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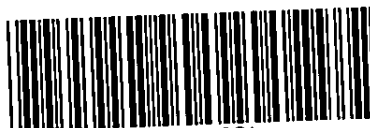
Registration number 06408649

Electra-Net Holdings Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 August 2009

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Electra-Net Holdings Limited

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The following pages do not form part of the statutory financial statements

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Electra-Net Holdings Limited
Directors' Report for the Year Ended 31 August 2009

The directors present their report and the audited consolidated financial statements for the year ended 31 August 2009

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the group is that of electrical and data network specialists.

Business review

Fair review of the business

The company was formed on 25th October 2007 for the purpose of acquiring the share capital of Electra-Net Group Limited.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the period end. Our review is consistent with the size and non-complex nature of our business and is written in the context of any risks and uncertainties that we face.

Electra-Net Holdings Limited
Directors' Report for the Year Ended 31 August 2009

continued

Development and performance of the business

We consider that our Financial Performance Indicators, customary in the electrical and data network installation sector, are those that communicate the financial performance and strength of the Group as a whole, these being

- Turnover
- Gross Margin
- Pre-Tax profits
- Net Current Assets
- Borrowing

During the financial period the groups trading subsidiary, Electra-Net UK Limited, has seen a growth in its turnover of 15% (2008 – 25%) resulting in sales in excess of £15.6 million. This achievement means that over a 5 year period the company's turnover has risen by £10million.

Financial risk

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors and loans to the business. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions. The interest rates and monthly repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Results and dividend

The results for the group are set out in the financial statements.

The directors do not recommend the payment of a dividend.

The directors do not recommend the payment of a preference share dividend.

Electra-Net Holdings Limited
Directors' Report for the Year Ended 31 August 2009

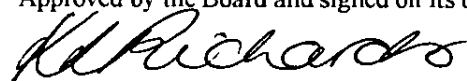
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Directors

The directors who held office during the year were as follows

- A Dickin
- E Fazakerley
- R Holt
- G Lee
- A Richards
- K L Richards
- D J Robertson
- J J Tarrant

Approved by the Board and signed on its behalf by



K L Richards
Director

Date 9/12/09

Independent Auditor's Report to the Members of Electra-Net Holdings Limited

We have audited the financial statements of Electra-Net Holdings Limited for the year ended 31 August 2009, set out on pages 6 to 27. 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 Sections 495 and 496 of the Companies Act 2006. Our 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 set out on page 1, 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 group's and the parent 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 group's and the parent company's affairs as at 31 August 2009 and of the group's 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.

**Independent Auditor's Report to the Members of
Electra-Net Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Nicholas Love FCCA and ACA
Senior Statutory Auditor

for and on behalf of
Princcroft Willis LLP, Statutory Auditor

The George Business Centre
Christchurch Road
New Milton
Hampshire
BH25 6QJ

16 December 2009

Electra-Net Holdings Limited
Consolidated Profit and Loss Account for the Year Ended 31 August 2009

| | Note | Year ended 31 August 2009 £ | 25 October 2007 to 31 August 2008 £ |
|---|------|-----------------------------------|--|
| Turnover | | 15,641,713 | 9,266,178 |
| Cost of sales | | <u>(10,749,986)</u> | <u>(5,176,219)</u> |
| Gross profit | | 4,891,727 | 4,089,959 |
| Administrative expenses | | <u>(4,036,981)</u> | <u>(2,297,948)</u> |
| Operating profit | 2 | 854,746 | 1,792,011 |
| Other interest receivable and similar income | | 7,394 | 13,791 |
| Interest payable and similar charges | 5 | <u>(1,718,727)</u> | <u>(1,151,150)</u> |
| (Loss)/profit on ordinary activities before taxation | | (856,587) | 654,652 |
| Tax on (loss)/profit on ordinary activities | 6 | <u>(132,473)</u> | <u>(395,104)</u> |
| (Loss)/profit for the financial year | 17 | (989,060) | 259,548 |
| Profit and loss reserve brought forward | | <u>259,548</u> | - |
| Profit and loss reserve carried forward | | <u><u>(729,512)</u></u> | <u><u>259,548</u></u> |

