Registered Number 04497042

Azzurri Trustees Limited

Annual Report and Financial Statements

For the year ended 30 June 2013

Registered Number 04497042

Contents

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Directors and advisors

Directors
Vim Vithaldas
Andrew Marshall

Company secretary
Andrew Marshall

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
1 Embankment Place
London
WC2N 6RH

Principal bankers
Bank of Scotland
London Chief Office
38 Threadneedle Street
London
EC2P 2EH

Principal solicitors
Shakespeare Putsman LLP
Somerset House
Temple Street
Birmingham
B2 5DJ

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B4 6BH

Registered office
Azzurri House
Walsall Business Park
Walsall Road
Aldridge
West Midlands
WS9 0RB

Directors' report

For the year ended 30 June 2013

The directors present their annual report and audited financial statements of the company for the year ended 30 June 2013 The directors' report has been prepared in accordance with the small companies regime within part 15 of the Companies Act 2006

Principal activities

The company's principal activity during the year continues to be that of a trust company for shares in Warden Holdco Limited

Results and dividends

The result for the year after taxation amounted to £nil (2012 loss of £46,425) The directors do not recommend a final dividend for the year (2012 £nil)

The company did not trade during the year Accordingly, a statement of total recognised gains and losses has not been presented

Refinancing

The group is funded by bank loans that are due for repayment in June 2014 During the financial year ended 30 June 2013, it became evident that the level of bank debt held by Warden Holdco Limited was causing commercial pressure from both customers and suppliers A further consensual restructuring was agreed between the group and its lenders on 9 October 2013 based on an agreed new 3 year strategic business plan

As part of the restructuring the senior lenders agreed to reduce the level of the group's senior debt to £25m and to extend the term of the debt until 31 December 2016 The revolving credit facility of £4 9m was also extended to 31 December 2016 In addition, the lenders introduced a further £20m of unsecured loan notes held by Warden Midco Limited

The following changes to the capital structure of the group were also made at the same time to ensure the ongoing financial stability of the group

- all shares in Azzurri Holdings Limited were acquired by Warden Midco Limited, a new group company from Warden Holdco Limited in exchange for the issue of one ordinary A share in Warden Midco Limited,
- all senior lenders entered into an amendment and restatement of the original Senior Facilities Agreement in order to re-tranche the current facility A and facility B into four facilities,
- the senior lenders assign £57 9m of debt to Warden Midco Limited in exchange for the issue of B ordinary shares in Warden Midco Limited to the senior investment parties in proportion to their debt holding,
- in consideration for the payment of a nominal sum by Azzurri Capital Limited to Warden Midco Limited, Warden Midco Limited released Azzurri Capital Limited from its liabilities under the £57 9m of debt,
- the senior lenders assigned £20m of the debt facility to Warden Midco Limited in exchange for the issue by Warden Midco Limited of £20m of loan notes to the senior lenders in proportion to their debt holding Warden Midco Limited subsequently released Azzurri Capital Limited of its liabilities relating to this debt,
- Azzurri Capital Limited removed an inter-company debt payable to Warden Midco Limited and recognised the credit of the same amount to a capital contribution reserve,
- there are no debt amortisation payments due on the senior debt until September 2014,

Directors' report (continued)

For the year ended 30 June 2013

The Group's debt and credit facility remain subject to certain quarterly covenant tests Further details are provided within the review of business risks and uncertainties below

Review of business risks and uncertainties

Non-financial risks are monitored on a regular basis by the board The principal risks faced by the business together with how management mitigate these risks are set out below

- Loss of business due to a fall in demand or current economic climate – the Directors review prospects and sales forecasts regularly and Azzurri currently maintains a good order book

- Loss of business due to poor customer retention – Azzurri places the highest value on its customer base and puts considerable efforts into continuous improvement in its after sales customer care

- Loss of suppliers - Azzurri maintains strong relationships with its suppliers and actively manages its supplier base

- Loss of competitiveness due to key employee attrition – Azzurri works hard to retain key employees through a number of employee initiatives

