Belle Holdco Limited

Annual report and financial statements

Registered number 6289226

31 March 2008

Contents

Registered number 6289226 / 31 March 2007

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 March 2008

Principal activities

The company was incorporated on 4 September 2007 with the intention of acquiring Eurotel Holdings Limited and its subsidiaries The transaction to acquire the Eurotel Group was completed on 20 November 2007 The Group is actively selling and maintaining telecommunications and data equipment and providing telephone and data network services

Business review

Performance of the business

Turnover for the group for period ended 31 March 2008 was £10 9m, with a group operating loss of £13 8m, after an impairment of goodwill amounting to £12 9m

The Directors are confident of the future prospects of the Group

Principal risks and uncertainties

The main risks for the Company as identified by the Board are

Pursuit of appropriate strategies

Control measures include

The Board formally reviews and approves the business strategy against the background of market changes and competitors' strategies

Meeting customers' expectations

Control measures include

Management meets on a weekly basis to review key areas of service delivery

The Board periodically reviews the performance of service delivery

The principal uncertainty the Company faces is the technological changes in the communications industry The Company relies on its internal expertise together with the expertise of its suppliers and partners to guide the Board in its decision making

Directors' report *(continued)*

Business review *(continued)*

Exposure to price, credit, liquidity and cash flow risk

Price risk arises when supplier prices increase or competitors pricing falls sharply Regular discussions are held with key suppliers to understand their development proposals and introduction of new products Eurotel are in a position to respond appropriately to product price changes by reviewing their sales pricing Competitor pricing and marketing is kept under constant review

Credit risk arises when a customer is unable to discharge their financial obligation Policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures Details of the group's debtors are shown in Note 13 to the financial statements The risk is minimised because the debtors are high in number but individually insignificant in value

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities The group aims to mitigate liquidity and cash flow risk by monitoring cash balances daily against a demanding target, setting up early alerts for adverse performance and applying cash collection targets to credit control The group also manages liquidity risk via revolving credit facilities and long term debt Interest rate risk is reduced by the use of interest rate swaps

Future developments

The company is looking to expand its customer base and its revenue and profitability every year This objective will be achieved by a combination of organic growth and a continuation of the acquisition strategy

Business review

- **Key performance indicators**

Financial key performance indicators

	Period ended 31 March 2008 £000
EBITA*	75
Net debt	(48,520)

Revenues

	Year ended 31 March 2007
Revenues from Network Services	48.6%
Revenues from Equipment Solutions	43.7%
Revenues from Mobile Services	7 7%
	100.0%

* EBITA = Earnings Before Interest, Tax & Amortisation

Employee data

	Full tıme	Part tıme	Perıod ended 31 March 2008 Total
Male	250	-	**250**
Female	119	7	**126**
	369	7	**376**

Dısabled Persons

It ıs the Group's polıcy to gıve full and faır consıderatıon to dısabled applıcants for employment, havıng regard to theır aptıtudes and abılıtıes If an employee becomes dısabled, the Group's objectıve ıs the contınued provısıon of suıtable employment, wıth appropriate retraınıng ıf necessary

Employee Informatıon

The board values two-way communıcatıon between senıor management and employees at all levels Employees are consulted on developments wıthın the busıness where ıt affects them as employees

Dırectors and dırectors' ınterests

The dırectors who held office durıng the year and, for those who were dırectors at the perıod end, theır beneficıal ınterests ın the share capıtal of the company at 31 March 2008 were

		Ordınary shares of £0 10 each
A Cornısh (Chaırman)	Appoınted 31 January 2008	-
C Jagusz	Appoınted 20 November 2007	600
N J Wıllıams	Appoınted 11 February 2008	150
Y Kurtzbard	Appoınted 20 November 2007	(In Trust) 183
S Turner	Appoınted 20 November 2007	-
T Smallbone	Appoınted 30 Aprıl 2008	-
A Maınwarıng	Appoınted 22 June 2007, Resıgned 30 Aprıl 2008	-
P A Hudson	Appoınted 20 November 2007, Resıgned 29 February 2008	-
P H Allıngan	Appoınted 20 November 2007, Resıgned 8 February 2008	-
J H Rodmell	Appoınted 20 November 2007, Resıgned 13 May 2008	-

