

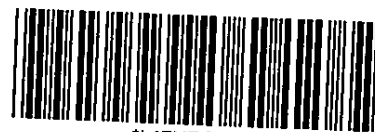
Registered number: 05887559

MOUCHEL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

MONDAY



L17XFGQ3

LD6

30/04/2012

#94

COMPANIES HOUSE

MOUCHEL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011
CONTENTS

	Page(s)
Company information	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 19

MOUCHEL HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

R H Harris
A J E Massie
P England
G Rumbles

COMPANY SECRETARIES

A J E Massie
C Sjogren
C A Shaw

COMPANY NUMBER

05887559

REGISTERED OFFICE

Export House
Cawsey Way
Woking
GU21 6QX

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

MOUCHEL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2011

The Directors present their annual report and the financial statements for the year ended 31 July 2011

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company within Mouchel Group plc

BUSINESS REVIEW

During the year the Board concluded that as a result of further losses for the Mouchel Group plc and a substantial reduction in the Group's share price that the carrying value of the Company's investments in its subsidiaries required impairment. As such, the Company impaired its investments in Mouchel Limited by £145,000,000, Mouchel Management Consulting Limited by £41,300,000 and Mouchel Ireland Limited by £187,000 (see note 8)

KEY PERFORMANCE INDICATORS

The directors of Mouchel Group plc, the ultimate parent, manages the operations of Mouchel Group plc, its subsidiaries and associated undertakings ("the group") on a divisional basis. For this reason, and given the nature of the Company's activities, the Directors believe that Key Performance Indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £188,752,000 (2010 loss £102,894,000). The loss for the year includes impairment charges of £186,487,000 (2010 £98,162,000) as set out in note 8.

The Directors do not recommend the payment of a dividend for the year (2010 £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties of the company, including financial risk management, are integrated with the principal risks of the Group and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 24 - 27 of the Mouchel Group plc 31 July 2011 annual report, which does not form part of this report.

FUTURE DEVELOPMENTS

The Company will continue to be a holding company within Mouchel Group plc.

The Directors have considered the state of the Company's affairs and are of the opinion that future dividends receivable from its cash and profit generating subsidiaries will strengthen reserves.

MOUCHEL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2011

DIRECTORS

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

R H Cuthbert (resigned 5 October 2011)
R H Harris (appointed 17 June 2011)
A J E Massie
D Tilston (appointed 13 September 2010 & resigned 17 June 2011)
K A Young (resigned 31 August 2010)
J T Measures (resigned 20 August 2010)
P England (appointed 6 October 2011)
G Rumbles (appointed 21 November 2011)

DIRECTORS INDEMNITIES

The Company is a wholly owned subsidiary of Mouchel Group plc who has maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy, which includes a qualifying 3rd party indemnity provision, as permitted by section 234 of the Companies Act 2006. The policy has been in place for the whole financial year and up to the date of signing the accounts.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 judgments and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

MOUCHEL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2011

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.

GOING CONCERN

The financial statements are prepared on the going concern basis. Although the Company is in a net current liability position and is loss making due to investment impairments made in the year, the Directors believe that the Company has adequate resources through its ability to borrow amounts under the Group's external borrowing facility (see note 16) and support from the ultimate parent company (see note 19) to continue in operational existence for the foreseeable future, being at least twelve months from the signing of these accounts.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf



A J E Massie
Director

Date 25/4/12

MOUCHEL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUCHEL HOLDINGS LIMITED

We have audited the financial statements of Mouchel Holdings Limited for the year ended 31 July 2011, which comprise the Profit and Loss account, Balance Sheet and the related notes set out on pages 7 to 19. 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 Directors' responsibilities statement as set out on page 3, 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 31 July 2011 and of its loss 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.

