

Comunica Limited
Financial statements
For the year ended 31 March 2009

SATURDAY



RV31CHOO

RM

20/02/2010

97

COMPANIES HOUSE

Company number 2027207

Company information

Company registration number	2027207
Registered office	80 Great Eastern Street London EC2A 3RS
Directors	S Yapp R Marshall
Company secretary	P Hayes
Independent auditors	Pricewaterhouse Coopers LLP Chartered Accountants and Registered auditors The Atrium 1 Harefield Road Uxbridge UB8 1EX

Contents

Report of the directors for the year ended 31 March 2009	2
Report of the independent auditors to the members of Comunica Limited	7
Profit and loss account for the year ended 31 March 2009	9
Balance sheet as at 31 March 2009	10
Notes to the financial statements for the year ended 31 March 2009	11

Report of the directors for the year ended 31 March 2009

The directors present their annual report and the audited financial statements except as noted for the year ended 31 March 2009

Principal activities, business review and future developments

The principal activity of the company during the year 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 Limited'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

Results and dividends

There was a profit for the financial year after taxation amounting to £1,866,482 (2008 profit £4,219,186)

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

No dividend has been paid this year (2008 £nil)

Report of the directors for the year ended 31 March 2009 (continued)

Directors

The present membership of the board is set out below. All served on the board throughout the year and up to the date of signing the financial statements except as noted below.

R Marshall (appointed on 23/7/2009)

S Yapp (appointed on 13/10/2009)

M A Balaam (resigned on 28/4/2009)

T H Perks (resigned on 13/10/2009)

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. Year end trade creditors for the company represent 28 days (2008: 69 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, currency 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 periods.

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 for the year ended 31 March 2009 (continued)

Financial risk management objectives and policies (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.

Going concern

The directors are required to be satisfied that the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends on the ability of the Redstone Plc Group to meet its cashflow forecasts and the continuing support of its bankers by providing adequate overdraft facilities and of its debt holders. The Redstone Plc Group has agreed new facilities with Barclays Bank through to 30 September 2011, and the bank has agreed to waive any default of the covenants tests, prior to December 2010.

Subsequent to the year end, in September 2009, the Redstone plc Group also completed a fund raising of up to £6 million through the issue of a loan note to 2 existing shareholders, SVG Investment Managers Limited and Gartmore Investment Limited, £3 million of which has been drawn down and the remaining tranche can be requested by the Group at any time provided there has not been a material adverse change in the operating performance or debt position of the Redstone plc Group. The loan notes are secured on the assets of the company and all property and assets of Redstone plc group and this security is secondary to the Barclays Bank facilities.

Under the terms of the loan note arrangement, a premium equal to 2 times the outstanding principal amount is payable on the maturity date on 1 October 2011, and in the event that the approval of the shareholders of the terms of the conversion and/or the approval of the panel on Takeovers and Mergers to waive rule 9 of the City Code on Takeovers and Mergers is not obtained, an additional super premium equal to 2 times the principal drawn down is payable at maturity.

If the loan notes are converted into equity or repaid, then on 1 October 2011, this will lead to the Group's liabilities that have fallen due significantly exceeding the Group's assets.

The note holders have confirmed to the group that in the event that the group is unable to make repayment of the loan notes on their maturity date, they would expect to work with the Redstone Group to refinance the loan notes, for example through the converting the loan notes into shares, alternative financing arrangements or through extending the maturity date, and that it is not their current intention to wind-up the company in the event that it is unable to repay the loan notes on the maturity date. For these reasons the Directors believe the going concern basis to be appropriate.

Whilst the nature of the Group's business is such that there can be considerable variation in the cash inflows and this adds risk to the Group's ability to forecast cash, and in the current economic environment there can be no absolute certainty that the Group will achieve its EBITDA forecasts, the present cashflow forecasts indicate the Group will be able to operate within the present overdraft facilities for at least 12 months from the date of approval of the financial statements.

Report of the Directors for the year ended 31 March 2009 (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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, in which case there should be supporting assumptions or qualifications as necessary.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors for the year ended 31 March 2009 (continued)

Statement of disclosure of information to auditors

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

Donations

During the year the company made the following contributions

	2009 £	2008 £
Charitable	<u>3,051</u>	<u>9,898</u>

Employees

The company 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 company 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.

Independent auditors

PricewaterhouseCoopers LLP 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.

on behalf of the board



R Marshall
Director

date

Report of the independent auditors to the members of Comunica Limited

We have audited the financial statements of Comunica Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the directors 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 contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the directors and Company Information. 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 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.

