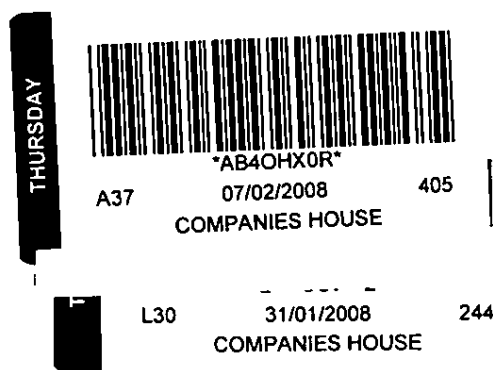


Comunica Limited

Financial statements

For the 10 month period ended 31 March 2007



Company No. 2027207

Company information

Company registration number	2027207
Registered office	80 Great Eastern Street London EC2A 3RS
Directors	M A Balaam T H Perks
Secretary	P Hayes
Independent Auditors	Pricewaterhouse Coopers LLP Chartered accountants & Registered auditors The Atrium 1 Harefield Road Uxbridge UB8 1EX

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Report of the Directors

The directors present their report and the audited financial statements of the company for the 10 month period ended 31 March 2007

Principal activities, business review and future developments

The principal activity of the company during the period was the supply of tailor-made communication solutions through the design, implementation and maintenance of network and cabling infrastructures

The directors use a number of measures, both financial and non-financial to monitor and benchmark performance. They regard the following as the key financial indicators of performance

- Gross profit – measuring the profits generated by contracts
- Net cash flow from operating activities – measuring the performance in translating operating profit into cash flow through management of working capital

The key non-financial indicators are associated with Comunica's ability to maintain its existing customer base and to attract new customers, contract delivery and the future order pipeline which the directors consider to be the principal risks and uncertainties facing the business

On 6th March 2007 the company's then ultimate parent company, Comunica Holdings Limited, was acquired by Redstone plc. On the same date the accounting reference date was changed to 31 March to tie in with Redstone plc

Results and dividends

There was a profit for the period after taxation amounting to £15,864 (2006 profit as restated £1,257,141)

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements

The directors have paid the following interim dividends. The dividend in the period to 31 March 2007 was paid on 20 March 2007

For 10 month period ended 31 March 2007	Year Ended 31 May 2006
	£
<u>550,000</u>	<u>560,000</u>

Report of the Directors (continued)

Directors

The present membership of the Board is set out below. All served on the Board throughout the period, except as noted below.

M A Balaam – appointed 6 March 2007

T H Perks – appointed 6 March 2007

P Pela, R Marshall, R Bell, A Chater and G Masom resigned as directors on 6 March 2007

Policy on the payment of creditors

The company's policy for all suppliers is to fix terms of payment when agreeing the terms of each transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of each payment. Period end trade creditors for the company represent 120 days (2006 - 54 days) purchases.

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policy for managing cash flow interest rate risk is set out in the subsection entitled "interest rate risk" below.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Report of the Directors (continued)

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings

Credit risk

The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Statement of directors' responsibilities

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 which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. 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 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that as far as they are aware and at the time of approving this report

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of relevant audit information and to establish that the auditors are aware of that information.

Report of the Directors (continued)

Donations

During the period the company made the following contributions

	For 10 month period ended 31 March 2007 £	Year Ended 31 May 2006 £
Charitable	<u>9,690</u>	<u>12,660</u>

Employees

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

The group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

Auditors

During the period Grant Thornton UK LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed by the directors. They have indicated their willingness to continue in office and as such a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



T H Perks
Director

31 January 2008

Report of the independent auditors to the members of Comunica Limited

We have audited the financial statements of Comunica Limited for the 10 month period ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Richard Cooper LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

West London

31 January 2008

Profit and loss account

	Note	10 month period ended 31 March 2007 £	Year Ended 31 May 2006 Re-stated £
Turnover	2	40,529,467	41,332,347
Cost of sales		(31,806,151)	(31,798,638)
Gross profit		<u>8,723,316</u>	<u>9,533,709</u>
Administrative expenses		(8,538,314)	(7,393,220)
Operating profit	3	<u>185,002</u>	<u>2,140,489</u>
Interest receivable and similar income	6	11,985	453
Interest payable and similar charges	7	(93,611)	(151,286)
Profit on ordinary activities before taxation		<u>103,376</u>	<u>1,989,656</u>
Tax on profit on ordinary activities	8	(87,512)	(732,515)
Profit on ordinary activities after taxation	20,21	<u>15,864</u>	<u>1,257,141</u>

All of the activities of the company are classed as continuing

There is no material difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical costs equivalents