Turnover and operating profit derive wholly from continuing operations

The group has no recognised gains or losses for the year other than the results above

The notes on pages 11 to 27 form an integral part of these financial statements

Electra-Net Holdings Limited
Consolidated Balance Sheet as at 31 August 2009

| | | 31 August 2009 | | 31 August 2008 | |
|--|------|--------------------|------------------|--------------------|------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 7 | | 19,805,214 | | 20,883,049 |
| Tangible assets | 8 | | <u>167,932</u> | | <u>180,579</u> |
| | | | 19,973,146 | | 21,063,628 |
| Current assets | | | | | |
| Stocks | 10 | 54,891 | | 63,716 | |
| Debtors | 11 | 4,126,546 | | 4,605,147 | |
| Cash at bank and in hand | | <u>784,711</u> | | <u>609,020</u> | |
| | | 4,966,148 | | 5,277,883 | |
| Creditors: Amounts falling due within one year | 12 | <u>(5,642,080)</u> | | <u>(4,859,841)</u> | |
| Net current (liabilities)/assets | | | <u>(675,932)</u> | | <u>418,042</u> |
| Total assets less current liabilities | | | 19,297,214 | | 21,481,670 |
| Creditors: Amounts falling due after more than one year | 13 | | (19,030,000) | | (20,230,000) |
| Provisions for liabilities | 14 | | <u>(16,726)</u> | | <u>(12,122)</u> |
| Net assets | | | <u>250,488</u> | | <u>1,239,548</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 980,000 | | 980,000 |
| Profit and loss reserve | 17 | | <u>(729,512)</u> | | <u>259,548</u> |
| Shareholders' funds | 18 | | <u>250,488</u> | | <u>1,239,548</u> |

These financial statements were approved and authorised for issue by the Board on **9.12.09** and signed on its behalf by



A Richards
Director

The notes on pages 11 to 27 form an integral part of these financial statements

Electra-Net Holdings Limited
Balance Sheet as at 31 August 2009

| | | 31 August 2009 | | 31 August 2008 | |
|--|------|----------------|----------------|----------------|----------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 9 | | 460,000 | | 460,000 |
| Current assets | | | | | |
| Debtors | 11 | <u>520,000</u> | | <u>520,000</u> | |
| Net current assets | | | <u>520,000</u> | | <u>520,000</u> |
| Total assets less current liabilities | | | <u>980,000</u> | | <u>980,000</u> |
| Net assets | | | <u>980,000</u> | | <u>980,000</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 980,000 | | 980,000 |
| Profit and loss reserve | 17 | | - | | - |
| Shareholders' funds | 18 | | <u>980,000</u> | | <u>980,000</u> |

These financial statements were approved and authorised for issue by the Board on 9th 12 09 and signed on its behalf by



A Richards
Director

The notes on pages 11 to 27 form an integral part of these financial statements

Electra-Net Holdings Limited

Consolidated Cash Flow Statement for the Year Ended 31 August 2009

| | | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|--|------|------------------------------|--------------------------------------|
| | Note | £ | £ |
| Net cash flow from operating activities | 20 | 2,704,858 | 547,194 |
| Returns on investment and servicing of finance | 21 | (931,899) | (359,437) |
| Taxation | 21 | (505,518) | (412,464) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (42,650) | (111,833) |
| Sale of tangible fixed assets | | 900 | 15,967 |
| | | (41,750) | (95,866) |
| Acquisitions and disposals | | | |
| Acquisition of subsidiary undertaking | | - | (21,970,516) |
| Net cash acquired with subsidiary | | - | 620,109 |
| | | - | (21,350,407) |
| Cash inflow/(outflow) before management of liquid resources and financing | | 1,225,691 | (21,670,980) |
| Financing | | | |
| Increase in loans and borrowings | | - | 21,830,000 |
| Repayment of loans and borrowings | | (1,200,000) | (400,000) |
| Redemption of shares | | - | 500,000 |
| | | (1,200,000) | 21,930,000 |
| Increase in cash | | 25,691 | 259,020 |