- Banking Covenant Tests - the bank loans are subject to certain quarterly covenant tests These are based upon various ratios which use cash flow, debt service costs, EBITDA (adjusted for exceptional items) and net debt levels The covenant ratios are applied on a twelve month rolling period and the required ratios tighten over time If the Group does not comply with the covenants then the syndicate of lenders would have the right, but would not be obliged, to demand immediate repayment of all amounts owed A key risk to the business is therefore failure to meet banking covenants As at 30 September 2013, the covenant requirements had been waived by the relevant syndicate of banks and continued to be waived until the 2013 refinancing had been completed On 9 October 2013, a consensual restructuring of the group was agreed and the senior lenders agreed to both reduce the level of debt and to extend the term of the debt until December 2016 The first covenant ratio tests relating to the loans refinanced in October 2013 are for the rolling twelve months to 31 March 2014 and are applied each quarter end thereafter The new tests are based upon capped levels of capital expenditure and ratios of cashflow to debt service, interest cover to EBITDA and Net Debt to EBITDA If the Group does not comply with the covenants then the syndicate of lenders would have the right, but would not be obliged, to demand immediate repayment of all amounts owed The directors review Group forecasts and projections and assess whether the Group can operate within its current banking facilities and whether all covenant tests will be met for 12 months from the date of signing of these financial statements In carrying out this assessment for the next twelve months, the Directors have identified actions that can be taken if trading varies from forecast and as a result are satisfied that the Group can operate within its covenants Based on management's current projections, the level of headroom will appreciably reduce for the quarterly covenant tests from March 2015 onwards The directors do not believe that this represents a material uncertainty over the Group's ability to operate as a going concern and believe that costs can be controlled to ensure adherence to covenant tests

- Change of management provision' within refinancing agreement - the amendment to the financing agreement signed in April 2012 includes an additional term whereby the four named directors of the Group are required to remain employed by the Group unless a change has been appropriately approved by the senior lenders, or else a default of the loan terms will have occurred Should such a default occur, then the syndicate of lenders would have the right, but would not be obliged, to demand immediate repayment of all amounts owed The board of directors have considered this term and the risks of any such director leaving the business The board of directors have a reasonable expectation, having obtained appropriate representations from the relevant directors, that this term will not be breached In any case, should one of the

Directors' report (continued)

For the year ended 30 June 2013

named directors leave unexpectedly, then the board would take appropriate actions to request approval from the senior lenders so as not to trigger an act of default A covenant waiver was obtained from the lenders in relation to the resignation of John Whitehead on 31 December 2012 A similar clause is also included within the facilities agreement signed on 9 October 2013

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

Vim Vithaldas
John Whitehead (resigned 31 December 2012)
Andrew Marshall (appointed 1 January 2013)

The directors did not enter into any transactions with the group during the year

Directors' indemnities

During the year and up to the date of approval of the directors' report the group has in place qualifying third party indemnity provisions available for the benefit of the directors of the company

Going concern

The ultimate parent company, Warden Holdco Limited and its subsidiaries (the Azzurri Group) were funded by bank loans of £96 7m that were due for repayment in June 2014 Further to this, the Azzurri group had access to a working capital facility of £4 9m, which again was due for renegotiation in June 2014

Subsequently, as also detailed in the 'Refinancing' section of this report, the senior lenders agreed on 9 October 2013 to reduce the level of the group's senior debt to £25m and to extend the term of the debt until 31 December 2016 The revolving credit facility of £4 9m was also extended to 31 December 2016 In addition, the lenders introduced a further £20m of unsecured and non interest bearing debt held by Warden Midco Ltd

The bank loans and revolving facility are subject to certain quarterly financial covenant tests and are also subject to a 'Change of management provision' Details of these terms and the related risks and uncertainties are set out within the 'Review of business risks and uncertainties' section of this report If the Group does not comply with the covenants or breaches the Change of management' term, then the syndicate of lenders would have the right, but would not be obliged, to demand immediate repayment of all amounts owed

The directors have reviewed the Group's forecasts and projections, including assumptions around sales, gross margins and cost levels and the associated cash flows generated, taking into account the current market conditions and recent trading In carrying out this assessment for the next twelve months, the Directors have identified actions that can be taken if trading varies from forecast and as a result are satisfied that the Group can operate within its covenants Based on management's current projections, the level of headroom will appreciably reduce for the quarterly covenant tests from March 2015 onwards The directors do not believe that this represents a material uncertainty over the Group s ability to operate as a going concern and believe that costs can be controlled to ensure adherence to covenant tests

The directors have also considered the 'Change of management' provisions which require lender approval should certain directors no longer be employed by the company (see Refinancing on page 3) Having obtained appropriate representations from the relevant directors, the board considers that it has a reasonable level of comfort that the term will not be breached Should one of the named directors leave unexpectedly, then the board would take appropriate actions to request approval from the senior lenders so as not to trigger an act of default

Directors' report (continued)

For the year ended 30 June 2013

Based on their forecasts and analysis as set out above the directors are satisfied that the Group and Company will be able to operate within the level of its facilities and comply with its covenants for a period of at least 12 months from the signing of these financial statements The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements

