 with a -2 age rating
Mortality rates post-retirement	SNA03 with a -2 age rating
Mortality improvements	Medium cohort projections with minimum 1% p.a. improvements from 2003

The employers' contributions were 26.6% of pensionable salaries until 31 July 2011 (the date the accrual of future benefits ceased). No further contributions to the Plan are made by the members or by employers in respect of employment after this date.

The next expected valuation date of the Plan will be 6 April 2012. Under the deficit recovery plan, the company is making payments of £623,000 per annum until 30 November 2011 and from 1 February 2013 until 30 June 2018 to reduce the Plan's deficit. Over the period 1 December 2011 until 31 January 2013, the company is making payments of £909,000 per annum in respect of the section 75 debt due from Global One Communications Limited.

The total pension contributions, including the deficit recovery plan and section 75 debt payments, for the year were £711,000 (2010: £604,000). Accrued pension costs at 31 December 2011 were £76,000 (2010: £58,000).



# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 16 Pension commitments (continued)

#### c) Defined contribution schemes

The company also contributes to the Equant Defined Contribution Payment Plan. The pension cost for the year ended 31 December 2011 was £879,000 (2010 £773,000). At 31 December 2011 there was £89,000 of outstanding contributions (2010 £63,000).

### 17 Share-based payment

#### NExT Reward Plan

The company is part of this FT SA administered, one off share-based compensation program for eligible employees, which was approved by the board of directors of FT SA on 4<sup>th</sup> November, 2007. The plan aims at rewarding employees in FT SA subsidiaries world wide by awarding free shares in the group parent company to the employees who were in employment with the subsidiaries at November 4<sup>th</sup>, 2007, subject to 100% achievement of the following performance conditions, and completion of 4 years' service period from that date:

- The 2007 organic Cash Flows of FT must be at least 6.8 billion Euros,
- The 2008 organic Cash Flows of FT must be at least 6.8 billion Euros,
- The sum of the 2007 and 2008 organic Cash Flows of FT must exceed the estimated cost of the entire plan by at least 13.6 billion Euros.

This plan was approved by the FT SA board on 4 November 2007 and communicated to the beneficiary employees in February 2008. The deemed grant date for this plan is 18 March 2008. The total amount of reward for each subsidiary represents 3.3% of payroll expenditure in that company. The number of shares awarded is based on the employee's grade. The total number of shares awarded to the UK employees at the inception of the plan was 74,618.

#### Valuation and Expense Information under FRS 20

The estimated fair value of each award on the date of grant, applying the following assumptions and conditions, was €17.21

Dividend yield	6.00%
Risk free rate	3.48%
Individual loan interest rate	6.50%
FT SA share price on grant date	€21.50

# Orange Business Integration UK Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 17 Share-based payment (continued)

The company amortizes the fair value to expense over the award's vesting period on a straight line basis. The number of un-vested awards outstanding at the year-end was 68,018 (2010 61,613)

The expense recognised for all share-based payments in respect of employee services received during the year to 31 December 2011 is £235,050 (2010 £226,559)

### 18 Operating lease commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£000	£000	£000	£000
Within one year	-	-	19	48
In two to five years	-	-	112	66
Over five years	3,203	3,203	-	-
<b>Total</b>	<b>3,203</b>	<b>3,203</b>	<b>131</b>	<b>114</b>

### 19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Orange Business Holdings UK Limited

The parent of the smallest group in which the results of the company are consolidated, for the year ended 31 December 2011, was Orange Business Participations SA, a company incorporated in France. The financial statements of this company can be obtained from Orange Business Participations SA, 6 Place d'Alleray, 75015 Cedex 15, Paris, France

The largest group which includes the results of Orange Business Integration UK Limited and for which group financial statements have been prepared is France Telecom SA, a company incorporated in France. In the directors' opinion this is also the ultimate parent and controlling party. The financial statements of this company can be obtained from France Telecom SA, 6 Place d'Alleray, 75505 Paris Cedex, France