The notes on pages 11 to 27 form an integral part of these financial statements

Electra-Net Holdings Limited
Consolidated Cash Flow Statement for the Year Ended 31 August 2009

continued

Reconciliation of net cash flow to movement in net debt

| | | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|--|------|------------------------------|---|
| | Note | £ | £ |
| Increase in cash in the year | 22 | 25,691 | 259,020 |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | | 1,200,000 | (21,830,000) |
| Cash outflow from increase in liquid resources | | - | 400,000 |
| Change in net funds resulting from cash flows | | <u>1,225,691</u> | <u>(21,170,980)</u> |
| Net debt at the start of the year | 22 | <u>(21,170,980)</u> | - |
| Net debt at the end of the year | 22 | <u><u>(19,945,289)</u></u> | <u><u>(21,170,980)</u></u> |

The notes on pages 11 to 27 form an integral part of these financial statements

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 August 2009. The acquisitions method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. Its profit for the financial year was £0 (2008 - £0).

Turnover

Turnover represents amounts chargeable in respect of the sale of goods and services to customers.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total value relating to the stage of completion to date.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| | |
|----------|------------------------------|
| Goodwill | 20 years straight line basis |
|----------|------------------------------|

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| | |
|-----------------------|----------------------------|
| Motor vehicles | 25% reducing balance basis |
| Fixtures and fittings | 25% reducing balance basis |
| Leasehold property | 20% straight line basis |
| Test equipment | 33% straight line basis |

Fixed assets are included in the balance sheet at revalued amounts.

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

2 Operating profit

Operating profit is stated after charging/(crediting)

| | Year ended 31 August 2009 | | 25 October 2007 to 31 August 2008 | |
|--|------------------------------|-----------|--------------------------------------|---------|
| | £ | £ | £ | £ |
| Hire of other assets - operating leases | | 318,285 | | 137,091 |
| Auditors' remuneration | | | | |
| The audit of the company's annual accounts | 1,000 | | 1,000 | |
| The audit of the company's subsidiaries' annual accounts | 14,950 | | 12,000 | |
| Tax services | 2,000 | | 2,000 | |
| | | 17,950 | | 15 000 |
| Loss/(profit) on disposal of tangible fixed assets | | 2,221 | | (661) |
| Depreciation of owned assets | | 47,621 | | 41,571 |
| Depreciation of assets held under finance leases and hire purchase contracts | | 4,555 | | 3,943 |
| Amortisation | | 1,077,835 | | 673 647 |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

3 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

| | Year ended 31 August 2009 No. | 25 October 2007 to 31 August 2008 No. |
|----------------|-------------------------------------|--|
| Production | 22 | 19 |
| Administration | 30 | 22 |
| Management | 3 | 3 |
| | 55 | 44 |

The aggregate payroll costs of these persons were as follows

| | Year ended 31 August 2009 £ | 25 October 2007 to 31 August 2008 £ |
|-----------------------|-----------------------------------|--|
| Wages and salaries | 2,222,875 | 1,368,972 |
| Social security costs | 243,864 | 147,787 |
| Other pension costs | 36,075 | 22,000 |
| | 2,502,814 | 1,538,759 |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

4 Directors' remuneration

The directors' remuneration for the year are as follows

| | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|--|------------------------------|---|
| | £ | £ |
| Directors' remuneration (including benefits in kind) | 343,253 | 229,329 |
| Directors' money purchase schemes | 36,075 | 22,000 |
| | <u>379,328</u> | <u>251,329</u> |

During the year the number of directors who were accruing benefits under company pension schemes was as follows

| | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|----------------|------------------------------|---|
| | No. | No. |
| Money purchase | <u>2</u> | <u>2</u> |