Acquısıtıon

On 20 November 2007, the company acquıred 100% of the ıssued share capıtal of Eurotel Holdıngs Lımıted for a consıderatıon of £27 6m

Post balance sheet event

Subsequent to the balance sheet date £1 5m of addıtıonal loan notes were ıssued to the Group by Inflexıon LLP, the majorıty shareholders Thıs was on the condıtıon that upon a potentıal future sale, all non-vendor loan notes would attract a 100% premıum

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Audit information

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

By order of the board

N J Williams
Secretary
26 September 2008

Empire House
Mulcture Hall Road
Halifax
West Yorkshire
HX1 1SP

Statement of directors' responsibilities in respect of the directors' 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 group and the company and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and 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 corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Belle Holdco Limited

We have audited the group and parent company financial statements (the "financial statements) of Belle Holdco Limited for the period ended 31 March 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 - 25 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 other information in the Annual Report, and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

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 group's and 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's loss for the period 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

Ernst & Young LLP
Registered auditor

29 September 2008

Consolidated profit and loss account
for the period ended 31 March 2008

	Note	6 Months Ended 31 March 2008 £000
Turnover	*1*	10,908
Cost of sales		(5,372)
Gross profit		5,536
Administrative expenses		(5,461)
Amortisation of goodwill		(932)
Impairment of goodwill	*9*	(12,900)
Group operating loss		(13,757)
Interest receivable and similar income	*5*	9
Interest payable and similar charges	*6*	(2,022)
Loss on ordinary activities before taxation	*2*	(15,770)
Tax on loss on ordinary activities	*7*	-
Loss for the financial year		(15,770)

The result for the year is derived entirely from continuing operations

The company has no recognised gains or losses other than those reflected in the profit and loss account

Consolidated balance sheet
at 31 March 2008

	Note	2008 £000	2008 £000
Fixed assets			
Intangible fixed assets	*9*	36,732	
Tangible fixed assets	*10*	143	
			36,875
Current assets			
Stocks	*12*	179	
Debtors	*13*	4,512	
Cash at bank and in hand		1,477	
		6,168	
Creditors: amounts falling due within one year	*14*	(12,225)	
Net current liabilities			(6,057)
Total assets less current liabilities			30,818
Creditors: amounts falling due after more than one year	*15*		(46,578)
Net assets			(15,760)
Capital and reserves			
Called up share capital	*16*		10
Profit and loss account	*17*		(15,770)
Equity shareholders' funds			(15,760)

These financial statements were approved by the board of directors on 26 September 2008 and were signed on its behalf by

N J Williams
Director

Registered number 6289226 / 31 March 2008

Company balance sheet
at 31 March 2008

		2008 £000	2008 £000
Fixed assets			
Investments	*11*		16
Current assets			
Debtors	*13*	-	
Cash at bank and in hand		-	
		-	
Creditors: amounts falling due within one year	*14*	(32)	
Net current liabilities			(32)
Total assets less current liabilities			(16)
Creditors: amounts falling due after more than one year	*15*		-
Net assets			(16)
Capital and reserves			
Called up share capital	*16*		10
Profit and loss account	*17*		(26)
Equity shareholders' funds			(16)

These financial statements were approved by the board of directors on 26 September 2008 and were signed on its behalf by

N J Williams
Director

Registered number 6289226 / 31 March 2008

Group cash flow statement
for the period ended 31 March 2008

	Note	6 Months Ended 31 March 2008 £000
Cash flow from operating activities	*18*	316
Returns on investments and servicing of finance	*19*	(709)
Taxation		-
Capital expenditure and financial investment	*19*	(22)
Acquisitions and disposals	*19*	(27,369)
Cash inflow/(outflow) before financing		(27,784)
Financing	*19*	29,142
Increase in cash in the period		1,358

Reconciliation of net cashflow to movement in net debt

Increase in cash in the period		1,358
Cash flow from increase in loans		(49,878)
Repayment of loans		-
Change in net debt	*20*	(48,520)

