

**Company Registration No. 3692313**

**Crane Telecommunications Limited**

**Annual Report and Financial Statements**

**31 December 2007**



**Crane Telecommunications Limited**

**Annual report and financial statements 2007**

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# **Crane Telecommunications Limited**

## **Annual report and financial statements 2007**

### **Officers and professional advisers**

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#### **Directors**

J K Toohey  
B K Shakespeare

#### **Secretary**

T J Warner

#### **Registered Office**

1 Clayton Manor  
Victoria Gardens  
Burgess Hill  
West Sussex  
RH15 9NB

#### **Bankers**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

#### **Solicitors**

DMH Stallard  
40 High Street  
Crawley  
West Sussex  
RH10 1BW

#### **Independent auditors**

Deloitte LLP  
Chartered Accountants  
Crawley

# Crane Telecommunications Limited

## Directors' report (continued)

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The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

### Principal activity, review of business and future prospects

For the year under review, the Company's principal activity was the provision of telecommunications equipment and services. On 11 April 2007, Westcon Group purchased the entire share capital of the company's immediate parent company, Crane Telecommunications Group Limited. On 30 November 2007, the company ceased to trade with all operations being conducted from that date by Westcon Group Europe Operations Limited. Subsequent to the year end, Westcon Group European Operations Limited exercised a call option to purchase the business of Crane Telecommunications Limited at its fair value. For further details, please refer to note 18. Accordingly, the Company has now ceased to trade and once the remaining liability has been settled and a dividend paid to the company's parent (which has not yet been declared) it is envisaged that the Company will be dormant.

### Business and financial risk management

Following the transfer of the trade to a fellow Westcon Group company, the directors consider that ongoing business risks are minimal.

In terms of financial risks, the only material risk at the balance sheet date relates to credit risk on the cash balance. However, this was transferred to a fellow Westcon Group company subsequent to the year end.

### Dividends

The directors recommend that no final ordinary dividend be paid for the year ended 31 December 2007 (year ended 31 December 2006 - £nil per share).

### Directors

The directors of the company during the year and to the present date, except where otherwise stated, were

J K Toohey	(appointed 3 May 2007)
B K Shakespeare	(appointed 3 May 2007)
J P O'Malley III	(appointed 3 May 2007, resigned 24 July 2008)
D W George	(resigned 3 May 2007)
D Grant	(resigned 3 May 2007)

### Independent auditors and statement of provision of information to the independent auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

Deloitte LLP have expressed their willingness to continue in office as the company's auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

  
J K Toohey  
Director

7/01/2009

## **Crane Telecommunications Limited**

### **Statement of directors' responsibilities**

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The directors are responsible for preparing the annual 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 Standard and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 1).

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

## Independent auditors' report to the members of Crane Telecommunications Limited

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We have audited the financial statements of Crane Telecommunications Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

### Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements which states that the financial statements have been prepared on the basis that the company is no longer a going concern and describes the reason why.

*Black WIP*

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Crawley, United Kingdom

*13 January 2009*

# Crane Telecommunications Limited

## Profit and loss account Year ended 31 December 2007

	Note	2007 £'000	2007 £'000 Exceptional items	2007 £'000	2006 £'000	2006 £'000 Exceptional items	2006 £'000
Turnover	2	57,698	-	57,698	74,096	-	74,096
Cost of sales		(47,613)	-	(47,613)	(61,626)	-	(61,626)
Gross profit		10,085	-	10,085	12,470	-	12,470
Distribution costs		(2,814)	-	(2,814)	(2,672)	-	(2,672)
Administrative expenses	4	(5,650)	(4,544)	(10,194)	(7,948)	(463)	(8,411)
Operating (loss)/profit	4	1,621	(4,544)	(2,923)	1,850	(463)	1,387
Interest payable and similar charges	5			(748)			(767)
(Loss)/profit on ordinary activities before taxation				(3,671)			620
Taxation on profit on ordinary activities	6			(476)			476
(Loss)/profit for the financial year	13,15			(4,147)			1,096

All the results derive from discontinued operations.

