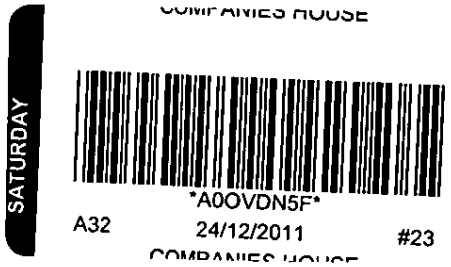
Magdalene Holdings Limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 March 2011



Company Registration No 5411521

Magdalene Holdings Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R E Cooper
A P Crane
D L Hopkins
M A Turner

SECRETARY

S Lluch

REGISTERED OFFICE

Magdalene House
Compass Point Business Park
Stocks Bridge Way
St Ives
Cambridgeshire
PE27 5JL

AUDITOR

Baker Tilly UK Audit LLP
Registered Auditors
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

HSBC plc
24 High Street
Downham Market
Norfolk
PE38 9DB

Magdalene Holdings Limited
DIRECTORS' REPORT

The directors present their report together with financial statements of the Group for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company

The main activities of the company's subsidiary undertakings during the year was that of service and solution provision within the Information and Communication Technology industry

REVIEW OF THE BUSINESS

The group has continued in its strategic positioning as a provider of independent, full scope managed services to telecommunications operators both directly and indirectly During the financial year ending 31 March 2011 focus has been on consolidating the business wins from the previous year, on establishing fresh customer relationships and on completing the integration of the previous year's acquisition

The industry continues to concentrate on the rollout of the next generation of fixed broadband networks and this year has also started to prepare for the next phase of fresh technology deployment for mobile networks Mobile networks are undergoing rationalisation as operators seek sharing arrangements to achieve further savings in operational expenditure Magdalene has positioned itself with key operators and equipment vendors engaged in both of these investment programmes and is already active in several cases in providing services from across its portfolio Additionally, Magdalene has been engaged in the early stages of the build out of rural broadband networks where investments are geared towards both the construction and operation of the networks Magdalene has also expanded its engagement in the operations and maintenance of public and private networks of both carrier and utility customers respectively and expanded the technology portfolio offered as part of its systems integration business

During the year there have been structural changes to the group with Magdalene Limited having purchased all the outstanding shares in Magdalene Services from its joint venture partner Magdalene Services is, therefore, now a wholly owned subsidiary of Magdalene Limited Magdalene Services will continue to support the Magdalene Group through the provision of transportation and equipment recovery services to complement the core telecommunication service offering of Magdalene Limited In addition, the transfer of business from Traxe Global Services Limited ("Traxe") into Magdalene Limited continued during the year, and Traxe as a separate entity was closed in July 2011 Magdalene Oy, the Finnish entity, was also closed at the end of the financial year

The decrease in the revenue of the group, from £21,991,495 to £19,944,256, is largely due to the reduction of sales previously associated with legacy Traxe business which had been unattractive for Magdalene The consolidated loss for the year of £364,963 is largely due to a goodwill amortisation charge of over £400,000 and the consolidation of losses made in Magdalene Services The underlying performance of the existing group is positive

The French subsidiary has also had a successful year, achieving sales of €2,805,466 and contributing a positive profit to the group result

The approach for the coming year is continued investment in operational capabilities and in enhancing the quality of the products and services supplied In developing the business, focus will be on providing existing core service scopes into the current addressed segments and on building further the relationship with key customers

INTEREST RATE RISK

The Group's exposure to the market risk for changes in interest rates primarily relates to the Group's short-term and long-term bank loans and overdraft The Group's policy is to manage its interest costs using variable rate debt The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities

Magdalene Holdings Limited
DIRECTORS' REPORT

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend

THE DIRECTORS

The directors who served the company during the year were as follows

M A Turner
A P Crane
D L Hopkins
R E Cooper

FIXED ASSESTS

In the opinion of the directors, there is no significant difference between the present market value of the Group's properties and the amounts at which they are stated in the financial statements

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

By order of the board

S Lluch

Company Secretary

19/12/ 2011

Magdalene Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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

a select suitable accounting policies and then apply them consistently,

b make judgements and accounting estimates that are reasonable and prudent,

c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Magdalene Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGDALENE HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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
As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