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

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

As provided by Section 230 of the Companies Act 1985, the profit and loss account of Belle Holdco Limited, as the ultimate parent undertaking has not been separately presented in the financial statements The result of the company for the 6 month period is a loss of £25,555 disclosed in note 17 to the financial statements

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT or other sales tax or duty

Revenue from sales of telephone systems is recognised on completion of the installation of the telephone system at the customer's premises

Revenue from network calls sales is recognised at the time the call is made by the customer

Revenue from maintenance contracts is recognised on the accruals basis over the period of the contract The balance relating to the unexpired contracts at the year end is carried forward as deferred income

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows

Fixtures, fittings tools and equipment	-	10-15%
Computer equipment	-	25%
Motor vehicles	-	25%

Goodwill

Goodwill arising on the acquisition of a company or of trade and assets, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which in the opinion of the directors is 20 years Provision is made for any impairment

Impairment tests on the carrying value of goodwill are undertaken

- at the end of the financial year following acquisition
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the FIFO method is used

Notes *(continued)*

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes 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 otherwise required by FRS 19

Pension costs

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Going Concern

The financial statements have been prepared on a going concern basis as the company has net current assets and the loan notes are repayable in over 5 years

2 Loss on ordinary activities before taxation

	6 Months ended 31 March 2008 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)	
Depreciation and amounts written off tangible fixed assets	24
Amortisation of goodwill	932
Impairment of investment	12,900
Operating lease rentals	
- plant and machinery	305
- other	55
Audit of these financial statements	15
Audit of subsidiary financial statements and payments to auditors in respect of professional work related to acquisition	37

3 Remuneration of directors

	6 Months ended 31 March 2008 £000
Directors' emoluments	196
Company contributions to money purchase pension schemes	16
	212

The aggregate of emoluments and pension contributions of the highest paid director was £65,000

At 31 March 2008 retirement benefits are accruing to the following number of directors under

	Number of Directors 2008
Money purchase schemes	2

Notes *(continued)*

4 Staff numbers and costs

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

	Number of Employees 6 Months ended 31 March 2008
Marketing and sales	189
Technical	117
Administration	70
	376

The aggregate payroll costs of these persons were as follows

	6 Months ended 31 March 2008 £000
Wages and salaries	2,648
Social security costs	248
Other pension costs	14
	2,910

5 Interest receivable and similar income

	6 Months ended 31 March 2008 £000
Bank interest	9

6 Interest payable and similar charges

	6 Months ended 31 March 2008 £000
Bank loans and overdrafts	706
Loan notes	1,496
	2,022

Notes *(continued)*

7 Taxation

Factors affecting the tax charge for the period	**2008**
	£000
Loss on ordinary activities before tax	**(15,770)**
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 30%	**(4,731)**
Effects of	
Expenses not deductible for tax purposes (including goodwill amortisation)	**3,813**
Loan note interest allowed when paid	**376**
Losses arising in the year not relievable against current tax	**535**
Tax under provided in previous years	**7**
Current tax charge for the period	**-**

8 Unprovided deferred tax

	2008
	£000
Tax losses carried forward	**(7)**
Total (asset)/ liability	**(7)**

At 31 March 2008 there was a deferred tax asset relating to accelerated capital allowances £7,155 which has not been recognised in the financial statements

Notes *(continued)*

9 Intangible fixed assets

Group	Total £000
Cost	
Acquisitions (note 21)	50,564
At 31 March 2008	50,564
Amortisation	
Charge for period	13,832
At 31 March 2008	13,832
Net book value	
At 31 March 2008	**36,732**

Goodwill arising on the acquisition of a company or of trade and assets, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which in the opinion of the directors is between 5 and 20 years Provision is made for any impairment

An impairment review was completed at 31 March 2008 on the goodwill arising from the acquisition of Eurotel Holdings Limited and its subsidiaries which was acquired on 20 November 2007 The impairment review was done on a value in use basis with a discount factor of 12%

Based upon the estimated discounted cash flows of profits arising in the foreseeable future, the goodwill was deemed to be impaired and accelerated amortisation of £12 9m was recognised

