

**FASTNET GROUP LIMITED**  
**(Registered Number 3015466)**

**ANNUAL REPORT**

**YEAR ENDED 31 MARCH 2007**

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**FASTNET GROUP LIMITED  
ANNUAL REPORT  
YEAR ENDED 31 MARCH 2007**

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**FASTNET GROUP LIMITED  
DIRECTORS' REPORT**

The directors present their report together with the financial statements for the year ended 31 March 2007

**PRINCIPAL ACTIVITY**

The Company did not trade during the year

**REVIEW OF BUSINESS**

The profit for the year was £nil (2006 profit £nil) The directors do not recommend the payment of a dividend (2006 £nil)

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and their interests in the ordinary share capital of Redstone plc, the ultimate parent company were as follows

	<b>31 March 2007</b>	<b>31 March 2006</b>	<b>31 March 2007</b>	<b>31 March 2006</b>
	<u>shares</u>	<u>shares</u>	<u>share options</u>	<u>share options</u>
T Perks	<b>96,763</b>	79,641	<b>1,114,082</b>	1,114,082
C van den Heuvel (resigned 31 10 06)	<b>2,000</b>	2,000	-	140,496
P Hayes (appointed 1 11 06)	<b>18,839</b>	-	<b>360,000</b>	240,000

Number of shares and share option have been adjusted to reflect the 10 : 1 share consolidation during the year

None of the directors had an interest in the share capital of the Company during the year

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**AUDITORS**

The Company satisfies the provisions of Section 249AA(4) of the Companies Act 1985 and accordingly the Company is exempt from the obligation to appoint auditors

BY ORDER OF THE BOARD



**Peter Hayes**  
Company Secretary

Registered Office  
80 Great Eastern Street  
London  
EC2A 3RS

2nd October 2007

**FASTNET GROUP LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2007**

	<u>Notes</u>	<u>2007</u> £	<u>2006</u> £
<b>Fixed assets</b>			
Investments	2	1,280,102	1,280,102
<b>Current assets</b>			
Debtors	3	20,833	20,833
Cash		1,023,756	1,023,756
<b>Net assets</b>		2,324,691	2,324,691
<b>Capital and reserves</b>			
Called up share capital	4	437,669	437,669
Capital redemption reserve		105,000	105,000
Share premium reserve		1,782,022	1,782,022
Profit and loss account		—	—
<b>Equity shareholders' funds</b>	5	2,324,691	2,324,691

The Company was dormant within the meaning of Section 249AA(1) of the Companies Act 1985 throughout the accounting year ending at the date of this balance sheet and the members have not required the Company to obtain an audit of its accounts

The directors acknowledge their responsibilities for

- a) ensuring that the Company keeps accounting records which comply with section 221, and
- b) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company

Approved by the Board on

2nd October 2007

**P Hayes**  
Director



**FASTNET GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

**1 ACCOUNTING POLICIES**

The principal accounting policies which have been applied consistently throughout the year in the preparation of the financial statements, are as follows

**(a) Basis of accounting**

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

**(b) Basis of preparation**

The financial statements have been prepared on a going concern basis as the parent undertaking and fellow group undertakings have confirmed that they will provide financial support to enable the company to meet its financial obligations as they fall due

**(c) Group accounts**

The company is exempt from preparing group accounts under Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of Redstone plc, a company established under the law of a member state of the European Union. The results of the Company are included in the consolidated accounts of Redstone plc

Accordingly, the results presented in these financial statements present information about the Company as an individual undertaking and not about its group

**(d) Deferred taxation**

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, or a right to pay less or receive more, tax, with the following exception

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**(e) Investments**

Investments are capitalised at historical cost. Provision is made for any impairment in the carrying value of investments to the extent that its recoverable value is reduced below its carrying value

**2 INVESTMENTS**

	<b><u>Shares in subsidiaries</u></b>
<b>Cost</b>	
At 1 April 2006 and 31 March 2007	2,812,342
	<hr/>
<b>Provision</b>	
At 1 April 2006 and 31 March 2007	1,532,240
	<hr/>
<b>Net book value</b>	
At 31 March 2006 and 31 March 2007	1,280,102
	<hr/>

**FASTNET GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2 INVESTMENTS (Continued)**

Details of the investments in which the Company holds more than 20% of the nominal value of any class of share capital are as follows

<u>Name</u>	<u>Country of registration</u>	<u>Holding</u>	<u>Proportion of voting rights and shares held</u>	<u>Nature of business</u>
Fastnet Systems PLC	England and Wales	Ordinary shares	100%	Dormant
Fastnet Assist Limited	England and Wales	Ordinary shares	*100%	Dormant
Fastnet Resources Limited	England and Wales	Ordinary shares	100%	Dormant
Fastnet Consulting Services Limited	England and Wales	Ordinary shares	*100%	Dormant

\* Held by a subsidiary undertaking

In accordance with FRS11, the directors have reviewed the carrying value of investments in the balance sheet and, for certain of the underlying businesses, impairment reviews have been carried out to compare their recoverable amounts with their carrying values. Where the carrying value exceeds the recoverable amount, a provision has been made to write down the investment to the recoverable amount of the relevant asset. The recoverable amount is the greater of the market value and value in use. In establishing the value in use, a discount rate of 15% has been applied to the relevant pre-tax cashflows.