Shaun Mullins ACA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
West Yorkshire
LS1 4HG

23/12/2011

Magdalene Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

	Notes	2011 £	2010 £
TURNOVER existing operations including share of joint ventures	2	20,528,208	20,308,340
Acquisitions		4,539	2,171,277
Turnover group and share of joint ventures		20,532,747	22,479,617
Less share of turnover of joint ventures		(588,491)	(488,122)
Group turnover		19,944,256	21,991,495
Cost of sales		(15,845,446)	(14,993,688)
GROSS PROFIT		4,098,810	6,997,807
Net operating expenses		(4,180,309)	(6,913,150)
GROSS OPERATING (LOSS)/PROFIT			
Existing operations		4,572	35,989
Acquisitions		(86,071)	48,668
	3	(81,499)	84,657
Share of operating (loss)/profit of joint ventures		(144,180)	24,391
Operating (loss)/profit including joint ventures		(225,679)	109,048
Interest receivable and similar income		875	99,721
Interest payable and similar charges	6		
Group		(210,876)	(78,428)
Joint venture		-	(36)
		(210,876)	(78,464)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(435,680)	130,305
Taxation on profit on ordinary activities	7		
Group		39,941	(4,447)
Joint venture		32,096	(5,581)
		72,037	(10,028)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(363,643)	120,277
Minority interests		(1,320)	(11,314)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	19	(364,963)	108,963

All activities of the group are classed as continuing

Magdalene Holdings Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2011

	Notes	2011 £	2010 £
(Loss)/profit on ordinary activities after taxation and minority interests		(364,963)	108,963
Currency translation differences on foreign currency net investments	19	27,937	(126,065)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(337,026)	(17,102)

Magdalene Holdings Limited

(Company Registration No 5411521)

CONSOLIDATED BALANCE SHEET

31 March 2011

	Notes		2011 £	2010 £
FIXED ASSETS				
Intangible assets	9			
Goodwill		2,033,463		2,405,777
Negative goodwill		(176,833)		(216,975)
			1,856,630	2,188,802
Tangible assets	10		2,362,430	2,419,157
Investments in joint ventures	11			
Share of gross assets		-		187,968
Share of gross liabilities		-		(169,094)
			-	18,874
			4,219,060	4,626,833
CURRENT ASSETS				
Stock	12		499,990	396,009
Debtors	13		6,820,303	6 372,741
Cash at bank and in hand			713,387	468,179
			8,033,680	7,236,929
CREDITORS amounts falling due within one year	15		(7,017,866)	(8,345,894)
NET CURRENT ASSETS/(LIABILITIES)			1,015,814	(1,108,965)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,234,874	3,517,868
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(4,227,047)	(2,174,175)
NET ASSETS			1,007,827	1,343,693
CAPITAL AND RESERVES				
Called up share capital	17		9,823	9,823
Share premium account	18		1,370,266	1,370,266
Other reserves	21		2,206	2,206
Profit and loss account	19		(385,454)	(48,428)
SHAREHOLDERS' FUNDS	20		996,841	1,333,867
Minority interest – equity			10,986	9,826
			1,007,827	1,343,693

The financial statements were approved by the board of directors and authorised for issue on 19/12/11 2011 and are signed on their behalf by

A P Crane
Managing Director

Magdalene Holdings Limited

(Company Registration No 5411521)

HOLDING COMPANY BALANCE SHEET

31 March 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	11	6,411,571	6,411,571
CURRENT ASSETS			
Debtors	13	211,137	946,897
CREDITORS amounts falling due within one year	15	(709,668)	(3,270,373)
NET CURRENT LIABILITIES		(498,531)	(2,323,476)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,913,040	4,088,095
CREDITORS amounts falling due after more than one year	16	(2,615,000)	(790,055)
NET ASSETS		3,298,040	3,298,040
CAPITAL AND RESERVES			
Called up share capital	17	9,823	9,823
Share premium account	18	1,370,266	1,370,266
Other reserves	21	2,206	2,206
Profit and loss account	19	1,915,745	1,915,745
SHAREHOLDERS' FUNDS	20	3,298,040	3,298,040

The financial statements were approved by the board of directors and authorised for issue on 19/12/11 2011 and are signed on their behalf by