There were no further recognised gains or losses for the current year or preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

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

# Crane Telecommunications Limited

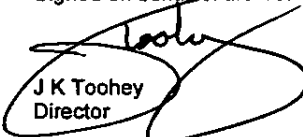
## Balance sheet 31 December 2007

		2007		2006	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	7		-		391
Tangible assets	8		-		1,501
			-		1,892
<b>Current assets</b>					
Stocks	9	-		4,803	
Debtors	10	-		22,346	
Cash at bank and in hand		461		474	
		461		27,623	
<b>Creditors: amounts falling due within one year</b>	11	(1,864)		(27,300)	
<b>Net current (liabilities)/assets</b>			(1,403)		323
<b>Total assets less current liabilities</b>			(1,403)		2,215
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Capital reserve	13		529		-
Profit and loss account	13		(1,932)		2,215
<b>Total shareholders' funds</b>	15		(1,403)		2,215

These financial statements were approved by the Board of Directors on

7/01/2009.

Signed on behalf of the Board of Directors

  
J K Toohey  
Director

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

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

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### 1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have all been applied consistently throughout the year and preceding year.

The company ceased to trade on 30 November 2007 with operations then being conducted by Westcon Group European Operations Ltd. After the year end Westcon Group European Operations Ltd exercised a call option to buy the business at its fair value with losses being recognised in the current period in order to reflect the substance of the transaction. As required by FRS 18, 'Accounting policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

#### Accounting convention

The financial statements have been prepared under the historical cost convention.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as the sum of the purchase price and the freight costs incurred.

#### Turnover

Equipment turnover is wholly attributable to the previous principal activity of the company. It represents sales to outside customers at invoiced amounts less value added tax.

Maintenance income is spread over the life of the agreement and released to the profit and loss as the service is provided.

#### Taxation

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

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 and 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 are not discounted.

#### Leased assets

Annual rentals for operating leases are charged to the profit and loss account on a straight line basis over the course of the lease.

#### Pension costs

The Company operates a money purchase scheme. The assets of the scheme are held in separate trustee administered funds outside the control of the group. The pension cost is charged to the profit and loss account as they fall payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## Crane Telecommunications Limited

### Notes to the financial statements Year ended 31 December 2007

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#### 1. Accounting policies (continued)

##### Commissionaire

The company acted as principal within a commissionaire agreement with a fellow subsidiary of Crane Telecommunications Group Ltd during the year. As principal, under the terms of the agreement, all sales and cost of sales of the commissionaire are assigned to the principal and are included within the principal's profit and loss account.

A commission charge was levied on the principal by the commissionaire; the charge is included within the principal's profit and loss account.

Trading expenses of the commissionaire are recharged to the principal under the terms of the agreement, the expenses are charged within the principal's profit and loss account.

Under the terms of the commissionaire agreement the trade debtors of the commissionaire are legally owned by the principal. However, to reflect the underlying nature of the transaction, this asset has been reported in the financial statements of the commissionaire and is not reported as an asset of the principal. This is a departure from FRS 5, 'Reporting the substance of transactions'. However this has no profit or loss impact - note 10.

##### Foreign currency

Transactions in foreign currencies are translated at the rate of exchange at 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.

The results of the commissionaire are translated at the average rates of exchange during the period. All exchange differences are charged to the profit and loss account.

#### 2. Turnover

The turnover is analysed as follows:

	2007 £'000	2006 £'000
<b>Business class</b>		
Equipment reselling - United Kingdom	56,661	64,171
Equipment reselling - Europe	-	8,578
Maintenance income - United Kingdom	1,037	1,347
	<u>57,698</u>	<u>74,096</u>

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 3. Information regarding directors and employees

	2007 £'000	2006 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments	231	466
<b>Pension contributions</b>	9	27
<b>Number of directors during the year who were members of a money purchase scheme</b>	2	2

The remuneration of the highest paid director in the year (excluding pension contributions) is £121,000 (2006 - £247,000). Amounts paid to an executive pensions scheme in respect of the highest paid director was £4,000 (2006 - £16,000).