**3 DEBTORS**

	<u>2007</u> £	<u>2006</u> £
Amounts falling due within one year:		
Amounts owed by group undertakings	20,276	20,276
Other taxes and social security	557	557
	<hr/> 20,833	<hr/> 20,833

**FASTNET GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

**4 SHARE CAPITAL**

	<b>Authorised, allotted, called up and fully paid</b>			
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b><u>Number</u></b>	<b><u>Number</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
Ordinary shares of £1 each	284,691	284,691	284,691	284,691
'A' ordinary shares of £0.01 each	210,309	210,309	2,103	2,103
'A' preference shares of £0.01 each	1,587,500	1,587,500	15,875	15,875
'B' preference shares of £1 each	100,000	100,000	100,000	100,000
'C' preference shares of £1 each	35,000	35,000	35,000	35,000
	<b><u>2,217,500</u></b>	<b><u>2,217,500</u></b>	<b><u>437,669</u></b>	<b><u>437,669</u></b>

Following an agreement made with shareholders, the following class rights applied from 1 January 1999

The 'A' ordinary shares carry one vote per one hundred shares. Following redemption of the 'A', 'B' and 'C' preference shares, they carry a cumulative preference dividend of 9% of the net profit of the company and its subsidiaries. The holders of the 'A' ordinary shares may at any time convert their holding into ordinary shares.

The 'A' preference shares carry no voting rights and are redeemable in equal half yearly instalments from 31 December 2001 to 31 December 2003. They carry a fixed cumulative preference dividend of 3.15 pence per annum from 1 January 1999, together with an additional amount from 1 January 2001 depending on the profits of the company and its subsidiaries.

The 'B' preference shares carry no voting rights and, assuming all 'A' preference shares due for redemption have been redeemed, are redeemable on 31 December 2003. They carry a fixed cumulative preference dividend of 10 pence per annum from 1 January 2001.

The 'C' preference shares carry one vote per share and, assuming all 'A' preference shares due for redemption have been redeemed, are redeemable on 31 December 2003. They carry a fixed cumulative preference dividend of 6 pence per annum from 1 January 2001.

In addition to the redemption terms noted above, all 'A', 'B' and 'C' preference shares are redeemable on the sale or flotation of the company provided sufficient distributable reserves exist.

On a winding up of the company, the assets of the Company are to be applied as follows:

- (i) First in paying to the holders of the 'A' preference shares £1 per share plus any arrears of dividends,
- (ii) Second in paying to the holders of the 'B' preference shares £1 per share plus any arrears of dividends,
- (iii) Third in paying to the holders of the 'A' ordinary shares £1 per share plus any arrears of dividends,
- (iv) Fourth in paying to the holders of the 'C' preference shares £1 per share plus any arrears of dividends,
- (v) Fifth in paying to the holders of ordinary shares £1 per share, and
- (vi) The balance of such assets to be distributed amongst the holders of the 'A' ordinary shares and ordinary shares in proportion to the amounts paid up or credited as paid up.

**FASTNET GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

**5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	£	<u>2007</u> £	<u>2006</u>
Profit for the year		—	—
		<hr/>	<hr/>
Net increase to shareholders' funds		—	—
Opening shareholders' funds	2,324,691		2,324,691
		<hr/>	<hr/>
Closing shareholders' funds	2,324,691		2,324,691
		<hr/>	<hr/>
Analysis of shareholders' funds			
Equity		602,191	602,191
Non-equity		1,722,500	1,722,500
		<hr/>	<hr/>
		2,324,691	2,324,691
		<hr/>	<hr/>

**6 PROFIT AND LOSS ACCOUNT**

The Company had no transactions during the year and accordingly made neither a profit nor a loss. No profit and loss account has therefore been prepared.

**7 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent undertaking and controlling party is Redstone plc which is incorporated in England and Wales. The financial statements of Redstone plc are available from the Company Secretary, Redstone plc, 80 Great Eastern Street, London EC2A 3RS.