A P Crane
Managing Director

Magdalene Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year 31 March 2011

	Notes	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	825,639	142,547
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		875	99,721
Interest paid		(210,876)	(78,428)
		(210,001)	21,293
TAXATION			
Corporation tax paid		(1,614)	(123,065)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire fixed assets		(239,303)	(155,038)
Sale of fixed assets		-	18,835
		(239,303)	(136,203)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertaking		(1)	(402,000)
Net cash acquired with subsidiary		9,944	98,907
Purchase of further shares in subsidiary undertakings		-	(17,699)
		9,943	(320,792)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		384,664	(416,220)
FINANCING			
Increase in bank loan borrowing		700,000	-
Repayment of bank loans		(781,972)	(343,966)
Capital element of finance lease payments		(16,434)	-
NET CASH OUTFLOW FROM FINANCING		(98,406)	(343,966)
INCREASE/(DECREASE) IN CASH	26	286,258	(760,186)

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

Trading forecasts have been prepared up to the end of March 2013, which show a positive development on key financials Funding facilities are in place which exceed the forecast cash requirements This, combined with the on-going long-term contracts with customers and suppliers across different geographic areas and industries, confirm to the directors that is appropriate to prepare the financial statements on a going concern basis There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern

TURNOVER

Turnover on product sales, training and consultancy is recognised on delivery, at the amount invoiced, net of discounts and value added tax Turnover on maintenance and support contracts is recognised evenly over the period of the contract Turnover in respect of fixed price long term contracts is recognised as the contract progresses, as milestones set out in the contracts are achieved Retentions are not recognised until receivable

BASIS OF CONSOLIDATION

The group's financial statements include the results of the company and all its subsidiaries and joint ventures

The results of subsidiaries are included in the group profit and loss account from the date of acquisition, or in the case of disposals, up to the effective date of disposal Subsidiaries acquired during the year are consolidated using the acquisition method Their results are incorporated from the day that control passes The difference between the cost of acquisition of the shares in subsidiaries and the fair value of separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life Provision is made for any impairment

The group's interests in its joint ventures are accounted for using the gross equity method

PROFIT AND LOSS ACCOUNT

The company has taken advantage of exemption from presenting its unconsolidated profit and loss account in accordance with section 408 of Companies Act 2006

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred

FIXED ASSETS

Fixed assets are stated at cost less any provision for impairments

1 ACCOUNTING POLICIES (continued)

DEPRECIATION

Depreciation is provided to write off the costs, less estimated residual values, of all fixed assets, excluding long leasehold land, evenly over their expected useful lives It is calculated at the following rates

Long leasehold property	-	2% straight line
Plant and machinery	-	33% straight line
Office equipment and fixtures and fittings	-	20% straight line
Motor vehicles	-	30% reducing balance

STOCKS AND WORK IN PROGRESS

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

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

GRANTS

Deferred grants in respect of operational expenditure connected to research projects are treated as deferred income and are credited to the profit and loss account as the related operational expenditure is incurred

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

FIXED ASSET INVESTMENTS

Fixed asset investments are valued at cost less any provision for impairment

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date The exchange difference on the retranslation of opening net assets is taken directly to reserves All other translation differences are taken to the profit and loss account

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

1 ACCOUNTING POLICIES (continued)

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

PENSION COSTS

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

GOODWILL

Goodwill represents the difference between the fair value of the consideration paid on acquisition and the fair value of its separable net assets at the date of acquisition Goodwill is amortised over its expected useful life

Negative goodwill in excess of the values of non-monetary assets will be written back in the profit and loss account over the period expected to benefit from that negative goodwill

2 TURNOVER

Turnover is wholly attributable to the principal activity of the company During the year 23% (2010 - 20%) of sales were made outside of the UK

3 OPERATING (LOSS)/PROFIT

This has been derived at after charging/(crediting)	2011 £	2010 £
Government grants receivable	-	(174,445)
Research and development expenditure	76,228	527,580
Amortisation and write back in the year	418,823	462,722
Depreciation of owned assets	377,039	211,808
Depreciation of assets held under hire purchase agreement	10,467	-
Loss on disposal of fixed assets	-	3,699
Auditor's remuneration – audit services	30,000	25,000
Auditor's remuneration – non-audit services	9,175	9,175
Loss on foreign exchange	7,615	9,972
Operating lease costs – land and buildings	147,301	182,593
Operating lease costs – other	118,794	262,217
Directors remuneration	457,190	675,347
Share of joint ventures operating loss/(profit)	144,180	(24,391)