	2007 No.	2006 No.
<b>Average monthly numbers of employees during the year</b>		
Selling and distribution	61	57
Administration	43	53
Product support	29	35
	133	145

	2007 £'000	2006 £'000
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	4,724	5,061
Social security costs	574	628
Pension costs	88	107
	5,386	5,796

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 4. Operating (loss)/profit

	2007 £'000	2006 £'000
<b>Operating (loss)/profit is stated after charging/(crediting):</b>		
Exceptional items	4,544	463
Operating lease rentals – assets other than plant and machinery	197	214
Depreciation – owned assets	666	527
Amortisation	49	146
Auditors' remuneration – audit	-	59
Auditors' remuneration – non-audit	230	8

#### The analysis of auditors' remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual accounts

	2007 £'000	2006 £'000
	-	59

The 2007 audit fee of £20,000 has been borne by a fellow group company.

Other services pursuant to legislation:

Tax services

Corporate finance services

	2007 £'000	2006 £'000
Tax services	-	8
Corporate finance services	230	-
<b>Total non-audit fees</b>	<b>230</b>	<b>8</b>

#### Exceptional items are analysed as follows:

Bad debts

Stock write offs

Intangible fixed assets write down

Tangible fixed assets write down

Write off of aborted IPO costs

Integration costs

Other items

Waiver of amounts owed by fellow subsidiary

	2007 £'000	2006 £'000
Bad debts	1,703	463
Stock write offs	1,006	-
Intangible fixed assets write down	342	-
Tangible fixed assets write down	527	-
Write off of aborted IPO costs	760	-
Integration costs	215	-
Other items	114	-
Waiver of amounts owed by fellow subsidiary	(123)	-
<b>Total</b>	<b>4,544</b>	<b>463</b>

These costs are considered to be exceptional by virtue of their size and incidence and arose as adjustments as part of a detailed review of the company following its acquisition by Westcon Group European Operations Limited on 11 April 2007.

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 5. Interest payable and similar charges

	2007 £'000	2006 £'000
Bank interest and advances from non financial institutions	747	715
Other similar charges	1	52
	<u>748</u>	<u>767</u>

### 6. Tax on profit on ordinary activities

	2007 £'000	2006 £'000
(i) Analysis of the tax on profit on ordinary activities		
<b>Current tax.</b>		
United Kingdom corporation tax at 30% (31 December 2006 - 30%) based on the profit for the year	-	-
<b>Deferred tax.</b>		
Short term timing differences, acquisition and reversal	(476)	476
<b>Total tax (charge)/credit on profit on ordinary activities</b>	<u>(476)</u>	<u>476</u>

#### (ii) Factors affecting the tax for the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the United Kingdom of 30% (2006 - 30%). The differences are explained below:

	2007 %	2006 %
Standard rate for the year as a percentage of profit	30	30
Effects of		
Non-taxable (income)/expenses	-	7
Capital allowances different to depreciation	-	1
Utilisation of tax losses	-	(38)
Tax losses not utilised	(30)	-
<b>Current tax rate for the year as a percentage of (loss)/profit</b>	<u>-</u>	<u>-</u>

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 7. Intangible fixed assets

	Purchased maintenance contracts £'000	Goodwill on acquisition £'000	Total £'000
<b>Cost</b>			
At 1 January 2007	235	1,444	1,679
Written off	(235)	(1,444)	(1,679)
At 31 December 2007	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2007	235	1,053	1,288
Charge for the year	-	49	49
Written off	(235)	(1,102)	(1,337)
At 31 December 2007	-	-	-
<b>Net book value</b>			
At 31 December 2007	-	-	-
At 31 December 2006	-	391	391

### 8. Tangible fixed assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computers equipment and MIS £'000	Demonstration and engineer equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2007	722	845	16	1,745	1,382	4,710
Additions	35	16	-	210	64	325
Written off	(277)	(661)	-	(434)	(323)	(1,695)
Transferred to fellow group companies	(480)	(200)	(16)	(1,521)	(1,123)	(3,340)
At 31 December 2007	-	-	-	-	-	-
<b>Accumulated depreciation</b>						
At 1 January 2007	484	549	15	1,367	794	3,209
Charge for the year	74	99	1	214	278	666
Written off	(203)	(463)	-	(296)	(206)	(1,168)
Transferred to fellow group companies	(355)	(185)	(16)	(1,285)	(866)	(2,707)
At 31 December 2007	-	-	-	-	-	-
<b>Net book value</b>						
At 31 December 2007	-	-	-	-	-	-
At 31 December 2006	238	296	1	378	588	1,501

