

Company Registration No. 4946019

**LIQUID TELECOMMUNICATIONS
LIMITED**

Report and Financial Statements

28 February 2010

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LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N T Rudnick
S Masiyiwa
C Fitzgerald
K E M Hennessy
B M Roberts

SECRETARY

St James's Square Secretaries Limited

REGISTERED OFFICE

c/o Kerman & Company
200 Strand
London
WC2R 1DJ

BANKERS

The Royal Bank of Scotland
8th Floor
280 Bishopsgate
London
EC2M 4RB

SOLICITORS

Kerman & Company
200 Strand
London
WC2R 1DJ

AUDITORS

Deloitte LLP
Chartered Accountants
Cambridge, United Kingdom

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The company's principal activity is to conduct the business of a wholesale telecommunications service and technology provider. These services are provided in the United Kingdom and to other companies in other countries. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

As shown in the company's profit and loss account on page 7, the company's sales have fallen by 12% and the company's gross profit has decreased by 41%. The decline in profit margins can be attributed to the rising costs in the emerging markets in which the company undertakes the majority of its trading and significantly to the strengthening of the pound against the US dollar in which most sales are billed. Due to the global recession overall voice minutes were lower and a number of contracts were not renewed or came to an end. In addition increasing local infrastructure development in the emerging markets which the company serves has resulted in decreasing reliance on satellite and foreign switching of regional and international telecommunications traffic. The company's future strategic approach is to continue providing and growing its service portfolio in emerging markets thus relying less on satellite and infrastructure provision.

The company's key measurement of effectiveness of its operations is its gross margin. The company achieved a gross margin of 25% (2009 - 37%).

The balance sheet on page 8 shows that the company's financial position at the year end has improved, in net assets terms. This is due to the ongoing profitability of the company.

The company's cash levels have decreased from £5,488,683 at 28 February 2009 to £805,567 at the end of the current financial year (see page 8), principally due to the 2009 dividend paid of £4,504,778.

The directors' assessment of going concern of the company is disclosed in note 1 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing sales to its key competitors. The company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers.

The company's sales to its customers are mainly in US Dollars and therefore the company is exposed to movement in the US Dollar to British Pound exchange rate. The company also settles trade creditors in US Dollars and therefore minimises the risk of exchange rate fluctuations by operating a currency bank account.

The company is also financed by its internal cash reserves and therefore has limited exposure to adverse movements in interest rates.

The company's principal financial assets are bank balances, cash and trade and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. A provision is made where there is an identified loss which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

FUTURE PROSPECTS

The directors intend to increase the company's service and technology product lines to compensate for the reduction in overall telecommunications traffic which has occurred during the financial year and which downward trend is expected to continue.

The directors anticipate that it is likely that in the future the majority of the company's revenue will be obtained from the provision of services, technology and IP provisioning, as opposed to the current revenue generator composed significantly of traditional voice traffic and circuit provision. The company will need to restructure itself accordingly over the next financial year in order to meet these challenges.

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £328,661 (2009 - £2,959,986)

The directors do not recommend payment of a dividend for the year ended 28 February 2010 (2009 - £4,504,778)

DIRECTORS

The directors who served during the year were as follows

N T Rudnick

S Masiyiwa

C Fitzgerald

K E M Hennessy (appointed 2 November 2009)

B M Roberts (appointed 2 November 2009)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

AUDITORS

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

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

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

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

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



N T Rudnick

Director

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 accounting estimates that are reasonable and prudent,
- state whether applicable 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.

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 AUDITORS' REPORT TO THE MEMBERS OF LIQUID TELECOMMUNICATIONS LIMITED

We have audited the financial statements of Liquid Telecommunications Limited for the year ended 28 February 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 28 February 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIQUID
TELECOMMUNICATIONS LIMITED
(continued)**

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



Richard Knights (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, United Kingdom

4.7.2010

LIQUID TELECOMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 28 February 2010