10 Tangible fixed assets

Group	Fixtures, fittings, tools and equipment £000	Computer equipment £000	Total £000
Cost			
On acquisition	372	871	1,243
Additions	2	20	22
At 31 March 2008	374	891	1,265
Depreciation			
On acquisition	306	792	1,098
Charge for period	9	15	24
At 31 March 2008	315	807	1,122
Net book value			
At 31 March 2008	**59**	**84**	**143**

Notes *(continued)*

11 Fixed asset investments

Shares in group undertakings

	2008 £
Additions	16
Cost at 31 March 2008	16

The company had the following investments

	Country of Registration	Class of shares	Proportion of the Nominal value of that class
Belle Bidco Limited	UK	Ordinary	100%
Eurotel Holdings Limited	UK	Ordinary	100%*
Neville Ward Holdings Limited	UK	Ordinary	100%*
Eurotel Limited	UK	Ordinary	100%*
Eurotel Corporate Services Limited	UK	Ordinary	100%*
Digital Exchange Maintenance Services Limited	UK	Ordinary	100%*
Multilink Business Services	UK	Ordinary	100%*
NorthPoint Services Limited	UK	Ordinary	100%*
Allington Communications Limited	UK	Ordinary	100%*
Service Direct (UK) Limited	UK	Ordinary	100%*
Advance Telephone Systems Limited	UK	Ordinary	100%*

* Held indirectly by the company

All investments held operate or operated in the market of selling and maintaining telecommunications and data equipment & providing telephone & data network services

12 Stocks

	Group 2008 £000	Company 2008 £000
Finished goods and goods for resale	179	-

Notes *(continued)*

13 Debtors

	Group 2008 £000	Company 2008 £000
Trade debtors	1,847	-
Prepayments and accrued income	2,665	-
	4,512	-

14 Creditors: amounts falling due within one year

	Group 2008 £000	Company 2008 £000
Bank loans	3,419	-
Trade creditors	1,752	-
Amounts owed to group undertakings	-	23
Corporation tax	702	-
Other taxation and social security	508	-
Other creditors	1,325	-
Accruals and deferred income	4,519	9
	12,225	32

Notes *(continued)*

15 Creditors: amounts falling after more than one year

	Group 2008 £000	Company 2008 £000
Bank loans	14,200	-
Vendor loan notes	2,500	-
Loan notes	28,626	-
Interest accrued on loan notes	1,252	-
	46,578	-

Analysis of debt:

	Bank Loans £000	Vendor Loan Notes £000	Loan Notes £000	Total £000
The loans are repayable				
Within one year	3,419	-	-	3,419
Between two and five years	10,200	1,625	-	11,825
Over five years	4,000	875	29,878	34,753
	17,619	2,500	29,878	49,997

The company has five principal loans

- A term loan of £12,000,000 The loan was taken out on 20 November 2007 Quarterly repayments will commence on 30 June 2008 and continue until 31 December 2012 The loan is secured by fixed and floating charges over the assets of the Group The loan carries interest at 2 25% over LIBOR
- A term loan of £4,000,000 The loan was taken out on 20 November 2007 and is due for repayment on two equal instalments of £2,000,000 on 30 June 2013 and 31 December 2013 The loan is secured by fixed and floating charges over the assets of the Group The loan carries interest at 3 0% over LIBOR
- A revolving credit facility of £1,500,000 The facility was made available from 20 November 2007 The loan is secured by fixed and floating charges over the assets of the Group The loan carries interest at 2 25% over LIBOR

In the event of a Default, the above loans become repayable

- Vendor loan notes represent a continuing investment by the vendors of Eurotel Holdings Limited They are repayable by quarterly instalments of £125,000 commencing 31 March 2010 and up to and including 30 September 2013 There is a further payment of £625,000 due on 31 December 2013 The loan notes carry interest at 10% per annum
- Loan notes were introduced on 20 November 2007, to purchase Eurotel Holdings Limited They are repayable 20 November 2013 and carry interest at 12% per annum The interest is compounded quarterly and added as Additional Loan stock to the outstanding loan notes As such, no interest is payable until 20 November 2013