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2011 £	2010 £
Audit	30,000	25,000
Accountancy	3,000	3,000
Taxation	6,175	6,175

4 DIRECTORS

The directors' aggregate emoluments in respect of qualifying services were

	2011 £	2010 £
Emoluments receivable	389,161	608,072
Value of company pension contributions to money purchase schemes	80,716	67,275
	469,877	675,347

	2011 £	2010 £
Highest paid director		
Total emoluments (excluding pension contributions)	144,275	222,523
Value of company pension contributions to money purchase schemes	35,150	30,000
	179,425	252,523

There are three directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying services (2010 – three)

5 PARTICULARS OF EMPLOYEES

	2011 £	2010 £
Staff costs consist of:		
Wages and salaries	6,190,067	5,996,211
Social security costs	762,288	725,904
Other pension costs	347,152	327 038
	7,299,506	7,049,153

The average number of persons employed by the group and company, including directors, during the year was as follows

	No	No
Management and administration	35	48
Technical and consultancy	105	106
	140	154

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank loans and overdraft	108,329	35,599
Interest on loan notes	102,547	42,750
Other similar charges	-	79
Share of joint ventures interest payable	-	36
	210,876	78,464

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK corporation tax on profits of the year	-	27,077
Adjustment in respect of previous period	417	(27,211)
Foreign tax on profits of the year	24,752	16,922
Share of joint ventures current tax	(1,988)	5,214
Total current tax	23,181	22,002
Deferred tax		
Origination and reversal of timing differences	(65,109)	(12,341)
Share of joint ventures deferred tax	(30,109)	367
	(72,037)	10,028

(b) Factors affecting current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(435,680)	130,305
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 – 28%)	(121,990)	36,485
Effects of		
Expenses not deductible for tax purposes	356,726	(49,993)
Losses utilised	-	(13,628)
Group relief	(218,342)	(32,771)
Capital allowances in excess of depreciation	(6,729)	(11,160)
Goodwill amortisation		128,308
Different tax rates on subsidiary earnings	9,355	(6,931)
Adjustment in respect of previous period	417	(27,212)
Enhanced reliefs	(16,008)	-
Other timing difference	2,067	(1,096)
Losses not utilised	17,685	-
	23,181	22,002

8 HOLDING COMPANY PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, Magdalene Holdings Limited has not presented its own profit and loss account The profit for the financial year dealt with in the financial statements of the holding company was £nil (2010 - £1,993,615)

9 INTANGIBLE FIXED ASSETS - GOODWILL

Group

	Negative Goodwill £	Positive Goodwill £	Total £
Cost			
At 1 April 2010	(219,832)	4,582,431	4,362,599
Additions	-	86,651	86,651
As at 31 March 2011	(219,832)	4,669,082	4,449,250
Amortisation			
At 1 April 2010	(2,857)	2,176,654	2,173,797
Charge for the year / (written back in the year)	(40,142)	458,965	418,823
At 31 March 2011	(42,999)	2,635,619	2,592,620
Net book value			
At 31 March 2011	(176,833)	2,033,463	1,856,630
At 31 March 2010	(216,975)	2,405,777	2,188,802

Goodwill is amortised over its presumed useful economic life of 10 years

In relation to negative goodwill of £216,975 arising on the acquisition of Traxe Global Services Limited, £40,142 has been written back to the profit and loss account in the period by virtue of £240,075 (18 5%) non monetary assets being recovered in the period Negative goodwill is written back to the profit and loss account over the period of recovery of non monetary assets

During the period goodwill of £86,651 arose on the acquisition of Magdalene Services Limited