Statement of total recognised gains and losses for the year ended 31 March 2007

		10 month period ended 31 March 2007	Year Ended 31 May 2006 Re-stated
	Note	£	£
Profit for the financial year	3	<u>15,864</u>	<u>1,257,141</u>
Total recognised gains and losses relating to the year		<u>15,864</u>	<u>1,257,141</u>
Prior year adjustment – share based payments	21	222,819	
Prior year adjustment – revenue recognition	21	<u>(135,000)</u>	
Total recognised gains and losses recognised since last annual report		<u>103,683</u>	

Balance sheet as at 31 March 2007

	Note	£	31 March 2007 £	£	31 May 2006 Re-stated £
Fixed assets					
Tangible assets	10	1,209,824		1,017,591	
Investments	11	-		-	
			<u>1,209,824</u>	<u></u>	<u>1,017,591</u>
Current assets					
Stocks	12	553,534		421,256	
Debtors	13	14,099,470		12,224,760	
Cash at bank and in hand		4,071,712		10,369	
		<u>18,724,716</u>		<u>12,656,385</u>	
Creditors amounts falling due within one year	14	(16,436,165)		(10,391,528)	
Net current assets			<u>2,288,551</u>		<u>2,264,857</u>
Total assets less current liabilities			<u>3,498,375</u>		<u>3,282,448</u>
Capital and reserves					
Called up share capital	19		900,000		900,000
Profit and loss account	20		2,598,375		2,382,448
Total equity shareholders' funds	21		<u>3,498,375</u>		<u>3,282,448</u>

The financial statements and related notes on pages 8 to 22 were approved by the directors on 31 January 2008 and are signed on their behalf by



T H Perks
Director

Notes to the financial statements

1 Principal Accounting Policies

Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the companies act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year, are set out below.

The directors have reviewed the principal accounting policies of the company and consider they remain the most appropriate for the company.

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

The principal accounting policies of the company are set out below. In preparing the financial statements for the current period, the company has adopted the following Financial Reporting Standards.

Change in accounting policies

The financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 31 May 2006 with the exception of the following which represent changes in accounting policies and as such the comparative figures have been restated accordingly.

Adoption of FRS 20 "Share-based payments"

The effect of the change in accounting policy to adopt FRS 20 was to increase administrative expenses by £750,063 (2006 £786,487) with the corresponding entry in equity.

Revenue Recognition

The accounting policy for revenue recognition on long term contracts has been amended to align with the policy of the new ultimate parent company, Redstone plc. The effect of the change was to reduce the "amounts recoverable on contract" balance by £347,000 (2006 £250,000) with a corresponding reduction in turnover.

Change of Accounting Reference Date

On 6th March 2007 the company's then ultimate parent company, Comunica Holdings Limited, was acquired by Redstone plc. On the same date the accounting reference date was changed to 31 March to tie in with Redstone plc.

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Redstone plc, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Notes to the financial statements

1 Principal Accounting Policies

Related parties disclosure

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

Turnover

Turnover represents amounts invoiced to external customers in relation to materials and labour together with the value of work carried out to the balance sheet date on long-term contracts. Turnover excludes discounts, rebates, VAT and other sales duty and is only recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured

The following specific recognition criteria must also be met before revenue is recognised

(a) Revenue from fixed price construction contracts is recognised on a percentage of completion method to the extent that the level of completion for a contract can be measured. Revenue includes expenses to the extent they are recoverable. Where the percentage of completion cannot be reliably measured, revenue is recognised when specific contractual milestones are met or on project completion

(b) For short-term contracts, including period schedule work, turnover and profit are recognised based upon the state of completion on an individual job basis

Fixed assets

All fixed assets are recorded at cost less accumulated depreciation

Fixed asset investments

Investments are included at cost less amounts written off. These are reviewed for impairment where the Directors believe there has been an indication of potential impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Premises improvements	-	20%
Fixtures & fittings	-	20%
Office equipment	-	33 1/3%

Share based employee remuneration

The company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

Notes to the financial statements

1 Principal Accounting Policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for the directors and employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

1 Principal Accounting Policies (continued)

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Fixed asset investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Accounting for R & D

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

2 Turnover

The turnover and profit before tax are attributable to the principal activity of the company.
An analysis of turnover is given below:

	2007 £	2006 £
United Kingdom	40,059,730	41,236,531
Europe	469,737	95,816
	<u>40,529,467</u>	<u>41,332,347</u>

3 Operating profit

Operating profit is stated after charging/ (crediting)

	2007 £	2006 Re-stated £
Depreciation of owned fixed assets	446,021	285,798
Profit on disposal of fixed assets	-	(47,053)
Auditor's remuneration		
Audit fees	40,000	39,500
Operating lease costs		
Plant and machinery	326,223	360,875
Land and buildings	294,122	283,977
Hire of equipment	273,171	211,892
Net profit on foreign currency translation	-	(3,475)
Exceptional item	-	(744,917)
Share-based payment charge	<u>750,063</u>	<u>786,487</u>

The exceptional item in 2006 represents the proceeds, net of associated costs, of claims against a former employee and the previous auditors of the company.