MOUCHEL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUCHEL HOLDINGS LIMITED

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


John Waters (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
1 Embankment Place
London

WC2N 6RH

Date 25 April 2012

MOUCHEL HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2011**

	Note	2011 £000	2010 £000
Exceptional administrative expenses	3	<u>(186,487)</u>	<u>(98,162)</u>
OPERATING LOSS	2	(186,487)	(98,162)
Interest receivable and similar income	5	367	370
Interest payable and similar charges	6	<u>(2,632)</u>	<u>(5,102)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(188,752)	(102,894)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	14	<u>(188,752)</u>	<u>(102,894)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account and therefore no separate statement of total recognised gains or losses has been presented

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

The notes on pages 9 to 19 form part of these financial statements

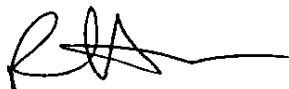
MOUCHEL HOLDINGS LIMITED
REGISTERED NUMBER: 05887559

BALANCE SHEET
AS AT 31 JULY 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Investments	8		170,610		357,097
CURRENT ASSETS					
Debtors amounts falling due after more than one year	9	-		59	
Debtors amounts falling due within one year	9	23,158		26,122	
		<u>23,158</u>		<u>26,181</u>	
CREDITORS , amounts falling due within one year	10	(123,006)		(87,939)	
NET CURRENT LIABILITIES			<u>(99,848)</u>		<u>(61,758)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>70,762</u>		<u>295,339</u>
CREDITORS : amounts falling due after more than one year	11		(35,153)		(70,978)
NET ASSETS			<u><u>35,609</u></u>		<u><u>224,361</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		2,969		2,969
Share premium account	14		439,970		439,970
Profit and loss account	14		<u>(407,330)</u>		<u>(218,578)</u>
SHAREHOLDERS' FUNDS	15		<u><u>35,609</u></u>		<u><u>224,361</u></u>

The notes on pages 9 to 19 form part of these financial statements

The financial statements on pages 7 to 19 were approved by the Board of Directors on 25 April 2012 and were signed on its behalf by



R H Harris
Director

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and on the going concern basis. Although the Company is in a net current liability position and is loss making due to investment impairments made in the year, the Directors believe that the Company has adequate resources through its ability to borrow amounts under the Group's external borrowing facility (see note 16) and support from the ultimate parent company (see note 19) to continue in operational existence for the foreseeable future, being at least twelve months from the signing of these accounts.

The Company is a wholly-owned subsidiary of Mouchel Group plc, a company incorporated in England and Wales, and is included in its consolidated financial statements which are publicly available. The Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. Consequently, the financial statements present information about the Company as an individual undertaking only.

1.2 Cash flow statement

A cash flow statement as required by FRS 1 'Cash flow statements' (Revised 1996) has not been prepared as the Company is a wholly owned subsidiary of Mouchel Group plc, a company incorporated in England and Wales. The Company is exempt on the grounds that the ultimate parent company, whose accounts are publicly available, includes the Company's cash flows in its own published consolidated cash flow statement.

1.3 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 substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more 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 recognised 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 substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

1. ACCOUNTING POLICIES (continued)

1.4 Interest receivable

Interest receivable arose on amounts owed by group undertakings arising in the normal course of business. Interest receivable is accrued for as it falls due.

1.5 Interest payable and similar charges

Interest payable arose on intercompany loan notes and on amounts owed to group undertakings arising in the normal course of business. Interest payable is accrued for as it falls due.

Finance expenses arose during the prior year in respect of a discounted intercompany convertible loan note held by the Company.

1.6 Financial instruments

Financial instruments comprise debtors and creditors arising from financial activities. The Mouchel Group policy is to manage the financial instruments centrally to provide both the working capital and the investment funds necessary for ongoing operations and future development.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(a) Debtors

Debtors represent amounts owed by from group undertakings.

(b) Creditors

Creditors represent amounts owed to group undertakings.

(c) Financial assets and liabilities including investments

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

1.7 Financial risk management

The Company is exposed to risks arising from variations in interest rates, credit and liquidity. The Mouchel Group finance department manages these risks within a defined set of policies and procedures laid down by the parent company Board. The policy for managing these risks is set out in note 12.