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £109,000 (31 August 2008 - £72,445), and company pension contributions of £18,038 (31 August 2008 - £11,000) were made to a money purchase scheme on their behalf

5 Interest payable and similar charges

| | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|-----------------------------|------------------------------|---|
| | £ | £ |
| Interest on bank borrowings | 473,741 | 373,228 |
| Other interest payable | 1,244,986 | 777,922 |
| | <u>1,718,727</u> | <u>1,151,150</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

6 Taxation

Analysis of current period tax charge

| | Year ended 31 August 2009 £ | 25 October 2007 to 31 August 2008 £ |
|--|-----------------------------------|--|
| Current tax | | |
| Corporation tax charge | 127,869 | 392,031 |
| Deferred tax | | |
| Origination and reversal of timing differences | 4,604 | 3,073 |
| Total tax on (loss)/profit on ordinary activities | <u>132,473</u> | <u>395,104</u> |

Factors affecting current period tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (25 October 2007 to 31 August 2008 - higher than) the standard rate of corporation tax in the UK of 26.98% (25 October 2007 to 31 August 2008 - 29.16%)

The differences are reconciled below

| | Year ended 31 August 2009 £ | 25 October 2007 to 31 August 2008 £ |
|--|-----------------------------------|--|
| (Loss)/profit on ordinary activities before taxation | <u>(856,587)</u> | <u>654,652</u> |
| Standard rate corporation tax (credit)/charge | (231,107) | 190,897 |
| Expenses not deductible for tax purposes (including goods) | 71,401 | 6,245 |
| Non-taxable income | (18) | (44) |
| Accelerated capital allowances | (4,436) | (2,627) |
| Goodwill amortisation | 290,800 | 196,435 |
| Leasehold depreciation | 1,229 | 1,125 |
| Total current tax for the year | <u>127,869</u> | <u>392,031</u> |

Electra-Net Holdings Limited
Notes to the Financial Statements for the Year Ended 31 August 2009

continued

7 Intangible fixed assets

Group

| | Goodwill £ |
|---|-----------------------|
| Cost | |
| As at 1 September 2008 and 31 August 2009 | <u>21,556,696</u> |
| Amortisation | |
| As at 1 September 2008 | 673,647 |
| Charge for the year | <u>1,077,835</u> |
| As at 31 August 2009 | <u>1,751,482</u> |
| Net book value | |
| As at 31 August 2009 | <u>19,805,214</u> |
| As at 31 August 2008 | <u>20,883,049</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

8 Tangible fixed assets

Group

| | Short leasehold land and buildings £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|-------------------------|---|-------------------------------|---------------------|----------------|
| Cost | | | | |
| As at 1 September 2008 | 22,158 | 174,078 | 28,837 | 225,073 |
| Additions | - | 42,650 | - | 42,650 |
| Disposals | - | - | (3,874) | (3,874) |
| As at 31 August 2009 | <u>22,158</u> | <u>216,728</u> | <u>24,963</u> | <u>263,849</u> |
| Depreciation | | | | |
| As at 1 September 2008 | 3,943 | 35,518 | 5,033 | 44,494 |
| Eliminated on disposals | - | - | (753) | (753) |
| Charge for the year | <u>4,555</u> | <u>42,393</u> | <u>5,228</u> | <u>52,176</u> |
| As at 31 August 2009 | <u>8,498</u> | <u>77,911</u> | <u>9,508</u> | <u>95,917</u> |
| Net book value | | | | |
| As at 31 August 2009 | <u>13,660</u> | <u>138,817</u> | <u>15,455</u> | <u>167,932</u> |
| As at 31 August 2008 | <u>18,215</u> | <u>138,560</u> | <u>23,804</u> | <u>180,579</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