Notes to the financial statements

4 Employees

The average number of staff employed by the company during the period amounted to

	2007 No	2006 No
Administrative staff	96	79
Direct staff	214	217
	<u>310</u>	<u>296</u>

The aggregate payroll costs of the above were

	2007 £	As restated 2006 £
Wages and salaries	10,853,450	11,902,646
Social security costs	1,208,728	1,369,260
Share Based Payments	750,063	786,487
Other pension costs (note 22)	255,894	326,290
	<u>13,068,135</u>	<u>14,384,683</u>

5 Directors

Remuneration in respect of directors was as follows

	2007 £	2006 £
Aggregate emoluments	472,911	563,275
Value of company pension contributions to money purchase schemes	46,356	46,356
	<u>519,267</u>	<u>609,631</u>

Emoluments of highest paid director

	2007 £	2006 £
Total emoluments (excluding pension contributions)	156,675	178,068
Value of company pension contributions to money purchase schemes	12,825	12,150
	<u>169,500</u>	<u>190,218</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007 No	2006 No
Money purchase schemes	<u>3</u>	<u>3</u>

Notes to the financial statements

6 Interest receivable and similar income

	2007	2006
	£	£
Bank interest	11,985	453

7 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	93,611	147,920
Hire purchase and finance lease charges	-	3,366
	<u>93,611</u>	<u>151,286</u>

8 Taxation on profit on ordinary activities

(a) Analysis of charge in the period

	2007	2006
	£	Re-stated £
Current tax		
UK Corporation tax based on the results for the period at 30%(2006 - 30%)	(320,798)	906,889
Under provision in prior year	-	5,200
Total current tax	<u>(320,798)</u>	<u>912,089</u>
Deferred tax movement (note 15) – current	408,310	(179,574)
Deferred tax movement (note 15) – prior year	-	-
Total tax on profit on ordinary activities	<u>87,512</u>	<u>732,515</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007	2006
	£	Re-stated £
Profit on ordinary activities before taxation	<u>103,376</u>	<u>1,989,656</u>
Profit on ordinary activities multiplied by rate of tax at 30% (2006 - 30%)	<u>31,013</u>	<u>596,897</u>
Timing differences on share-based payments	(458,765)	235,946
Expenses not deductible for tax purposes	56,499	129,178
Capital allowances for period lower than /(in excess of) depreciation	50,455	(55,196)
Other timing differences	-	64
Adjustments to tax charge in respect of previous periods	-	5,200
Total current tax charge (note 8(a))	<u>(320,798)</u>	<u>912,089</u>

Notes to the financial statements

9 Dividends

	2007 £	2006 £
Ordinary shares – final dividend of 61 1p per share (2006 62 2p)	550,000	560,000

The dividend was paid on the 20th March 2007

10 Tangible fixed assets

	Improvements to premises £	Fixtures & fittings £	Office equipment £	Total £
Cost				
At 31 May 2006	187,770	48,805	1,120,497	1,357,072
Additions	158,038	-	480,216	638,254
At 31 March 2007	<u>345,808</u>	<u>48,805</u>	<u>1,600,713</u>	<u>1,995,326</u>
Accumulated depreciation				
At 31 May 2006	52,879	8,784	277,818	339,481
Charge for the year	50,877	8,061	387,083	446,021
At 31 March 2007	<u>103,756</u>	<u>16,845</u>	<u>664,901</u>	<u>785,502</u>
Net book value				
At 31 March 2007	<u>242,052</u>	<u>31,960</u>	<u>935,812</u>	<u>1,209,824</u>
At 31 May 2006	<u>134,891</u>	<u>40,021</u>	<u>842,679</u>	<u>1,017,591</u>

Notes to the financial statements

11 Fixed asset investments

	Shares in group undertaking £
Cost	
At 31 May 2006 and 31 March 2007	<u>1</u>
Amounts written off	
At 31 May 2006 and 31 March 2007	<u>1</u>
Net book value	
At 31 May 2006 and 31 March 2007	<u>-</u>

At 31 May 2006 and 31 March 2007, the company held more than 20% of the allocated share capital of the following undertakings

	Country of incorporation /registration	Class of share capital held	Proportion Held	Capital and reserves	Profit for the financial year £
Subsidiary Comunica Group Ltd	England & Wales	Ordinary	100%	1	-