1.8 Investments

Investments in subsidiaries are stated at cost less provisions for impairment. At each balance sheet date, the Company reviews the carrying amount of its investments to determine whether there is any indication that the assets have suffered an impairment loss. Whenever there is an indication that the asset may be impaired an impairment loss is recognised immediately in the profit and loss account unless the investment is carried at the revalued amount. The reversal of an impairment loss is recognised immediately in the profit and loss account to the extent that the original impairment loss was recognised in the profit and loss account.

MOUCHEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

2. OPERATING LOSS

The operating loss for the year is stated after investment impairment charges of £186,487,000 (2010 £98,162,000) See note 8 for further details

Audit fees of £5,000 (2010 £5,000) were borne by another Group company, Mouchel Limited, and have not been recharged

3. EXCEPTIONAL ITEMS

	2011 £000	2010 £000
Impairment of investments in subsidiaries	186,487	98,162

During the year, the Company impaired its investments in subsidiaries by £186,487,000 (2010 £98,162,000) See note 8 for further details

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the year (2010 none)

The Directors did not receive any emoluments in respect of services to the Company (2010 £nil) R H Cuthbert, D Tilston and K A Young were employed by the ultimate parent company, Mouchel Group plc, and their remuneration was borne by that company A J E Massie, R H Harris and J T Measures were employed by another group company Mouchel Limited Total emoluments paid by the Group to R H Cuthbert, D Tilston, K A Young, A J E Massie, R H Harris and J T Measures was £1,196,000 (2010 £1,059,000) including payments in lieu of notice of £284,000 (2010 £nil)

Two of the Directors who served during the financial year are accruing retirement benefits under defined benefit schemes (2010 two)

One director (2010 two) exercised share options during the year

5. INTEREST RECEIVABLE

	2011 £000	2010 £000
Interest receivable from group companies	367	370

MOUCHEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	<i>2010</i>
	£000	<i>£000</i>
Interest payable on amounts owed to group undertakings	11	11
Interest payable on intercompany loan notes	2,621	2,621
Finance charge payable on intercompany loan notes	-	2,470
	<u>2,632</u>	<u>5,102</u>

7. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 27.33% (2010 - 28%). The differences are explained below

	2011	<i>2010</i>
	£000	<i>£000</i>
Loss on ordinary activities before tax	<u>(188,752)</u>	<u>(102,894)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.33% (2010 - 28%)	(51,586)	(28,810)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	50,967	27,485
Unrelieved tax losses carried forward	619	-
Group relief	-	1,325
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

MOUCHEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

7 TAXATION (continued)**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 27.33% and will be taxed at 26% in the future. A number of further changes to the UK Corporation tax system were announced in the March 2011 Budget Statement. Further reductions to the main rate of corporation tax were proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. Apart from the reduction to 25% from 1 April 2012, these further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

In the March 2012 Budget Statement, further reductions to the main rate of corporation tax are proposed to reduce the rate to 24% by 1 April 2012, 23% by 1 April 2013 and 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Deferred tax

Unrecognised deferred tax assets in relation to trading losses total £566,000 (2010: £nil). This asset will be recognised should the Company generate sufficient profits.

8 INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 1 August 2010 and 31 July 2011	480,454
Impairment	
At 1 August 2010	123,357
Charge for the year	186,487
At 31 July 2011	309,844
Net book value	
At 31 July 2011	170,610
At 31 July 2010	357,097

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

8 INVESTMENTS (continued)

In 2011 the Board concluded that as a result of further losses for the Mouchel Group plc in the year and a substantial reduction in the Group's share price that the carrying value of the Company's investments in its subsidiaries required impairment. As such, the Company impaired its investments in Mouchel Limited by £145,000,000, Mouchel Management Consulting Limited by £41,300,000 and Mouchel Ireland Limited by £187,000.