9 Investments held as fixed assets

Company

| | Shares in group undertakings £ |
|---|---|
| Cost | |
| As at 1 September 2008 and 31 August 2009 | <u>460 000</u> |
| Net book value | |
| As at 31 August 2009 | <u>460,000</u> |
| As at 31 August 2008 | <u>460 000</u> |

The group holds more than 20% of the share capital of the following companies

| | Country of incorporation | Principal activity | Class | % |
|--------------------------------|-----------------------------|--|----------|-----|
| Subsidiary undertakings | | | | |
| Electra-Net (UK) Limited | England and Wales | Electrical and data network specialists | Ordinary | 100 |
| Electra-Net Group Limited | England and Wales | Holding company | Ordinary | 100 |

Electra-Net (UK) Limited is a wholly owned subsidiary of Electra-Net Group Limited

10 Stocks and work in progress

| | Group | | Company | |
|------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 August 2009 £ | 31 August 2008 £ | 31 August 2009 £ | 31 August 2008 £ |
| Stocks | 52,434 | 50,875 | - | - |
| Work in progress | <u>2,457</u> | <u>12,841</u> | <u>-</u> | <u>-</u> |
| | <u>54,891</u> | <u>63,716</u> | <u>-</u> | <u>-</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

11 Debtors

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 | 31 August 2009 | 31 August 2008 |
| | £ | £ | £ | £ |
| Trade debtors | 2,138,041 | 3,250,152 | - | - |
| Amounts owed by group undertakings | - | - | 520,000 | 500,000 |
| Amounts recoverable on long term contracts | 1,956,342 | 1,304,801 | - | - |
| Other debtors | 6,495 | 26,046 | - | 20,000 |
| Prepayments and accrued income | 25,668 | 24,148 | - | - |
| | <u>4,126,546</u> | <u>4,605,147</u> | <u>520,000</u> | <u>520,000</u> |

12 Creditors: Amounts falling due within one year

| | Group | | Company | |
|------------------------------|------------------|------------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 | 31 August 2009 | 31 August 2008 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 1,700,000 | 1,550,000 | - | - |
| Trade creditors | 1,912,623 | 1,446,560 | - | - |
| Corporation tax | 88,983 | 466,632 | - | - |
| Taxation and social security | 240,957 | 324,000 | - | - |
| Accruals and deferred income | 1,699,517 | 1,072,649 | - | - |
| | <u>5,642,080</u> | <u>4,859,841</u> | <u>-</u> | <u>-</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

continued

13 Creditors: Amounts falling due after more than one year

| | Group | | Company | |
|---------------------------|-------------------|-------------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 | 31 August 2009 | 31 August 2008 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 5,200,000 | 6,400,000 | - | - |
| Other loans | 13,830,000 | 13,830,000 | - | - |
| | <u>19,030,000</u> | <u>20,230,000</u> | <u>-</u> | <u>-</u> |

Included in the creditors are the following amounts due after more than five years

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 | 31 August 2009 | 31 August 2008 |
| | £ | £ | £ | £ |
| After more than five years not by instalments | - | 13,830,000 | - | - |

Revolving Facility A (£6m)

The loan is repayable by instalments over five years commencing six months after drawdown. Interest is charged at 2.25% above LIBOR. The rate can be reduced in 0.25% steps down to 1.5% via a ratchet mechanism which is performance related. The loan is secured by a fixed and floating charge over the assets of the group.

Term Loan (£2m)

The loan is repayable dependent on the level of excess cash flow available in each financial year. Interest is charged at 0.5% above LIBOR. The £2m term loan is a collateralised debt obligation and secured by £2m held in bank sterling reserve bonds. £1m in the name of A Richards and £1m in the name of A Crouch, these funds will be repaid to A Richards and A Crouch in line with the term loan repayments.

