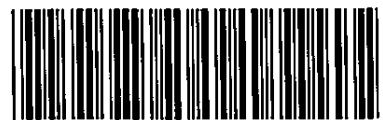


Symphony Telecom Holdings Limited

Financial Statements

Year ended 31 March 2008

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COMPANIES HOUSE

Company Registration No. 5405982

C O N T E N T S

Directors' report	1
Independent auditors' report to the members of Symphony Telecom Holdings Limited	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

Symphony Telecom Holdings Limited

DIRECTORS' REPORT

For the year ended 31 March 2008

The Directors submit their report and the audited financial statements of Symphony Telecom Holdings Limited ("STHL") ("the Company") for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was that of an intermediate holding company with a small number of expenses relating to the provision of group related activities.

REVIEW OF BUSINESS

The loss for the year was £1,694,670 (2007: £393,606). On 18 July 2006 100% of the share capital of the Company was acquired by Redstone plc. As a result costs relating to the sale and management exit bonuses were incurred at that time along with administrative costs.

FINANCIAL RISK MANAGEMENT

The Company's main financial risk is liquidity risk. The Company reviews its liquidity risk on a regular basis and is managed as part of the Redstone plc Group.

The Redstone plc Group has banking facilities in place which are secured through fixed and floating charges over the Company and all property and assets of the Redstone plc group, of which the Company is a member.

RESULTS AND DIVIDENDS

The loss for the year was £1,694,670 (2007: £393,606). Dividends paid during the year were £nil (2007: £nil). Dividends received from other group companies during the year amounted to £nil (2007: £1.8 million).

KEY PERFORMANCE INDICATORS

The Directors manage the group on a divisional basis. For this reason the Company Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Company is included in the Group's annual report which is publicly available.

DIRECTORS

The following directors held office during the year and up to the date of signing the financial statements:

T Perks
M Balaam

PAYMENTS TO CREDITORS

Due to the non-trading nature of STHL there were no trade creditors on the balance sheet at 31 March 2008 (2007: nil)

Symphony Telecom Holdings Limited
DIRECTORS' REPORT
For the year ended 31 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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). The financial statements are required by law to 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As far as the Directors are aware there is no information relevant to the audit of which the Company's auditors are unaware and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any such relevant information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On Behalf of the Board



T Perks
Director

28 January 2009

Symphony Telecom Holdings Limited

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SYMPHONY TELECOM HOLDINGS LIMITED

For the year ended 31 March 2008

We have audited the financial statements of Symphony Telecom Holdings Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 judgments 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 March 2008 and of its loss 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 January 2009

Symphony Telecom Holdings Limited
PROFIT AND LOSS
For the year ended 31 March 2008

	Note	2008 £	2007 £
Administrative expenses before exceptional items	2	(1,150,750)	(112,539)
Exceptional items		-	(1,417,481)
Net administrative expenses		<u>(1,150,750)</u>	<u>(1,530,020)</u>
OPERATING PROFIT/(LOSS)		<u>(1,150,750)</u>	<u>(1,530,020)</u>
Income from fixed asset investments		-	1,800,000
Net interest payable	5	(498,920)	(663,586)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(1,649,670)</u>	<u>(393,606)</u>
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR	12,13	<u>(1,649,670)</u>	<u>(393,606)</u>

The loss for the year arises from the Company's continuing operations.

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

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Symphony Telecom Holdings Limited

BALANCE SHEET

As at 31 March 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investments	7	<u>18,516,094</u>	<u>19,722,094</u>
CURRENT ASSETS			
Debtors	8	441,792	634,771
Cash at bank and in hand		<u>2,606</u>	<u>2,606</u>
		<u>444,398</u>	<u>637,377</u>
CREDITORS: amounts falling due within one year	9	(599,762)	(1,624,658)
NET CURRENT LIABILITIES		<u>(155,364)</u>	<u>(987,281)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,360,730	18,734,813
CREDITORS: amounts falling due after more than one year	9	(7,887,729)	(6,612,142)
NET ASSETS		<u>10,473,001</u>	<u>12,122,671</u>
CAPITAL AND RESERVES			
Called up share capital	11	10,282,390	10,282,390
Share premium account	12	3,349,311	3,349,311
Profit and loss account	12	(3,158,700)	(1,509,030)
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	<u>10,473,001</u>	<u>12,122,671</u>

The financial statements on pages 4 to 11 were approved by the Board on its behalf by:

28 January 2009

and signed on



T Perks
Director

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

1) ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the going concern basis and under the historical cost convention in accordance with The Companies Act 1985 and applicable Accounting Standards in the United Kingdom.