	Note	£ 2010 £	£ 2009 £
TURNOVER	2	20,397,501	23,168,728
Cost of sales		(15,320,084)	(14,588,659)
Gross profit		5,077,417	8,580,069
Administrative expenses			
Exceptional penalty charges		-	(700,360)
Other administrative expenses		(6,466,013)	(4,159,133)
		(6,466,013)	(4,859,493)
Other operating income	4	1,892,320	179,726
OPERATING PROFIT		503,724	3,900,302
Net finance income	5	32,387	108,193
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	536,111	4,008,495
Tax on profit on ordinary activities	7	(207,450)	(1,048,509)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	328,661	2,959,986

All activities are derived from continuing operations

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in the current financial year or preceding financial year other than the results reported above

LIQUID TELECOMMUNICATIONS LIMITED

BALANCE SHEET 28 February 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	1,053,369	637,641
CURRENT ASSETS			
Stocks		32,583	2,200
Debtors	10	7,267,574	8,988,770
Cash at bank and in hand		805,567	5,488,683
		8,105,724	14,479,653
CREDITORS: amounts falling due within one year	11	(3,768,139)	(11,352,429)
NET CURRENT ASSETS		4,337,585	3,127,224
TOTAL ASSETS LESS CURRENT LIABILITIES		5,390,954	3,764,865
PROVISIONS FOR LIABILITIES	12	(1,297,428)	-
NET ASSETS		4,093,526	3,764,865
CAPITAL AND RESERVES			
Called up share capital	13	23,501	23,501
Profit and loss account	14	4,070,025	3,741,364
SHAREHOLDERS' FUNDS	14	4,093,526	3,764,865

The financial statements of Liquid Telecommunications Limited, registered number 4946019, were approved by the Board of Directors and authorised for issue on 1 July 2010

Signed on behalf of the Board of Directors



N T Rudnick
Director

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company's business activities, together with factors likely to affect future development, performance and position are set out in the Directors' Report on pages 2 and 3, including exposure to credit risk, cash flow risk and liquidity risk. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to continue to operate for the foreseeable future and manage its business risks despite the current uncertain economic outlook.

Based on this and the available liquidity position of the company, the directors believe the company can continue to trade and meet its liabilities as they fall due for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Cash flow statement

The company is a wholly owned subsidiary of Liquid Telecommunications Holdings Ltd, a company incorporated in Mauritius. The ultimate parent is Econet Wireless Global Limited a company incorporated in Mauritius, which heads the largest group into which the results are consolidated. Consequently, the company has taken advantage of the exemption of preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Turnover from the rental of bandwidth is recognised evenly over the period to which the charge relates. Turnover arising from the interconnection of voice traffic between other telecommunication operators is recognised at the time of transit across the company's network.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date.

Exchange rate differences arising from the translation of foreign currency assets or liabilities are recognised in the profit and loss account in the period in which they occur.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is charged on tangible fixed assets at the following rates per annum which are designed to write off their costs over their estimated useful lives:

Computer equipment	-	33% - 50%
Furniture and fittings	-	17%
Short term leasehold improvements	-	20%
Satellite equipment	-	20%
Switching equipment	-	20%

Pension costs

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

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

1. ACCOUNTING POLICIES (continued)

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 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 and liabilities are not discounted.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

2. TURNOVER AND SEGMENTAL REPORTING

Turnover represents the value of goods sold net of VAT from the company's principal activities of international traffic routing.

The directors consider segmental reporting disclosure to be seriously prejudicial to the interests of the entity on the grounds that this will give competitors vital information when the company is still in its early growth years.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £	2009 £
Directors' emoluments:		
Emoluments	560,706	307,256
Money purchase pension scheme contributions	24,446	13,379
	<u>585,152</u>	<u>320,635</u>

Two (2009 - one) directors are members of a money purchase pension scheme.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2010 £	2009 £
Highest paid director		
Emoluments	418,640	307,256
Money purchase pension scheme contributions	21,260	13,379
	<u>439,900</u>	<u>320,635</u>
Average monthly number of persons employed including directors.	No	No
Technical	10	7
Administration	14	13
	<u>24</u>	<u>20</u>
	£	£
Staff costs, including directors, comprised:		
Wages and salaries	2,205,924	1,576,101
Social security costs	224,267	221,907
Pension costs	33,047	24,924
	<u>2,463,238</u>	<u>1,822,932</u>