Mr A Richards (£3.765m)/Zeus Private Equity LLP Loan notes (£5.540m)

The loan notes accrue interest on the principal outstanding and is paid in accordance with the following terms:

- Interest is paid in twice yearly instalments in arrears at the rate of 8% p.a. on the outstanding amount.
- Interest is accrued at 1% p.a. on the outstanding amount and is paid on redemption of the loan notes, and
- The final redemption date is 15 January 2014
- The loan notes are secured by a fixed and floating charge over the assets of the group

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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Loan notes held in a trust for the benefit of Mr A and Mrs K L Richards's children (£4 525m)

- Interest is accrued at the rate of 9% p a on the outstanding amount and is accrued up until the period ending 31 August 2010 Interest is payable from this date onwards in accordance with the following terms
- Interest is paid in twice yearly instalments in arrears at the rate of 8% p a on the outstanding amount,
- Interest is accrued at 1% p a on the outstanding amount and is paid on redemption of the loan notes, and
- The final redemption date is 15 January 2014
- The loan notes are secured by a fixed and floating charge over the assets of the group

Revolving Facility B (£1m)

Electra-Net (UK) Limited has a £1m revolving bank facility The facility is secured by a fixed and floating charge over the assets of the group Interest is charged at 2.25% above LIBOR

Electra-Net Holdings Limited is party to an unlimited multilateral guarantee dated 15 January 2008 with Electra-Net Group Limited and Electra-Net (UK) Limited There is also a group set-off arrangement with the companies' bankers

14 Provisions for liabilities

Group

| | Deferred tax provision £ |
|---|--------------------------------|
| As at 1 September 2008 | 12,122 |
| Deferred tax provision charged to the profit and loss account | 4,604 |
| As at 31 August 2009 | <u>16,726</u> |

15 Pension scheme

Defined contribution pension scheme

The group operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £36,075 (31 August 2008 - £22,000)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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16 Share capital

| | 31 August 2009 £ | 31 August 2008 £ |
|--|---------------------|---------------------|
| Allotted, called up and fully paid | | |
| Equity | | |
| 5,200,000 Ordinary shares of 10 pence each | 520,000 | 520 000 |
| 4,600,000 Preferred Ordinary shares of 10 pence each | 460 000 | 460,000 |
| | <u>980,000</u> | <u>980 000</u> |

The holders of the Preferred Ordinary Shares and the Ordinary Shares shall not be entitled to receive any dividends in respect of those shares until such time as the loan notes have been fully repaid

Preferred Ordinary shareholders take priority in a return of capital whether on liquidation, capital reduction or otherwise

17 Reserves

Group

| | Profit and loss reserve £ |
|--|---------------------------------|
| Balance at 1 September 2008 | 259,548 |
| Transfer from profit and loss account for the year | (989,060) |
| Balance at 31 August 2009 | <u>(729,512)</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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18 Reconciliation of movements in shareholders' funds

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 | 31 August 2009 | 31 August 2008 |
| | £ | £ | £ | £ |
| (Loss)/profit attributable to members of the group | (989,060) | 259,548 | - | - |
| New share capital subscribed | - | 980,000 | - | 980,000 |
| Net (reduction)/addition to shareholders' funds | (989,060) | 1,239,548 | - | 980,000 |
| Opening shareholders' funds | 1,239,548 | - | 980,000 | - |
| Closing shareholders' funds | 250,488 | 1,239,548 | 980,000 | 980,000 |

19 Operating lease commitments

Group

As at 31 August 2009 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

| | Other | |
|---------------------------|----------------|----------------|
| | 31 August 2009 | 31 August 2008 |
| | £ | £ |
| Within one year | 922 | 6,306 |
| Within two and five years | 74,625 | 37,080 |
| | 75,547 | 43,386 |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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20 Reconciliation of operating profit to operating cash flows

| | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|---|------------------------------|---|
| | £ | £ |
| Operating profit | 854,746 | 1,805,853 |
| Depreciation, amortisation and impairment charges | 1 130,011 | 719,161 |
| Loss/(profit) on disposal of fixed assets | 2,221 | (661) |
| Decrease in stocks | 8,825 | 20,364 |
| Decrease/(increase) in debtors | 478,601 | (1 803,511) |
| Increase/(decrease) in creditors | 230,454 | (194,012) |
| Net cash inflow from operating activities | 2,704,858 | 547,194 |