The principal accounting policies adopted by the Company and applied consistently throughout the year, are described below.

GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Redstone plc. The directors have received confirmation that Redstone plc intend to support the company for at least one year after these financial statements are signed.

The Redstone Group is forecasting that it should be able to operate within the level of its banking facilities. However, given the change in the macro economic climate, the group felt it prudent to enter into negotiations with its bankers to ensure that its facilities and covenants are appropriate if there are any further downturns. It has received a positive response from its bankers, has agreed outline terms and expects to conclude a revised facility agreement within the next few weeks.

INVESTMENTS

Long-term investments, held as fixed assets, are stated at cost less provision for any impairment in value.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Redstone plc, whose accounts are publicly available.

CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Redstone plc. The cash flows of the Company are included in the consolidated cash flow statement of Redstone plc which are publicly available. Consequently the Company is exempt under the terms of FRS1 'Cash flow statements' (revised 1996) from publishing a cash flow statement.

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

CONSOLIDATION

The financial statements contain information about Symphony Telecom Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Redstone plc, a Company incorporated in England and Wales.

EXCEPTIONAL ITEMS

The company classifies as exceptional, items that are considered to be one-off, incremental, and usually arise from corporate transactions and related restructuring. In respect of redundancy, staff costs are classified as exceptional from the end of the consultation period. Items classified as exceptional in the year include aborted transaction costs.

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

2) NET OPERATING EXPENSES	2008	2007
	£	£
Administrative expenses	1,150,750	112,539
Exceptional items	-	1,417,481
	<u>1,150,750</u>	<u>1,530,020</u>

The exceptional items incurred in 2007 consist of costs relating to the sale of Symphony Telecoms Holdings plc to Redstone plc on 18 July 2006. Such costs include management exit bonuses and related costs.

3) LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2008	2007
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors remuneration – audit services	-	10,000
	<u>-</u>	<u>10,000</u>

Auditors remuneration has been borne in full by other members of the Redstone plc Group.

4) EMPLOYEES' AND DIRECTORS' EMOLUMENTS

The Company does not have employees other than Directors in either year ended 31 March 2008 or 2007. Costs associated with staffing and costs associated with non-executive Directors have been incurred as a result of the acquisition by Redstone plc. Since the date of acquisition no Directors have received any emoluments in respect of their services to the company.

Staff costs:	2008	2007
	£	£
Wages and salaries	-	958,750
Social security costs	-	103,800
	<u>-</u>	<u>1,062,550</u>

Wages and salaries in 2007 were made up of bonuses paid to STHL senior management on sale of the business to Redstone plc.

DIRECTORS' REMUNERATION	2008	2007
	£	£
Aggregate emoluments	<u>-</u>	<u>1,062,550</u>

5) NET INTEREST PAYABLE	2008	2007
	£	£
Bank interest receivable	-	21,968
Interest payable on loan notes	(286,570)	(293,927)
Bank interest payable	-	(145,067)
Amortisation & other financing costs	(212,350)	(246,560)
Net interest payable	<u>(498,920)</u>	<u>(663,586)</u>

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

6) TAXATION	2008	2007
	£	£
UK corporation tax at 30% (2007: 30%)	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008	2007
	£	£
Loss on activities before taxation	(1,649,670)	(393,606)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2007: 30%)	(494,901)	(118,082)
Effect of non-deductible expenses	494,901	408,669
Income not subject to taxation	-	(540,000)
Increase in unrecognised deferred tax asset	-	177,622
Effect of group relief and utilisation of losses brought forward	-	71,791
Total current tax for the period	-	-

At 31 March 2008 the Company had accumulated UK tax losses of £2,130,439 (2007: £2,130,439) available to offset against future trading profits. No deferred tax asset has been recognised in respect of these losses as the Directors do not believe it is more likely than not that the asset will be recoverable against future profits (see note 10).