Report of the independent auditors to the members of Comunica Limited (continued)

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 2009 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 report of the directors is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
date

22 December 2009

Profit and loss account for the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	2	67,503,249	63,660,617
Cost of sales		(56,578,618)	(50,267,265)
Gross profit		10,924,631	13,393,352
Administrative expenses		(9,106,796)	(9,442,558)
Operating profit	3	1,817,835	3,950,794
Interest receivable and similar income	6	25,230	153,546
Interest payable and similar charges	7	(4,274)	(14,937)
Profit on ordinary activities before taxation		1,838,791	4,089,403
Tax on profit on ordinary activities	8	27,691	129,783
Profit for the financial year	20	1,866,482	4,219,186

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 financial year stated above and their historical costs equivalents

There are no other gains or losses other than profit for the financial year. Accordingly no statement of total recognised gains and losses is presented

Balance sheet as at 31 March 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	9	761,570		1,091,911	
Fixed asset investment	10	-		-	-
			<u>761,570</u>		<u>1,091,911</u>
Current assets					
Stocks	11	154,085		437,350	
Debtors	12	22,040,621		19,200,931	
Cash at bank and in hand		2,324,014		3,152,012	
		<u>24,518,720</u>		<u>22,790,293</u>	
Creditors, amounts falling due within one year	13	(15,156,197)		(15,976,433)	
Net current assets			<u>9,362,523</u>		<u>6,813,860</u>
Total assets less current liabilities			<u>10,124,093</u>		<u>7,905,771</u>
Capital and reserves					
Called up share capital	18		900,000		900,000
Profit and loss account	19		<u>9,224,093</u>		<u>7,005,771</u>
Total equity shareholders' funds	20		<u>10,124,093</u>		<u>7,905,771</u>

The financial statements and related notes on pages 11 to 22 were approved by the directors on and are signed on their behalf by



R Marshall
Director

Notes to the financial statements for the year ended 31 March 2009

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 have remained unchanged from previous period.

Going concern basis

The directors are required to be satisfied that the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends on the ability of the Redstone Plc Group to meet its cashflow forecasts and the continuing support of its bankers by providing adequate overdraft facilities and of its debt holders. The Redstone Plc Group has agreed new facilities with Barclays Bank through to 30 September 2011, and the bank has agreed to waive any default of the covenants tests, prior to December 2010.

Subsequent to the year end, in September 2009, the Redstone plc Group also completed a fund raising of up to £6 million through the issue of a loan note to 2 existing shareholders, SVG Investment Managers Limited and Gartmore Investment Limited, £3 million of which has been drawn down and the remaining tranche can be requested by the Group at any time provided there has not been a material adverse change in the operating performance or debt position of the Redstone plc Group. The loan notes are secured on the assets of the company and all property and assets of Redstone plc group and this security is secondary to the Barclays Bank facilities.

Under the terms of the loan note arrangement, a premium equal to 2 times the outstanding principal amount is payable on the maturity date on 1 October 2011, and in the event that the approval of the shareholders of the terms of the conversion and/or the approval of the panel on Takeovers and Mergers to waive rule 9 of the City Code on Takeovers and Mergers is not obtained, an additional super premium equal to 2 times the principal drawn down is payable at maturity.

If the loan notes are converted into equity or repaid, then on 1 October 2011, this will lead to the Group's liabilities that have fallen due significantly exceeding the Group's assets.

The note holders have confirmed to the group that in the event that the group is unable to make repayment of the loan notes on their maturity date, they would expect to work with the Redstone Group to refinance the loan notes, for example through the converting the loan notes into shares, alternative financing arrangements or through extending the maturity date, and that it is not their current intention to wind-up the company in the event that it is unable to repay the loan notes on the maturity date. For these reasons the Directors believe the going concern basis to be appropriate.