10 TANGIBLE FIXED ASSETS

Group

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery	Motor vehicles £	Total £
Cost					
At 1 April 2010	2,212,535	1,273,892	-	-	3,486,427
Additions	-	282,351	39,428	9,000	330,779
At 31 March 2011	2,212,535	1,556,243	39,428	9,000	3,817,206
Depreciation					
At 1 April 2010	256,677	810,593	-	-	1,067,270
Charge in the year	35,868	350,603	585	450	387,506
At 31 March 2010	292,545	1,161,196	585	450	1,454,776
Net book value					
At 31 March 2011	1,919,990	395,047	38,843	8,550	2,362,430
At 31 March 2010	1,955,858	463,299	-	-	2,419,157

11 INVESTMENTS

Group

	Joint ventures £
Cost	
At 31 March 2010	18,874
Disposals	(18,874)
Net book value	
At 31 March 2011	-
At 31 March 2010	18,874

Company

	Subsidiary undertakings £
Cost	
At 31 March 2010 and 31 March 2011	6,411,571
Net book value	
At 31 March 2010 and 31 March 2011	6,411,571

11 INVESTMENTS (continued)

Details of the company's investment in subsidiary undertakings are as follows

Name	Nature of business	Country of incorporation	Percentage of share capital held
Subsidiary undertakings			
Magdalene Limited	Telecommunications and consultancy	England	100%
Traxe Global Services Limited *	Provision of telecommunication network services	England	100%
Magdalene Telecom SAS *	Telecommunications and consultancy	France	96%
Magdalene Telecom OY *	Telecommunications and consultancy	Finland	90%
Magdalene Services Limited *	Transportation and civil engineering services	England	100% (2010 50%)

* denotes shares held by Magdalene Limited

On 1 March 2011 Magdalene Limited acquired a further 100 ordinary shares in Magdalene Services Limited, increasing the proportion of equity held from 50% as at 31 March 2010 to 100% as 31 March 2011 for cash consideration of £1 Magdalene Services Limited has been accounted for using the acquisition method of accounting The assets and liabilities of Magdalene Services Limited have been consolidated in the group financial statements of Magdalene Holdings Limited as below

	Initial book value £	Fair value adjustment £	Fair value at acquisition £
Tangible fixed assets	49,913	-	49,913
Stock	18,582	-	18,582
Debtors	367,653	-	367,653
Cash at bank	9,944	-	9,944
Total Assets	446,092	-	446,092
Trade creditors	527,427	-	527,427
Accruals	35,740	-	35,740
Other creditors	69,044	(13,123)	55,921
Total liabilities	632,211	(13,123)	619,008
Net (liabilities)/assets	(186,119)	13,123	(172,916)

The loss after tax of Magdalene Services Limited from 1 April 2010 to 1 March 2011 was £305,616 (year ended 31 March 2010 profit £37,549)

12 STOCKS

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Work in progress	187,494	-	108,664	-
Finished goods	312,496	-	287,345	-
	499,990	-	396,009	-

13 DEBTORS

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade debtors	4,899,777	-	4,283,759	-
Amounts owed by group undertakings	-	3,326	-	-
Other debtors	267,952	207,811	265,603	946,897
Prepayments and accrued income	1,164,493	-	1,436,652	-
Deferred tax asset (note 14)	488,081	-	386,727	-
	6,820,303	211,137	6,372,741	946,897

Included above is £488,081 (2010 - £386,727) due in more than one year

14 DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 13)	488,081	386,727

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	386,727	10,488
Profit and loss account movement arising during the year	65,109	12,546
Acquired on purchase of subsidiary	36,245	363,693
Balance carried forward	488,081	386,727

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Tax losses	456,695	386,727
Excess of depreciation over taxation allowances	31,080	-
Other timing differences	306	-
	488,081	386,727

15 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loan and overdraft	1,363,041	-	1,144,490	69,928
Payments received on account	227,538	-	330,581	-
Trade creditors	2,938,964	3,699	2,114,997	12,475
Corporation tax payable	7,662	7,662	8,079	8,079
Other taxes and social security costs	861,962	11,498	698,397	23,832
Other creditors	94,035	264	81,103	-
Amount due to group undertakings	-	-	-	83,453
Accruals and deferred income	833,731	16,545	908,302	12,661
Loan notes	420,000	420,000	2,850,000	2,850,000
Preference share loan	250,000	250,000	209,945	209,945
Obligations under hire purchase agreement	20,933	-	-	-
	7,017,866	709,668	8,345,894	3,270,373