4. OTHER OPERATING INCOME

	2010 £	2009 £
Management fees received from group undertakings	<u>1,892,320</u>	<u>179,726</u>

5. NET FINANCE INCOME

	2010 £	2009 £
Interest receivable and similar income comprises		
Bank interest receivable	1,635	35,357
Interest receivable from group companies	68,724	148,736
	<u>70,359</u>	<u>184,093</u>
Interest payable and similar charges comprises		
Bank interest payable	12,413	-
On amounts payable to group companies	25,559	75,900
	<u>37,972</u>	<u>75,900</u>
Finance income (net)		
Interest payable and similar charges	(37,972)	(75,900)
Interest receivable and similar income	70,359	184,093
	<u>32,387</u>	<u>108,193</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £	2009 £
Profit on ordinary activities before taxation is stated after charging (crediting):		
Depreciation on tangible fixed assets	559,790	423,863
Profit on sale of tangible fixed assets	(7,989)	-
Foreign exchange loss (gain)	733,838	(1,504,192)
Exceptional penalty charges	-	700,360
Operating lease rentals - other	534,241	882,775
The analysis of auditors' remuneration is as follows		
Fees payable to the company's auditors for the audit of the company's annual accounts	52,500	57,500
Non audit fees		
Tax services	136,045	56,875
Other services	1,360	1,158

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
Current tax		
UK corporation tax at 28% (2009 - 28%)	285,573	882,718
Adjustment in respect of prior periods	(21,871)	-
	<u>263,702</u>	<u>882,718</u>
Deferred tax		
Origination and reversal of timing differences	(42,884)	165,791
Adjustment in respect of prior periods	(13,368)	-
	<u>(56,252)</u>	<u>165,791</u>
Total deferred tax		
	<u>(56,252)</u>	<u>165,791</u>
Total tax on profit on ordinary activities	<u>207,450</u>	<u>1,048,509</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the financial year, based on a weighted average of the UK standard rate of corporation tax is 28% (2009 - 28 17%) The actual tax charge for the current and preceding year differs from the standard rate for the reasons explained below

	2010 £	2009 £
Profit on ordinary activities before tax	536,111	4,008,495
Tax at 28% (2009 - 28 17%) thereon	150,111	1,129,193
Effects of		
Expenses not deductible for tax purposes	93,183	68,993
Capital allowances in deficit of depreciation	42,279	40,931
Utilisation of tax losses	-	(207,923)
Group relief not paid for	-	(148,476)
Adjustment in respect of prior periods	(21,871)	-
Current tax charge	263,702	882,718

The amount of deferred taxation asset provided in the accounts is as follows

	2010 £	2009 £
Recognised deferred tax asset		
Capital allowances in excess of depreciation	131,689	75,438
The movement on deferred tax is as follows		
Provision at start of year	75,437	241,229
Deferred tax credit (charge) in profit and loss account	42,884	(165,791)
Adjustment in respect of prior periods	13,368	-
Provision at end of year	131,689	75,438

Deferred tax has been recognised on the grounds that it is deemed more likely than not that the company will make taxable profits in the future against which these brought forward losses and timing differences will be reversed

A deferred tax asset has not been recognised in respect of losses transferred into the company from Econet Satellite Services Limited during and subsequently carried forward as there is insufficient evidence that the asset will be recovered The amount of the unrecognised asset at 28 February 2010 is £11,106 (2008 - £nil)

8. DIVIDENDS

	2010 £	2009 £
Amounts recognised as distributions to equity holders in the period		
Dividend for the year ended 28 February 2010 of £nil (2009 - £95 84) per share	-	4,504,778