Statement of disclosure of information to the auditors

The directors at the time of approving the Directors Report are listed on page 2 Each of the persons who is a director at the date of this report confirms that

- So far as the director is aware there is no relevant audit information of which the group's auditors are unaware, and

- Each 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 group's auditors are aware of that information

Statement of directors' responsibilities

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with 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 year In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent,
- 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

On behalf of the board

Andrew Marshall
Director
28 November 2013

Independent Auditors' Report to the members of Azzurri Trustees Limited

For the year ended 30 June 2013

We have audited the financial statements of Azzurri Trustees Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out 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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 30 June 2013 and of its result 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 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

Independent Auditors' Report to the members of Azzurri Trustees Limited (continued)

For the year ended 30 June 2013

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Pauline Campbell

Pauline Campbell (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 November 2013

Profit and Loss Account

For the year ended 30 June 2013

	Note	*2013*	*2012*
		£	£
Impairment of investment		-	(46,425)
Result/(loss) from continuing operations before taxation		-	(46,425)
Taxation	4	-	-
Result/(loss) for the financial year attributable to the owners		-	(46,425)

Notes 1 to 11 are an integral part of these financial statements

The company has no recognised gains and loss other than those included within the profit and loss account

There is no material difference between the result /(loss) on ordinary activities before taxation and the result / (loss) for the financial years stated above and their historical cost equivalents

Balance Sheet

As at 30 June 2013
Registered Number 04497042

	Note	*2013* £	*2012* £
Current assets			
Debtors	5	55,439	55,439
		55,439	55,439
Creditors: amounts falling due within one year	6	(47,653)	(47,653)
Net assets		7,786	7,786
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	7,785	7,785
Total shareholders' funds	8	7,786	7,786

The financial statements on pages 9 to 14 were approved by the board of directors on 28 November 2013 and signed on its behalf by

Vim Vithaldas
Director

Notes to the financial statements

For the year ended 30 June 2013

1. Accounting policies

Accounting convention

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been consistently applied throughout the current and preceding year, are as set out below

The company did not trade during the year There were also no other recognised gains and losses for the current financial year or the preceding financial year Accordingly, a statement of total recognised gains and losses has not been presented

Basis of preparation – Going Concern

The financial statements have been prepared on a going concern basis The ultimate parent company, Warden Holdco Limited and its subsidiaries (the Azzurri Group) are funded by bank loans and have access to a working capital facility The bank loans of £96 7m and revolving credit facility of £4 9m were guaranteed by the ultimate parent and its subsidiaries, including Azzurri Communications Limited and were due for repayment in June 2014

As detailed in the 'Refinancing' section of this report, the senior lenders agreed on 9 October 2013 to reduce the level of the group's senior debt to £25m and to extend the term of the debt until 31 December 2016 The revolving credit facility of £4 9m was also extended to 31 December 2016 In addition, the lenders introduced a further £20m of unsecured and non interest bearing debt held by Warden Midco Ltd

The bank loans and revolving facility are subject to certain quarterly financial covenant tests and are also subject to a 'Change of management provision' Details of these terms and the related risks and uncertainties are set out within the 'Review of business risks and uncertainties' section of this report If the Group does not comply with the covenants or breaches the Change of management' term, then the syndicate of lenders would have the right, but would not be obliged, to demand immediate repayment of all amounts owed

The directors have reviewed the Group s forecasts and projections, including assumptions around sales, gross margins and cost levels and the associated cash flows generated, taking into account the current market conditions and recent trading In carrying out this assessment for the next twelve months, the Directors have identified actions that can be taken if trading varies from forecast and as a result are satisfied that the Group can operate within its covenants Based on management's current projections, the level of headroom will appreciably reduce for the quarterly covenant tests from March 2015 onwards The directors do not believe that this represents a material uncertainty over the Group's ability to operate as a going concern and believe that costs can be controlled to ensure adherence to covenant tests

The directors have also considered the 'Change of management' provisions which require lender approval should certain directors no longer be employed by the company (see Refinancing on page 3) Having obtained appropriate representations from the relevant directors, the board considers that it has reasonable level of comfort that the term will not be breached Should one of the named directors leave unexpectedly, then the board would take appropriate actions to request approval from the senior lenders so as not to trigger an act of default

Based on their forecasts and analysis as set out above, the directors are satisfied that the Group and Company will be able to operate within the level of its facilities and comply with its covenants for a period of at least 12 months from the signing of these financial statements The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements

Notes to the financial statements

For the year ended 30 June 2013

1. Accounting policies (continued)

Cash flow statement

The company is a wholly-owned subsidiary of Azzurri Communications Limited and is included within the consolidated financial statements of Azzurri Communications Limited, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1(revised 1996) cash flow statements'