### 9. Stocks

	2007 £'000	2006 £'000
Goods for resale	-	4,418
Stock servicing the maintenance base	-	385
	-	4,803

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 10. Debtors

	2007 £'000	2006 £'000
Trade debtors	-	18,215
Amounts owed by fellow subsidiaries	-	1,466
Other debtors	-	1,779
Deferred tax asset	-	476
Prepayments and accrued income	-	410
	<u>-</u>	<u>22,346</u>

All amounts shown under debtors fall due for payment within one year.

Under the terms of the commissionaire agreement the trade debtors of the commissionaire were legally owned by the principal. However, to reflect the underlying nature of the transaction, this asset has been reported in the financial statements of the commissionaire and is not reported as an asset of the principal (note 1).

As at 31 December 2007, the value of the commissionaire's trade debtors was £nil (2006 - £2,769,996).

The deferred tax asset of £476,000 has been written off given the company has ceased trading.

### 11. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank overdrafts	-	2,017
Advances from non-financial institutions	-	11,266
Trade creditors	-	7,718
Amounts owed to parent company	-	506
Amounts owed to fellow subsidiaries	1,410	-
Other taxation and social security	454	1,636
Accruals and deferred income	-	4,157
	<u>1,864</u>	<u>27,300</u>

### 12. Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
100 (2006 - 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid</b>		
2 (2006 - 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13. Statement of movement on reserves

	Capital reserve £'000	Profit and loss reserve £'000
At 1 January 2007	-	2,215
Loss for the financial year	-	(4,147)
Waiver of amount owed to immediate parent company	<u>529</u>	<u>-</u>
Balance at 31 December 2007	<u>529</u>	<u>(1,932)</u>

# Crane Telecommunications Limited

## Notes to the financial statements Year ended 31 December 2007

### 14. Financial commitment

At 31 December 2007 the company was committed to making the following payments during the next year:

	2007		2006	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
<b>Leases which expire:</b>				
Within one year	-	-	-	79
Within one to two years	-	-	-	2
Within two to five years	-	-	137	55
After more than five years	-	-	158	
	<u>-</u>	<u>-</u>	<u>295</u>	<u>136</u>
At 31 December 2007	-	-	295	136

### 15. Reconciliation of movements in equity shareholders' (deficit)/funds

	2007 £'000	2006 £'000
(Loss)/profit for the financial year	(4,147)	1,096
Waiver of amount owed to immediate parent company	529	-
	<u>(3,618)</u>	<u>1,096</u>
Opening shareholders' funds	2,215	1,119
	<u>(1,403)</u>	<u>2,215</u>
Closing shareholders' (deficit)/funds		

### 16. Related party transactions

The company has taken advantage of the exemption in FRS 8 extended to subsidiary undertakings of 90% or more, whose voting rights are controlled within a group and the group financial statements are publicly available. Consequently no disclosure has been made regarding any transactions with other entities within the Datatec, Westcon or Crane group (in respect of comparatives) or with investees of the Datatec, Westcon or Crane groups, which qualify as related parties.

### 17. Ultimate parent company and controlling entity

The immediate parent company is Crane Telecommunications Group Limited, a company incorporated in the United Kingdom.

Following the acquisition of the company by Westcon Group European Operations Limited during the year, the ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa that is listed on the Johannesburg stock exchange and also admitted to the London Stock Exchange Alternative Investment Market (AIM). The financial statements of Datatec Limited may be obtained from [www.datatec.co.za](http://www.datatec.co.za).

### 18. Events after the balance sheet date

On 29 February 2008, Westcon Group European Operations Limited exercised a call option to purchase the business of Crane Telecommunications Limited at its fair value of £36,477,155