Notes to the financial statements for the year ended 31 March 2009 (continued)

1. Principal accounting policies (continued)

Whilst the nature of the Group's business is such that there can be considerable variation in the cash inflows and this adds risk to the Group's ability to forecast cash, and in the current economic environment there can be no absolute certainty that the Group will achieve its EBITDA forecasts, the present cashflow forecasts indicate the Group will be able to operate within the present overdraft facilities for at least 12 months from the date of approval of the financial statements

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

Related parties disclosure

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related party disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by 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, Value Added Tax and other sales duty and is only recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured

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

- (a) Turnover 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. Turnover includes expenses to the extent they are recoverable. Where the percentage of completion cannot be reliably measured, turnover 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

Tangible Fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. All tangible fixed assets are recorded at historic purchase cost less accumulated depreciation

Fixed asset investments

Fixed asset investments are included at cost less amounts written off for impairment. 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

Notes to the financial statements for the year ended 31 March 2009 (continued)

1. Principal accounting policies (continued)

Depreciation

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

Premises improvements	-	20%
Fixtures and 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 for the year ended 31 March 2009 (continued)

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 over the shorter of estimated useful life and lease term. 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 to the profit and loss account 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 for the year ended 31 March 2009 (continued)

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.

Accounting for research and development

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 is attributable to the principal activity of the company.
A geographical analysis of turnover is given below.

	2009 £	2008 £
United Kingdom	66,850,195	63,398,731
Europe	653,054	261,886
	<u>67,503,249</u>	<u>63,660,617</u>

The principal activity of the company is considered by the directors to be a single class of business.

3. Operating profit

Operating profit is stated after charging/(crediting)

	2009 £	2008 £
Depreciation of owned tangible fixed assets	676,474	710,758
Profit on disposal of tangible fixed assets	-	(24,540)
Auditors' remuneration		
Audit fees	50,000	50,000
Operating lease costs:		
Plant and machinery	323,788	360,875
Land and buildings	291,780	283,979
Hire of equipment	83,969	117,666
Net profit on foreign currency translation	-	4,696
One off cost for back salary related to the acquisition of Morgan Stanley contract	-	460,000
	<u>-</u>	<u>460,000</u>

Notes to the financial statements for the year ended 31 March 2009 (continued)

4. Employees

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

	2009 Number	2008 Number
Administrative staff	101	103
Direct staff	397	324
	<u>498</u>	<u>427</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	22,908,705	15,927,537
Social security costs	1,679,099	1,778,386
Share based payments	351,840	188,210
Other pension costs (note 21)	453,057	335,026
	<u>25,392,701</u>	<u>18,229,159</u>

5. Directors

Remuneration in respect of directors was as follows

	2009 £	2008 £
Aggregate emoluments	-	-
Value of company pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>
Emoluments of highest paid director		
	2009 £	2008 £
Total emoluments (excluding pension contributions)	-	-
Value of company pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 31 March 2009 (continued)

5. Directors (continued)

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

	2009 Number	2008 Number
Money purchase schemes	-	-

The directors were paid via the ultimate holding company. No payment was made to them in the year by the company (2008 £nil)

6. Interest receivable and similar income

	2009 £	2008 £
Bank interest	25,230	153,546

7. Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	4,274	14,937

8. Tax on profit on ordinary activities

(a) Analysis of credit in the year	2009 £	2008 £
Current tax		
UK corporation tax on profits for the year	-	-
Total current tax (note 8(b))	-	-
Deferred tax movement (note 14) – current	(27,691)	(129,783)
Total deferred tax	(27,691)	(129,783)
Total tax credit on profit on ordinary activities	(27,691)	(129,783)

Notes to the financial statements for the year ended 31 March 2009 (continued)

8. Tax on profits on ordinary activities (continued)

(b) Factors affecting current tax credit

The tax assessed on the profit on ordinary activities for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 - 30%)

	2009 £	2008 £
Profit on ordinary activities before taxation	1,838,791	4,089,403
Profit on ordinary activities multiplied by rate of tax at 28% (2008 - 30%)	514,861	1,226,821
Expenses not deductible for tax purposes	109,209	116,316
Capital allowances less than depreciation	-	37,146
Tax losses brought forward	-	(234,966)
Group relief	(624,070)	(1,145,317)
Total current tax charge (note 8(a))	-	-

The standard rate of corporation tax in the UK changed to 28% on 1 April 2008

Notes to the financial statements for the year ended 31 March 2009 (continued)

9. Tangible assets

	Improvements £	Fixtures and fittings £	Office equipment £	Total £
Cost:				
At April 2008	469,078	48,805	2,070,289	2,588,171
Additions	11,609	-	334,525	346,134
At 31 March 2009	<u>480,687</u>	<u>48,805</u>	<u>2,404,814</u>	<u>2,934,305</u>
Accumulated depreciation				
At 1 April 2008	218,656	26,631	1,250,974	1,496,261
Charge for the year	139,929	10,432	526,113	676,474
At 31 March 2009	<u>358,585</u>	<u>37,063</u>	<u>1,777,087</u>	<u>2,172,735</u>
Net book value				
At 31 March 2009	122,101	11,742	627,727	761,570
At 31 March 2008	<u>250,422</u>	<u>22,174</u>	<u>819,315</u>	<u>1,091,911</u>