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

9. TANGIBLE FIXED ASSETS

	Switching equipment £	Satellite equipment £	Computer equipment £	Furniture and fittings £	Short term leasehold improvements £	Total £
Cost						
At 1 March 2009	934,022	1,523,073	463,541	94,962	321,936	3,337,534
Additions	46,834	429,601	493,008	-	6,075	975,518
Disposals	-	-	(8,641)	-	-	(8,641)
At 28 February 2010	980,856	1,952,674	947,908	94,962	328,011	4,304,411
Accumulated depreciation						
At 1 March 2009	688,227	1,394,460	344,036	74,759	198,411	2,699,893
Charge for the year	130,829	196,482	180,690	15,368	36,421	559,790
Disposals	-	-	(8,641)	-	-	(8,641)
At 28 February 2010	819,056	1,590,942	516,085	90,127	234,832	3,251,042
Net book value						
At 28 February 2010	161,800	361,732	431,823	4,835	93,179	1,053,369
At 28 February 2009	245,795	128,613	119,505	20,203	123,525	637,641

10. DEBTORS

	2010 £	2009 £
Trade debtors	2,242,645	4,300,628
Amounts owed by group undertakings	4,676,816	4,218,458
Prepayments and accrued income	164,354	119,527
Deferred tax (note 7)	131,689	75,438
Other debtors	52,070	274,719
	<u>7,267,574</u>	<u>8,988,770</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	398,241	906,550
Amounts owed to group undertakings	1,380,330	5,001,632
Corporation tax payable	156,110	276,409
Accruals and deferred income	1,833,458	5,167,838
	<u>3,768,139</u>	<u>11,352,429</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

12. PROVISIONS FOR LIABILITIES

	£
At 1 March 2009	-
Transferred from group company (note 15)	1,297,428
	<u>1,297,428</u>
At 28 February 2010	<u>1,297,428</u>

The provision at the year end relates to a legal claim for unpaid satellite bandwidth rental by a third party of £1,297,428 (2009 - £nil). The liability was transferred from fellow group company Econet Satellite Services Limited on 28 February 2010 at book value. The time when this provision will crystallise had not been determined at the balance sheet date.

13. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised		
100,000 ordinary shares of 50p each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid		
47,002 ordinary shares of 50p each	<u>23,501</u>	<u>23,501</u>

14. RECONCILIATION OF MOVEMENTS IN RESERVES IN SHAREHOLDERS' FUNDS AND RESERVES

	Called up share capital £	Profit and loss account £	Total 2010 £	Total 2009 £
Balance at 1 March 2009	23,501	3,741,364	3,764,865	5,309,657
Profit for the financial year	-	328,661	328,661	2,959,986
Dividends paid (note 8)	-	-	-	(4,504,778)
	<u>23,501</u>	<u>4,070,025</u>	<u>4,093,526</u>	<u>3,764,865</u>
Balance at 28 February 2010	<u>23,501</u>	<u>4,070,025</u>	<u>4,093,526</u>	<u>3,764,865</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

15. TRANSFER OF ASSETS FROM FELLOW GROUP COMPANY

On 28 February 2010 the remaining assets and liabilities of Econet Satellite Services Limited, a fellow group company, were transferred to the company at their carrying value. Econet Satellite Services Limited was subsequently dissolved on 2 March 2010.

The following table sets out the book values of the identifiable assets and liabilities at the date of transfer

	£
Tangible fixed assets	1,000
Debtors	30,628
Accruals	(52,016)
Provisions (note 12)	(1,297,428)
	<u>(1,317,816)</u>
Satisfied by	
Reduction in amounts owed to group undertakings	<u>(1,317,816)</u>

The directors consider that the book values of the assets and liabilities transferred approximate to their fair values.

Econet Satellite Services Limited earned a profit after taxation of £251,643 for the year ended 28 February 2010, which arose from writing off amounts owed to group undertakings.

16. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Between two to five years	-	350,888	-	659,167
After five years	135,000	-	135,000	-
	<u>135,000</u>	<u>350,888</u>	<u>135,000</u>	<u>659,167</u>

17. RELATED PARTY BALANCES

The company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2010

18. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius, which also heads the smallest group into which the results of the company are consolidated. Econet Wireless Group Limited, a Mauritius registered corporation, is the ultimate parent company and heads the largest group into which the results of the company are consolidated

Copies of the group financial statements of Liquid Telecommunications Holdings Limited (incorporated in Mauritius) can be obtained from

Liquid Telecommunications Holdings Limited
4th Floor
IBL House
Caudan
Port Louis
Mauritius

Mr S Masiyiwa, a director of the company, is also the ultimate controlling party