Comunica Group Ltd was dormant throughout the year

12 Stocks

	2007 £	2006 £
Raw materials	<u>553,534</u>	<u>421,256</u>

Notes to the financial statements

13 Debtors

	2007	2006 Re-stated
	£	£
Trade debtors	6,186,658	6,672,505
Amounts recoverable on contracts	6,816,087	4,541,619
Other debtors	9,000	40,326
Prepayments and accrued income	517,241	416,582
Corporation Tax	425,066	-
Deferred tax asset (note 15)	145,418	553,728
	<u>14,099,470</u>	<u>12,224,760</u>

The debtors above include the following amounts falling due after more than one year

	2007	2006
	£	£
Amounts recoverable on contracts	<u>416,662</u>	<u>141,298</u>

14 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank loans and overdrafts	334,404	1,710,797
Payments received on account	822,384	429,671
Trade creditors	6,087,142	2,693,512
Amounts owed to group undertakings	5,162,135	852,756
Corporation tax	-	906,889
Other creditors including taxation and social security	1,061,753	1,844,643
Accruals and deferred income	2,968,347	1,953,260
	<u>16,436,165</u>	<u>10,391,528</u>

The bank borrowings are secured by a fixed and floating charge over the assets of the company

15 Deferred tax

Deferred taxation recognised in the financial statements is set out below

	2007 Recognised	2007 Unrecognised	2006 Re-stated Recognised	2006 Unrecognised
	£	£	£	£
Deferred tax asset				
Share-based payments restatement	-	-	458,765	-
Accelerated capital allowances	145,418	-	94,963	-
	<u>145,418</u>	<u>-</u>	<u>553,728</u>	<u>-</u>

Notes to the financial statements

15 Deferred tax (continued)

The movement in the deferred tax asset during the period was as follows

	2007 £	2006 Re-stated £
Opening balance	553,728	151,335
Restatement for share based payments	-	222,819
Opening balance restated	553,728	374,154
(Charge)/ credit to the profit and loss account	(408,310)	179,574
Closing balance	<u>145,418</u>	<u>553,728</u>

The directors believe it is more likely than not that there will be sufficient future taxable profits with which to realise the deferred tax asset

16 Leasing commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	126,000	16,276	128,764
Within 2 to 5 years	335,200	33,600	335,200	46,383
After 5 years	-	-	-	-
	<u>335,200</u>	<u>159,600</u>	<u>351,476</u>	<u>175,147</u>

17 Contingent liabilities

There are contingent liabilities in respect of performance guarantees entered into by the company in the normal course of business

There were no other contingent liabilities at 31 March 2007 or 31 May 2006

18 Capital commitments

The company had capital commitments of £49,426 at 31 March 2007 and £322,000 at 31 May 2006

Notes to the financial statements

19 Called up share capital

Authorised share capital

	2007 £	2006 £
900,000 (2006 900,000) Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>

Allotted, called up and fully paid

	2007 No	2007 £	2006 No	2006 £
Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

20 Profit and loss account

	2007 £	2006 Re-stated £
(Loss) / Profit for the financial period	15,864	1,257,141
Dividends	(550,000)	(560,000)
Share based payments	<u>750,063</u>	<u>786,487</u>
	215,927	1,483,628
Balance brought forward (as previously reported)	2,173,683	811,001
Share based payments restatement	458,765	222,819
Restatement for revenue recognition	<u>(250,000)</u>	<u>(135,000)</u>
	2,382,448	898,820
Balance brought forward (restated)	<u>2,382,448</u>	<u>898,820</u>
Balance carried forward	<u>2,598,375</u>	<u>2,382,448</u>

21 Reconciliation of movements in shareholders' funds

	2007 £	2006 Re-stated £
(Loss) / Profit for the financial period	15,864	1,257,141
Dividends	(550,000)	(560,000)
Share based payments	<u>750,063</u>	<u>786,487</u>
	215,927	1,483,628
Opening equity shareholders' funds (as previously reported)	3,073,683	1,711,001
Share based payments restatement	458,765	222,819
Restatement for revenue recognition	<u>(250,000)</u>	<u>(135,000)</u>
Opening equity shareholders' funds (restated)	<u>3,282,448</u>	<u>1,798,820</u>
Closing equity shareholders' funds	<u>3,498,375</u>	<u>3,282,448</u>

22 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £255,894 (2006 - £326,290). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the financial statements

23 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by Redstone Plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements

24 Ultimate parent company

The smallest and largest group in which the results of the company are consolidated is that headed by Redstone Plc. The consolidated accounts of this company are available to the public and may be obtained from 80 Great Eastern Street, London EC2A 3RS