10. Fixed asset investments

	Shares in group undertaking £
Cost	
1 April 2008 and 31 March 2009	<u>1</u>
Impairment	
1 April 2008 and 31 March 2009	<u>1</u>
Net book value	
At 31 March 2008 and 31 March 2009	<u>-</u>

Notes to the financial statements for the year ended 31 March 2009 (continued)

10. Investments (continued)

At 31 March 2008 and 31 March 2009, 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 Limited	England & Wales	Ordinary	100%	1	-

Comunica Limited was dormant throughout the year

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

11. Stocks

	2009 £	2008 £
Raw materials/WIP	<u>154,085</u>	<u>437,350</u>

12. Debtors

	2009 £	2008 £
Trade debtors	7,676,215	9,531,102
Amounts recoverable on contracts	6,879,949	7,914,376
Other debtors	-	3,531
Prepayments and accrued income	3,360,915	1,476,721
Amounts owed by group undertakings	3,470,045	-
Corporation tax	350,605	-
Deferred tax asset (note 14)	302,892	275,201
	<u>22,040,621</u>	<u>19,200,931</u>

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

	2009 £	2008 £
Amounts recoverable on contracts	<u>398,178</u>	<u>480,360</u>

Notes to the financial statements for the year ended 31 March 2009 (continued)

13. Creditors: amounts falling due within one year

	2009 £	2008 £
Payments received on account	1,580,580	1,389,444
Trade creditors	4,384,031	9,553,015
Amounts owed to group undertakings	-	3,095,961
Corporation tax	-	53,490
Other creditors including taxation and social security	4,876,964	1,848,067
Accruals and deferred income	4,314,622	36,456
	<u>15,156,197</u>	<u>15,976,433</u>

14. Deferred tax

Deferred taxation recognised in the financial statements is set out below

	2009 Recognised £	2008 Recognised £
Deferred tax asset		
Depreciation in excess of capital allowances	302,892	275,201
	<u>302,892</u>	<u>275,201</u>

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

	2009 £	2008 £
At 1 April	275,201	145,418
Credited to the profit and loss account	27,691	129,783
At 31 March	<u>302,892</u>	<u>275,201</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

Notes to the financial statements for the year ended 31 March 2009 (continued)

15. Leasing commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009 Land and buildings £	Other items £	2008 Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	17,292		178,000	126,000
Within 2 to 5 years	-	-	157,200	-
After 5 years	-			
	<u>17,292</u>	<u>-</u>	<u>335,200</u>	<u>126,000</u>

16. 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 2009 or 31 March 2008

The Redstone plc group has banking facilities in place which are secured through charges over the property and assets of the group, of which the company is a member. The company is contingently liable for cross guarantees entered into in connection with the groups banking facility, under which an amount of was drawn down at 31 March 2009

17. Capital commitments contracted for but not provided

The company had capital commitments contracted for but not provided of £300,000 at 31 March 2009 and £ 50,000 at 31 March 2008

18. Called up share capital

Authorised share capital

	Year ended 31 March 2009 £		Year ended 31 March 2008 £	
900,000 ordinary shares of £1 each		900,000		900,000
Allotted up and fully paid				
	2009 Number	2009 £	2008 Number	2008 £
Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

Notes to the financial statements for the year ended 31 March 2009 (continued)

19. Profit and loss account

	2009	2008
	£	£
Profit for the financial year	1,866,482	4,219,186
Share based payments	351,840	188,210
	<u>2,218,322</u>	<u>4,407,396</u>
Balance brought forward	7,005,771	2,598,375
Balance carried forward	<u>9,224,093</u>	<u>7,005,771</u>

20. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	1,866,482	4,219,186
Share based payments	351,840	188,210
	<u>2,218,322</u>	<u>4,407,396</u>
Opening shareholders' funds	7,905,771	3,498,375
Closing shareholders' funds	<u>10,124,093</u>	<u>7,905,771</u>

21. 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 £453,057 (2008 - £335,026). There were no outstanding or prepaid contributions at either the beginning or end of the financial year (2008 £nil).

22. Related party transactions

The company has taken advantage of the exemption conferred by FRS "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.

23. Ultimate parent company

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