On 31 July 2010 the Company impaired its investments in Mouchel Traffic Support Limited (MTSL) by £23,200,000 following the transfer of MTSL's trade and assets/liabilities to Mouchel Limited at net book value as part of the Group's restructure. In addition, as a result of the annual impairment review in the year ended 31 July 2010, the Company impaired its investment in Mouchel Limited by £75,000,000.

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Country of incorporation	Class of shares	Holding
Mouchel Limited	UK	Ordinary	100%
Mouchel Ireland Limited	Republic of Ireland	Ordinary	100%
Mouchel Rail Limited	UK	Ordinary	100%
Mouchel International (Jersey) Limited	Jersey	Ordinary	100%
Mouchel Ewan Limited	UK	Ordinary	100%
Parkman Consultants Limited	UK	Ordinary	100%
Mouchel Traffic Support Limited	UK	Ordinary	100%
Mouchel Gel Limited	UK	Ordinary	100%
Atkins Odlin Consulting Engineers Limited	UK	Ordinary	100%
Mouchel Business Services Limited	UK	Ordinary	100%
Mouchel Management Consulting Limited	UK	Ordinary	100%

The principal activities of the subsidiaries is the provision of professional, technical services, business process outsourcing, consulting services and support to clients mainly in the public sector and regulated industries.

The Directors believe that the book value of investments is supported by their underlying net assets or the net present value of future cashflows.

The Company is party to a 50/50 joint venture in MPHBS Limited with Mouchel Business Services Limited, a company which it acquired in 2008, it therefore holds 100% of the joint venture.

The Company is party to 50/50 joint ventures with Babcock Support Services Limited in Mouchel Babcock Education Investments Limited (MBEIL) (50%) and Mouchel Babcock Education Services Limited (MBES) (50%). Both companies are incorporated in England and Wales. The results of the joint ventures are not contained in the financial statements of Mouchel Holdings Limited but are included in the consolidated Group results.

MOUCHEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

9. DEBTORS

	2011 £000	<i>2010 £000</i>
Due after more than one year		
Amounts owed by undertakings in which the company has a participating interest	-	59
	<u> </u>	<u> </u>
	2011 £000	<i>2010 £000</i>
Due within one year		
Amounts owed by group undertakings	47,493	50,793
Impairment provision of intercompany loan	(24,671)	(24,671)
Amounts owed by undertakings in which the company has a participating interest	336	-
	<u> </u>	<u> </u>
	23,158	<i>26,122</i>
	<u> </u>	<u> </u>

Amounts owed by group undertakings include £26,500,000 (2010 £24,671,000) of intercompany loans. The loans are unsecured, repayable on demand and interest is charged at a rate of 1.0% above the official Bank of England rate. All other amounts are unsecured, repayable on demand and non-interest bearing.

The impairment provision relates to amounts owed by Mouchel International (Jersey) Limited's Dubai Branch.

10. CREDITORS: amounts falling due within one year

	2011 £000	<i>2010 £000</i>
Amounts owed to group undertakings	123,006	87,939
	<u> </u>	<u> </u>
	123,006	<i>87,939</i>
	<u> </u>	<u> </u>

Amounts owed to group undertakings include £36,012,000 of intercompany loans. The loans are unsecured, repayable on demand and interest is charged at a rate ranging between 2.88% and 6.0% above the official Bank of England rate. All other amounts are unsecured, repayable on demand and non-interest bearing.

11. CREDITORS: amounts falling due after more than one year

	2011 £000	<i>2010 £000</i>
Amounts owed to group undertakings	35,153	70,978
	<u> </u>	<u> </u>

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

11. CREDITORS: amounts falling due after more than one year (continued)

Following the Group restructure on 1 August 2006 a discounted convertible loan note (DCLN) of £299,038,430 was issued with Mouchel Finance Limited. On 31 July 2008 the conditions were met to mandatorily convert the DCLN which, including accrued interest of £5,249,107, had a value at conversion of £304,287,537. This converted into 3,398,569 irredeemable preference shares with a value of £269,134,587 and a new intercompany loan of £35,152,950 with Mouchel Finance Limited. The loan is unsecured and interest is charged at 2.88% above the official Bank of England base rate.