21 Analysis of cash flows

| | Year ended 31 August 2009 | 25 October 2007 to 31 August 2008 |
|---|------------------------------|---|
| | £ | £ |
| Returns on investment and servicing of finance | | |
| Other interest paid | (939,293) | (373,228) |
| Interest received | 7,394 | 13,791 |
| | (931,899) | (359,437) |
| Taxation | | |
| Taxation paid | (505,518) | (412,464) |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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22 Analysis of net debt

| | At start of period £ | Cash flow £ | Other non-cash changes £ | At end of period £ |
|--------------------------|----------------------------|------------------|-----------------------------------|-----------------------|
| Cash at bank and in hand | 609,020 | 175,691 | - | 784,711 |
| Bank overdraft | (350,000) | (150,000) | - | (500,000) |
| Cash and bank net funds | <u>259,020</u> | <u>25,691</u> | <u>-</u> | <u>284,711</u> |
| Debt due within one year | (1,200,000) | 1,200,000 | (1,200,000) | (1 200 000) |
| Debt due after one year | <u>(20,230,000)</u> | <u>-</u> | <u>1,200,000</u> | <u>(19 030,000)</u> |
| Change in debt | <u>(21,430,000)</u> | <u>1,200,000</u> | <u>-</u> | <u>(20,230 000)</u> |
| Net debt | <u>(21,170,980)</u> | <u>1,225,691</u> | <u>-</u> | <u>(19,945 289)</u> |

Electra-Net Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2009

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23 Related parties

Controlling entity

There is no ultimate controlling party, Mr A Richards and Zeus Private Equity LLP are equal shareholders in Electra-Net Holdings Limited

Related party transactions

Mr A Richards, a director in Electra-Net Group Limited, has a loan note from that company on which interest is paid at 8% with an additional 1% paid on the redemption of the loan. During the year interest was charged in respect of the loan totalling £338,850 (2008 £211,781) and at the year end £362,381 (2008 £211,781) was owed to Mr A Richards

Mr A and Mrs K L Richards, directors Electra-Net Group Limited, have a loan note from that company held in trust for their childrens benefit on which interest is paid at 8% with an additional 1% paid on the redemption of the loan. During the year interest was charged in respect of the loan totalling £407,241 (2008 £254,527) and at the year end £661,768 (2008 £254,527) was owed to the trust

Mr E Fazakerley and Mr A Dickin, directors in Electra-Net Group Limited, are also officers in Zeus Private Equity LLP, who have a loan note from that company on which interest is paid at 8% with an additional 1% paid on the redemption of the loan. During the year interest was charged in respect of the loan totalling £498,895 (2008 £311,614) and at the year end £533,206 (2008 £311,614) was owed to Zeus Private Equity LLP

Mr E Fazakerley and Mr A Dickin, directors in Electra-Net Holdings Limited are also officers in Zeus Private Equity LLP, during the year Zeus Private Equity LLP charged management fees of £44,392 (2008 £25,000) to Electra-Net (UK) Limited. At the year end £26,180 (2008 £Nil) was owed to Zeus Private Equity LLP

Mr R Holt, a director in Electra-Net Holdings Limited, charged management fees during the year of £35,000 (2008 £20,417) to Electra-Net (UK) Limited. At the year end £26,250 (2008 £Nil) was owed to Mr R Holt

Mr G Lee, a director in Electra-Net Holdings Limited, charged management fees during the year of £7,500 (2008 £17,819) to Electra-Net (UK) Limited. At the year end £Nil (2008 £3,191) was owed to Mr G Lee

Mr D J Robertson, a director in Electra-Net Holdings Limited, charged management fees during the year of £27,504 (2008 £16,042) to Electra-Net (UK) Limited. At the year end £6,875 (2008 £4,583) was owed to Mr D J Robertson