Notes *(continued)*

16 Called up share capital

	2008 Number	2008 £
Authorised		
A Ordinary shares of 10p each	62,995	6,300
B Ordinary shares of 10p each	15,700	1,570
C Ordinary shares of 10p each	5,000	500
D Ordinary shares of 10p each	16,305	1,630
	100,000	10,000
Allotted, called up and fully paid		
A Ordinary shares of 10p each	62,995	6,300
B Ordinary shares of 10p each	15,700	1,570
C Ordinary shares of 10p each	2,000	200
D Ordinary shares of 10p each	16,305	1,630
	97,000	9,700

17 Reserves

	Group Profit and loss account £000	Company Profit and loss account £000
Retained profit for the period	(15,770)	(26)
Balance at 31 March 2008	(15,770)	(26)

18 Reconciliation of operating profit to operating cash flows

	6 Months ended 31 March 2008 £000
Group	
Operating loss	(13,757)
Depreciation, amortisation and impairment charges	13,856
Increase in stocks	(10)
Decrease in debtors	385
Increase in creditors	(158)
Net cash inflow from operating activities	316

Notes *(continued)*

19 Analysis of cash flows

	6 Months ended 31 March 2008 £000	£000
Returns on investments and servicing of finance		
Interest received	9	
Interest paid	(718)	
		(709)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(22)	
		(22)
Acquisitions and disposals		
Purchase of subsidiary undertaking	(27,369)	
		(27,369)
Financing		
Issue of ordinary share capital	10	
New secured loans	17,500	
Mezzanine	2,500	
New loan notes	28,626	
Secured loans and overdraft repaid	(19,220)	
Loan notes repaid	(274)	
		29,142

20 Analysis of net debt

	Cash flow	**Acquisition**	**Other non cash changes**	**At 31 March 2008**
	£000	**£000**	**£000**	**£000**
Cash at bank and in hand	1,477	-	-	1,477
Overdraft	(119)	-	-	(119)
	1,358	-	-	1,358
Debt due within one year	-	(3,300)	-	(3,300)
Debt due after one year	-	(45,326)	(1,252)	(46,578)
Total	**1,358**	**(48,626)**	**(1,252)**	**(48,520)**

Notes *(continued)*

21 Purchase of subsidiary undertaking

On 20 November 2007 the company acquired a 100% interest in Eurotel Holdings Limited, which represents the entire trade held within Belle Holdco Limited

The assets and liabilities acquired are shown below

		£000
Net assets acquired		
Goodwill		23,409
Tangible fixed assets		120
Stock		199
Debtors		5,419
Creditors due in less than one year		(8,516)
Loans		(19,556)
Net assets on completion		1,075
Fair value adjustments		
Goodwill	(23,409)	
Stock	(30)	
Debtors	(710)	
Creditors	120	
		(24,029)
Revised net assets		(22,954)
Goodwill on acquisition		50,564
Purchase consideration		27,610

The fair value adjustments relate to changes to the value of acquired assets & liabilities from the original estimates made as part of the acquisition

Notes *(continued)*

22 Guarantee and financial commitments

Contingent liabilities

On 20 November 2007, the company entered into a debenture with Lloyds TSB Bank PLC providing the bank with fixed and floating charges over the assets of all Group companies

At 31 March 2008 the net amount due to the Lloyds TSB under this guarantee was £17,500,000

Operating leases

	2008	
	Land and buildings	Other
Group	£000	£000
Operating leases which expire		
Within one year	-	126
Between two and five years inclusive	161	500
	161	626

23 Pension costs

The company operates a defined contribution pension scheme Contributions are charged directly to the profit and loss account as they accrue Contributions amounting to £3,000 were payable to the scheme and are included in creditors

24 Related party transactions

S Turner & T Smallbone are directors of Belle Holdco Limited and are also partners of Inflexion LLP During the period the Group paid fees of £29,165 to Inflexion LLP

25 Summarised pre-acquisition performance

The pre-acquisition performance of the Eurotel Holdings Limited group is summarised below up until 31st October It is not practicably possible to draw up Eurotel Holdings Limited group consolidated performance for the period up to immediately prior to the acquisition on 20 November 2007

	7 Months Ended Oct 2007
Turnover	18,219
Operating Profit	1,466
Profit before Tax	644
Profit after Tax 7 Months ended October 2007	**232**
Profit after Tax Year ended March 2007	447