On 22 January 2009, following redemption of the ICLN to Mouchel Finance Limited of £35,825,000, a new intercompany loan was issued to Mouchel Finance Limited for £35,825,000. The loan is unsecured and interest is charged at 3.5% above the official Bank of England base rate.

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to risks arising from variations in interest rates, credit and liquidity.

Interest rate risk

The Company is owed and owes money via intercompany loan notes and these are subject to variable rate interest charges. The Company does not undertake hedging or complex financial instruments to mitigate this risk.

Credit risk

Those risks relating to credit are relatively low as they are all due from other group companies, all of whom are owned 100% by the ultimate parent company.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's trading businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

Details of the Company's credit facilities and the amendments on 29 November 2011 to avoid a breach of the banking covenants are disclosed in note 16.

MOUCHEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

13 CALLED UP SHARE CAPITAL

	2011 £000	<i>2010 £000</i>
Authorised		
106,500,000 Ordinary shares of £1 each	106,500	106,500
350,000,000 Preference shares of £0 01 each	3,500	3,500
45,000,000 B preference shares of £0 01 each	450	450
	<hr/> 110,450 <hr/>	<hr/> 110,450 <hr/>
Allotted and fully paid		
2,935,304 Ordinary shares of £1 each	2,935	2,935
3,398,600 Preference shares of £0 01 each	34	34
	<hr/> 2,969 <hr/>	<hr/> 2,969 <hr/>

14. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 August 2010	439,970	(218,578)
Loss for the financial year	-	(188,752)
	<hr/> 439,970 <hr/>	<hr/> (407,330) <hr/>

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £000	<i>2010 £000</i>
Opening shareholders' funds	224,361	222,867
Loss for the financial year	(188,752)	(102,894)
Shares issued during the year	-	1,935
Share premium on shares issued (net of expenses)	-	102,453
	<hr/> 35,609 <hr/>	<hr/> 224,361 <hr/>

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

16. CONTINGENT LIABILITIES

Contingent liabilities at 31 July 2011 in respect of guarantees and indemnities in the normal course of business totalled £nil (2010 £nil)

The Company and its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. Provisions are maintained by the Company having regard to the size and nature of the claims and the Directors' best estimate of the likely settlement. The Directors do not believe that the outcome of these proceedings, actions and claims, either individually or in aggregate, will have a material adverse affect upon the Company's financial position.

At 31 July 2010, Mouchel Group plc had credit facilities totalling £180.0m with the Royal Bank of Scotland, Lloyds TSB and Barclays. Of the £180.0m, £115.0m was in the form of revolving credit facilities, which were to reduce by £10.0m in March 2011 and 2012, with the remaining balances of £30.0m expiring on 1 August 2012, and £65.0m expiring on 31 October 2012. The balance of £65.0m was in the form of a term loan which also fell due for repayment on 31 October 2012.

On 26 January 2011 Mouchel Group plc signed new medium-term banking facilities with its existing relationship banks. The key terms of the new facilities were: total facilities of £170.0m extending to 31 March 2014, interest above LIBOR on the facility of 3.1% - 4.0% dependent on ratios, two repayments each of £7.5m on 31 July 2012 and 31 July 2013, in the event that an additional voluntary repayment of £30.0m had not been made before 31 May 2012, an increase in margin of 2% and the issue of warrants at that time over 5% of the issued share capital of Mouchel Group plc at an issue price of the lower of 75p per share and 80% of the share price at that time, and a restriction on resuming dividend payments until the voluntary repayment of £30.0m had been made.