The bank loan is secured by a debenture comprising fixed and floating charges over all assets including all present and future freehold and leasehold property The bank loan incurs an interest rate of 1% over the Bank of England base rate The bank loan is repayable over 20 years

During the year the group entered into a new loan agreement with HSBC which is also secured in line with the aforementioned loan Furthermore 4 directors of the group have provided a personal guarantee up to £112,500 per person This new bank loan facility incurs an interest rate of 2 56% over the Bank of England base rate The bank loan is repayable over 2 years

The loan note borrowing is secured by a debenture over existing and future monies, obligations and liabilities of the company

16 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loans	1,607,547	-	1,384,120	-
Loan notes	2,115,000	2,115,000	-	-
Preference share loan	500,000	500,000	790,055	790,055
Obligations under hire purchase agreement	4,500	-	-	-
	4,227,047	2,615,000	2,174,175	790,055

The bank loans are due for repayment as follows

Amounts repayable	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
In more than one year but not more than two years	383,056	-	88,088	-
In more than two years but not more than five years	282,532	-	247,594	-
In more than five years	941,959	-	1,056,438	-
	1,607,547	-	1,384,120	-

16 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loan is secured by a debenture comprising fixed and floating charges over all assets including all present and future freehold and leasehold property The bank loan incurs an interest rate of 1% over the Bank of England base rate The bank loan is repayable over 20 years

During the year the group entered into a new loan agreement with HSBC which is also secured in line with the aforementioned loan Furthermore 4 directors of the group have provided a personal guarantee up to £112,500 per person This new bank loan facility incurs an interest rate of 2 56% over the Bank of England base rate The bank loan is repayable over 2 years

The loan note borrowing is secured by a debenture over existing and future monies, obligations and liabilities of the company During the year the company reached an agreement with its loan note holders to extend repayment of the loan notes from 2010 to 2015 and an element is therefore disclosed as amounts falling due after more than one year

The preference shares loan is due for repayment as follows

	Group & Company 2011	Group & Company 2010
	£	£
In more than one year but not more than two years	250,000	209,945
In more than two years but not more than five years	250,000	580,110
	500,000	790,055

The loan is repayable over four years by equal monthly instalments of £20,833 The loan incurs a rate of interest of 4 5%

The obligations under hire purchase agreement are due for repayment as follows

	Group 2011	Company 2011	Group 2010	Company 2010
Amounts repayable	£	£	£	£
In more than one year but not more than two years	4,500	-	-	-

17 SHARE CAPITAL

Group and company

Allotted, called up and fully paid

	2011	2010
	£	£
10,000 ordinary shares of £0 10 each	1,000	1,000
88,232 preference shares of £0 10 each	8,823	8,823
	9,823	9,823

The holders of the preference shares of £0 10 each have the following rights which differ from the rights of the holders of the ordinary shares

- no rights to dividends
- no voting rights
- priority over ordinary shareholders on a return of assets, liquidation or capital reduction

18 SHARE PREMIUM ACCOUNT

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
At 31 March 2010 and 2011	1,370,266	1,370,266	1,370,266	1,370,266

19 PROFIT AND LOSS ACCOUNT

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Balance brought forward	(48,428)	1,915,745	968,674	922,130
(Loss)/profit for the financial year	(364,963)	-	108,963	1,993,615
Currency translation differences	27,937	-	(126,065)	-
Purchase of own shares	-	-	(1,000,000)	(1,000,000)
At 31 March 2011	(385,454)	1,915,745	(48,428)	1,915,745

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
(Loss)/profit for the financial year	(364,963)	-	108,963	1,993,615
Other recognised gains and losses relating to year (net)	27,937	-	(126,065)	-
Purchase of own shares	-	-	(1,000,000)	(1,000,000)
Net (reduction)/addition to shareholders' funds	(337,026)	-	(1,017,102)	993,615
Opening shareholders' funds	1,333,867	3,298,040	2,350,969	2,304,425
Closing shareholders' funds	996,841	3,298,040	1,333,867	3,298,040

21 OTHER RESERVES

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Capital redemption reserve	2,206	2,206	2,206	2,206

22 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2011, the group had annual commitments under non-cancellable operating leases as set out below