2. Loss on ordinary activities before taxation

Auditors' remuneration is borne by Azzurri Communication Limited, the parent company, and is not recharged to the company The amount of auditors remuneration applicable to the company is £5,000 (2012 £5,000)

3. Directors' emoluments and employees

The directors are remunerated for their services by other group companies The directors consider that their services to the company are insignificant compared with the group and consequently no directors' remuneration is included within these financial statements The average number of staff is nil (2012 nil)

4. Tax on result on ordinary activities

The company had no tax charge for the current or prior year There were no recognised or unrecognised deferred tax assets or liabilities as at 30 June 2013 (2012 £nil)

5. Debtors

	2013	*2012*
	£	*£*
Amounts owed by immediate parent undertaking	55,439	55,439

The above amounts attract no interest and are due on demand

6. Creditors: amounts falling due within one year

	2013	*2012*
	£	*£*
Amounts owed to group undertaking	47,653	47,653

The above amounts attract no interest and are repayable on demand

Notes to the financial statements (continued)

For the year ended 30 June 2013

7. Called up share capital

Allotted and fully paid

	2013	*2012*
	£	*£*
1 (2012 1) ordinary share of £1 each	1	1

8. Reconciliation of shareholder's funds and movement on reserves

	Called up Share Capital £	*Profit and loss account £*	*Total £*
At 1 July 2012 and 30 June 2013	1	7,785	7,786

9. Related parties transactions

The company is a wholly owned subsidiary of Azzurri Communications Limited, for whom publicly available consolidated financial statements are prepared, therefore under FRS 8 Related party disclosures' no disclosure of transactions with other members of this group is required

10. Post balance sheet events

Group refinancing

During the financial period ending 30 June 2013, it became evident that the level of banks debt held by Warden Holdco Limited was causing commercial pressure from both customers and suppliers within the marketplace A further consensual restructuring was agreed between the group and its lenders on 9 October 2013 based on an agreed new 3 year strategic business plan

As part of the restructuring the senior lenders agreed to reduce the level of the group s senior debt to £25m and to extend the term of the debt until 31 December 2016 The revolving credit facility of £4 9m was also extended to 31 December 2016 In addition, the lenders introduced a further £20m of unsecured and non interest bearing debt held by Warden Midco Ltd

The following changes to the capital structure of the group were also made at the same time to ensure the ongoing financial stability of the group

- all shares in Azzurri Holdings Limited were acquired by Warden Midco Limited, a new group company from Warden Holdco Limited in exchange for the issue of one ordinary A share in Warden Midco Limited

- all senior lenders entered into an amendment and restatement of the original Senior Facilities Agreement in order to re-tranche the current facility A and facility B into four facilities,

Notes to the financial statements (continued)

For the year ended 30 June 2013

10. Post balance sheet events (continued)

- the senior lenders assign £57 9m of debt to Warden Midco Limited in exchange for the issue of B ordinary shares in Warden Midco Limited to the senior investment parties in proportion to their debt holding,
- in consideration for the payment of a nominal sum by Azzurri Capital Limited to Warden Midco Limited, Warden Midco Limited released Azzurri Capital Limited from its liabilities under the £57 9m of debt
- the senior lenders assigned £20m of the debt facility to Warden Midco Limited in exchange for the issue by Warden Midco Limited of £20m of loan notes to the senior lenders in proportion to their debt holding Warden Midco Limited subsequently released Azzurri Capital Limited of its liabilities relating to this debt,
- Azzurri Capital Limited removed an inter-company debt payable to Warden Midco Limited and recognised the credit of the same amount to a capital contribution reserve,
- there are no debt amortisation payments due on the senior debt until September 2014,

11. Ultimate parent undertaking and controlling party

As at 30th June 2013, the Directors consider that there was no overall controlling party and that the ultimate parent undertaking was Warden Holdco Limited

The head of the largest group in which the company's financial statements are consolidated was Warden Holdco Limited, a company registered in England and Wales Following the refinancing of the Azzurri Group as disclosed in the Directors Report, there have been changes to the group structure and the new ultimate parent undertaking of the Azzurri Group is Warden Holdco Limited There remains no overall controlling party

The immediate parent company, and head of the smallest group in which the company's financial statements are consolidated was Azzurri Communications Limited, a company registered in England and Wales

The consolidated financial statements of both Warden Holdco Limited, and of Azzurri Communications Limited, are available to the public and can be obtained from the registered office of Azzurri Holdings Limited, Azzurri House, Walsall Business Park, Walsall Road, Aldridge, WS9 0RB