The financial covenants applying to this facility and as defined therein were: a maximum ratio of net debt (including bonds) to EBITDA, a minimum ratio of EBITDA to net interest payable, and a minimum debt service coverage (the ratio of free cash flow to interest and principal repayments). These covenants were tested on a quarterly basis.

On 29 November 2011 and again on 28 March 2012 Mouchel Group plc amended the medium term banking facilities that had been signed on 26 January 2011. The total value of the facilities is £180.0m comprising a term loan of £129.0m and revolving credit facilities of £51.0m including a £16.0m "Top-up" facility.

Pursuant to the amendments, Mouchel Group plc has agreed to pay an amendment fee of £2.25m on the earlier of 31 July 2013, and the date of a relevant restructuring, to issue warrants over 5% of the existing issued share capital of Mouchel Group plc at a subscription price of 0.25p per share, subject to standard anti-dilution provisions, which replace the existing contingent obligation to provide warrants to the lenders, and to pay an additional fee – the equity tracker fee – which is payable upon a change of control and that is the economic equivalent of 5% of the enlarged issued share capital of Mouchel Group plc.

It is intended that a restructuring of the Group's capital will take place prior to the end of the current financial year in the interests of the Group and its stakeholders. This restructuring may include the injection of additional equity capital or a change of control (the "Restructuring"). If the Restructuring is achieved by 31 July 2012 then depending on the timing of the Restructuring, either no restructuring fee would be payable or a fee of between £1.5m and £3.0m would be payable. In the event that a Restructuring is not achieved by 31 July 2012, an amendment fee of £8.0m would be payable. Such additional amendment fees shall be payable on the earlier of 31 July 2013 and the date of the Restructuring. Pending the repayment of the Group's borrowing facilities in full, the restriction on dividend payments will remain in place.

The interest margin over LIBOR on the amended term loan will be 3.85%. The interest margin on the

MOUCHEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

amended revolving credit facilities will be 6.5% over LIBOR apart from the margin on the Top-up facility which shall be at 10% over LIBOR. The provision that was contained in the original facilities of 26 January 2011 that there will be an increase in the interest margin of 2% if an additional voluntary repayment of £30.0m has not been made by 31 May 2012 has been removed. Furthermore, the obligatory term loan repayment of £7.5m that was due on 31 July 2012 and which has been extended to 28 February 2013 is now further extended to 31 July 2013. The repayment of the Top-up facility has also been extended from 28 February 2013 to 31 July 2013.

The Mouchel Group plc Board believes that the facility amendments demonstrate the support of the Banks. The facilities have been constructed to provide the Board with time to right-size the Group balance sheet while providing economic incentives to achieve this right-sizing at the earliest practical opportunity. The amendments provide the Group with critical time to identify and implement value creation initiatives to enhance value. While the Top-up facility is relatively expensive, the Group intends to use it sparingly, if at all but it provides the Group with critical working capital headroom.

The financial covenants applying to the new facility are tests of EBITDA on a quarterly basis until 30 April 2013. The tests require the Group to achieve minimum levels of EBITDA. On 31 July 2013 the covenants revert to those in the facility signed on 26 January 2011.

Mouchel Holdings Limited is party to these facilities, along with other group companies, and so is jointly liable.

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 'Related Party Disclosures' on the grounds that it is a wholly owned subsidiary of a group headed by Mouchel Group plc whose accounts are publicly available.

18. POST BALANCE SHEET EVENTS

On 29 November 2011, and again on 28 March 2012, Mouchel Group plc agreed amendments to the terms of its principal banking facilities which expire on 31 March 2014. These amendments are disclosed in note 16.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling party and the parent of the smallest and largest group for which consolidated financial statements are prepared of which the Company is a member is Mouchel Group plc, a company incorporated in England and Wales. Copies of the Group financial statements can be found on the Group's website www.mouchel.com or can be obtained by writing to the Company Secretary at the registered office at Export House, Cawsey Way, Woking, Surrey, GU21 6QX.