Operating leases which expire	Other 2011 £	Land & buildings 2011 £	Other 2010 £	Land & buildings 2010 £
Within one years	12,092	20,500	-	35,000
In two to five years	159,661	-	144,077	20,500
In more than five years	-	135,337	-	135,337
	171,753	155,837	144,077	190,837

23 PENSION COSTS

The group and company operate a money purchase pension scheme and contributions are charged in the profit and loss account as they accrue The charge for the year was £347,152 (2010 - £327,038)

24 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating (loss)/profit	(81,499)	84,657
Depreciation charge	387,506	211,808
Loss on sale of tangible fixed assets	-	3,699
Amortisation charge	418,823	455,386
(Increase)/Decrease in stocks	(85,399)	205,102
(Increase)/Decrease in debtors	(42,703)	310,581
Decrease/(increase) in creditors	200,974	(1,002,621)
Exchange difference on foreign currency investment	27,937	(126,065)
Net cash inflow from operating activities	825,639	142,547

25 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2010	Cash Flow	Non Cash movement	At 31 March 2011
	£	£	£	£
Cash in hand and at bank	468,179	245,208	-	713,387
Bank overdraft	(964,062)	41,050	-	(923,012)
	(495,883)	286,258	-	(209,625)
Debt due within 1 year	(3,240,373)	265,344	1,865,000	(1,110,029)
Debt due after 1 year	(2,174,175)	(183,372)	(1,865,000)	(4,222,547)
Finance lease due within 1 year	-	16,434	(37,366)	(20,932)
Finance lease due after 1 year	-	-	(4,500)	(4,500)
	(5,414,548)	98,406	(41,866)	(5,354,008)
	(5,910,431)	384,664	(41,866)	(5,567,633)

26 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	2011	2010
	£	£
Increase/(decrease) in cash in the period	286,258	(760,186)
Cashflow from change in debt	56,539	(656,034)
Change in net debt resulting from cash flows	342,797	(1,416,220)
Net debt at 31 March 2010	(5,910,431)	(4,494,211)
Net debt at 31 March 2011	(5,567,634)	(5,910,431)

27 RELATED PARTIES TRANSACTIONS

Control

The company is controlled by the directors

Transactions

The group and company have taken advantage of the exemption allowed by Financial Reporting Standard 8, not to disclose any transaction with 100% owned subsidiary entities of Magdalene Holdings Limited

At the year end £nil (2010 £146,086) was payable to Magdalene Limited by Magdalene Telecom SAS in respect of management charges During the year Magdalene Limited received management charges of £147,742 from Magdalene Telecom SAS (2010 - £146,086) Magdalene Telecom SAS is related by virtue of Magdalene Limited owning 96% of the share capital

During the year Magdalene Limited paid rent of £130,794 (2010 - £107,374) to TCCH Property LLP and made sales to TCCH Property LLP of £nil (2010 - £950), an entity controlled by certain directors

During the year Magdalene Limited made sales of £62,136 (2010 £71,169) to Magdalene Telecoms SAS and purchases of £nil (2010 £8,994) from Magdalene Telecoms SAS, a company in which Magdalene Limited has a 96% interest during the year At the year end £11,281 was due to Magdalene Limited from Magdalene Telecoms SAS (2010 £35,956)

27 RELATED PARTIES TRANSACTIONS (continued)

Magdalene Limited purchased goods and services from Magdalene Telecoms OY of £81,663 (2010 £84,726), a company in which Magdalene Limited holds 90% of equity At the year end Magdalene Limited owed £nil to Magdalene Telecoms OY (2010 £14,327)

Magdalene Limited purchased goods and services from Magdalene Services Limited of £437,929 (2010 £711,452) Magdalene Limited made sales of £24,000 (2010 £78,469) to Magdalene Services Limited, a company in which Magdalene Limited held 50% of the equity at 31 March 2010, and held 100% of the equity at 31 March 2011 At the year end £371,926 was due from Magdalene Services Limited (2010 £978) to Magdalene Limited

During the year Magdalene Limited paid rent of £130,794 (2010 £107,374) to TCCH Property LLP, and made sales to TCCH Property LLP of £nil (2010 £950), an entity controlled by the directors