7) INVESTMENTS	£
Shares in subsidiary undertakings:	
1 April 2007	19,722,094
Impairment	(1,206,000)
31 March 2008	18,516,094

The impairment in the period relates to investments in Anglia Telecom Limited of £1,183,000 and Anglia Netherlands of £23,000.

The Company holds 100% of the equity of the following undertakings:

Subsidiary undertakings:	Country of Incorporation	Proportion of nominal value of voting shares held
Symphony Telecom Limited	England & Wales	100%
Anglia Telecoms Centres Limited	England & Wales	100%

All companies operate principally in their country of incorporation and their principal activity is the provision of telecommunications services.

The Directors reviewed the carrying value of investments in the balance sheet against the recoverable amounts based on a value in use calculation. In the opinion of the Directors there is no impairment of investments in the year.

The directors believe that the book value of investments is supported by their underlying net assets.

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

8) DEBTORS	2008	2007
	£	£
Amounts owed by group undertakings	441,792	634,771
	<u>441,792</u>	<u>634,771</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

9) CREDITORS: Amounts falling due within one year	2008	2007
	£	£
Trade creditors	-	44,908
Eckoh loan	500,000	1,500,000
Accruals and deferred income	99,762	79,750
	<u>599,762</u>	<u>1,624,658</u>

The Eckoh loan £500,000 is repayable by 21 June 2008.

9) CREDITORS: Amounts falling due after more than one year	2008	2007
	£	£
Amounts owed to group undertakings	5,187,729	3,314,650
Eckoh loan	2,700,000	3,297,492
	<u>7,887,729</u>	<u>6,612,142</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

The Eckoh loan falling due after one year is repayable as follows: £1,000,000 by 21 June 2009 with the balance due by the loan termination date of 21 June 2010. Interest is payable on the full balance at 0.5% above Barclays bank base rate.

10) DEFERRED TAX	2008	2007
	£	£
Total unprovided amounts of deferred tax are as follows:		
Tax losses carried forward	<u>596,523</u>	<u>596,523</u>

No deferred tax asset has been recognised in respect of these losses as the Directors do not believe it is more likely than not that the asset will be recoverable against future profits.

Symphony Telecom Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

11) SHARE CAPITAL	2008	2007
	£	£
Authorised:		
2,017,600,000 (2007: 2,017,600,000) ordinary shares of 2 pence each	40,352,000	40,352,000
20,100,000 (2007: 20,100,000) deferred shares of 48 pence each	9,648,000	9,648,000
	<u>50,000,000</u>	<u>50,000,000</u>
Allotted, issued and fully paid		
31,719,513 (2007: 31,719,513) ordinary shares of 2 pence each	634,390	634,390
20,100,000 (2007: 20,100,000) deferred shares of 48 pence each	9,648,000	9,648,000
	<u>10,282,390</u>	<u>10,282,390</u>

12) RESERVES	Share Premium Reserve	Profit and Loss account
	£	£
1 April 2007	3,349,311	1,509,030
Loss for the year	-	1,649,670
31 March 2008	<u>3,349,311</u>	<u>3,158,700</u>

13) RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2008	2007
	£	£
Loss for the year	(1,649,670)	(393,606)
Increase in share capital	-	12,439
Opening equity shareholders' funds	12,122,671	12,503,838
Closing equity shareholders' funds	<u>10,473,001</u>	<u>12,122,671</u>

14) ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling party is Redstone plc which is registered in England and Wales. Copies of the annual accounts of Redstone plc can be obtained from Redstone plc, 80 Great Eastern Street, London, EC2A 3RS.

15) CONTINGENT LIABILITIES

The Redstone plc Group has banking facilities in place which are secured through charges over the property and assets of the Group, of which the Company is a member. The company is contingently liable for cross guarantees entered into in connection with the Group's banking facility, under which an amount of £26.6m was drawn down at 31 March 2008.