

Magdalene Holdings Limited
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 March 2012



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
Chartered Accountants
2 Whitehall Quay
Leeds
West Yorkshire
LS1 4HG

BANKERS

HSBC Bank plc
24 High Street
Downham Market
Norfolk
PE38 9DB

Magdalene Holdings Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Magdalene Holdings Limited for the year ended 31 March 2012

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 were that of service and solution provision within the Information and Communication Technology industry

REVIEW OF THE BUSINESS

The market conditions in the year covered by this report have been characterised by a renewed level of activity across all segments of the telecommunications industry. The growing demand for broadband capacity continues to be driven by increasingly attractive applications across fixed and mobile networks, with media, social, business, education, and government sectors all continuing to require higher levels of throughput. The uncertain economic backdrop has not impacted this trend and public and private operators are consequently continuing with their intended network investments.

Mobile networks have been gearing up for the next phase of technology roll out through major swap projects. These cases will continue for the foreseeable future and represent the first sizeable increased level of activity since the last technology upgrade in the first half of the last decade. Fixed network deployments are driven by the high capacity requirements satisfied through fibre to the cabinet and fibre to the premise solutions. The enterprise segment is seeing increased levels of activity through fixed mobile convergence allowing the operators to package solutions that suit the needs of small and medium enterprises particularly well. The one aspect, which has failed to accelerate as fast as had been expected over this reporting period, is the deployment of rural broadband networks.

The principal European original equipment manufacturers have continued to be pressured by the growing presence of the competition from Asia. In response to the increasing stress their product margins, they have individually focussed further on their core strengths and collectively protected their service businesses. Concurrent with this has been the evolution of fresh new technology vendors addressing niche requirements who need support in their sales and service activities.

The major outsourcing moves taken five or so years ago by the tier one operators has set the current fundamental operational structure which is unlikely to change significantly. Managed service partners will continue in their key support role to the operators.

Magdalene's strategic position remains that of an independent managed telecommunications service provider, covering the complete needs of the network lifecycle and delivering a high degree of internal content. There is a strong focus on core telecommunications capabilities with minimal engagement in adjacent activities. Magdalene will continue to concentrate on exploiting the infrastructure expansion plans of all operators, with particular attention paid to the network refresh opportunities presented by the mobile operators. There will also be commitment to extending the managed service business to further enhance returns from investments that have been made in network operations and nationwide maintenance capabilities.

Magdalene Holdings entered this financial year on the back of two years of modest financial performance. Prior to the start of this year much rationalisation and corporate restructuring had been completed. A clear strategy of concentration on core capabilities with the removal of peripheral business had also been determined. Focus on key customers was improved through the restructuring of the sales teams and enhancing accountability in the customer dimension. Through the year this strategy brought benefit in terms of fresh business acquired from existing key customers. It also allowed operational management to deliver improving service levels to customers and higher levels of internal efficiency. Magdalene's business in France, which has traditionally focussed on equipment resale, has this year invested in building new competences to support more service business prospects. Projects were established to improve the management of health and safety matters and of information security with the goals of accreditation of OHSAS 14001 and ISO 27001 targeted for the next financial year.

Magdalene Holdings Limited

DIRECTORS' REPORT

REVIEW OF THE BUSINESS *(continued)*

The positive developments during the year are well captured through the key figures. The Group saw a year on year 11% increase in sales from £19.9m to £22m, which reflected a balanced growth across the business. Gross margin was maintained at 20% which combined with the sales growth generated an 8% increase in gross profit from £4.1m to £4.4m. The net profit before tax was £480k, a significant improvement on the previous year's net loss of £435k. The UK headcount grew by 4% finishing the year at 130. The business in France continued with a very similar profile to the previous year at sales of £2.7m and a net contribution of £195k.

The strategic direction established this year will be continued largely unchanged into the next financial year. Magdalene will further exploit the increased activity on mobile networks and maintain its position in fixed infrastructure to both public and private operators. There will also be a continued emphasis on expanding the nationwide maintenance business. The service portfolio offered will not be expanded. Business acquisition will focus on establishing one more strategic customer and on improving margin with existing cases. The financial goals that have been set reflect the defined strategy with positive growth targets in both revenue and gross profit that are in line with the absolute levels achieved in this financial year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £240,976 (2011 - loss £364,963).

The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 fluctuation on its borrowings is managed by the use of floating facilities.

With the current buoyant market conditions, the Group continues to manage customer risk against a balanced customer portfolio.

DIRECTORS

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

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

FIXED ASSETS

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 THE 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 has 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.

Magdalene Holdings Limited

DIRECTORS' REPORT

AUDITOR

Baker Tilly UK Audit LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006

By order of the board



S Lluch
Company Secretary

Date 22/06/12

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 and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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.

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 7 to 26. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

ANDREW ALLCHIN (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

Date 25 June 2012

Magdalene Holdings Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2012

	Notes	2012 £	2011 £
GROUP TURNOVER (including share of joint venture)		22,068,008	20,532,747
Less Share of joint venture turnover		—	(588,491)
GROUP TURNOVER	2	22,068,008	19,944,256
Cost of sales		(17,648,605)	(15,845,446)
Gross profit		4,419,403	4,098,810
Administrative expenses		(3,756,151)	(4,180,309)
Other operating income	3	10,000	—
OPERATING PROFIT/(LOSS)	4	673,252	(81,499)
Share of joint venture operating loss		—	(144,180)
TOTAL OPERATING PROFIT/(LOSS) GROUP AND SHARE OF JOINT VENTURES		673,252	(225,679)
Interest receivable and similar income		4,413	875
		677,665	(224,804)
Interest payable and similar charges	7	(197,015)	(210,876)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		480,650	(435,680)
Taxation	8	(238,441)	72,037
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		242,209	(363,643)
Minority interests		(1,233)	(1,320)
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		240,976	(364,963)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	23	240,976	(364,963)

The profit/loss for the year arises from the group's continuing operations

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

Magdalene Holdings Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2012

	2012 £	2011 £
Profit/(loss) attributable to shareholders of the parent company	240,976	(364,963)
Currency translation differences on foreign currency net investments	<u>(22,244)</u>	<u>27,937</u>
Total recognised gains and losses since the last financial statements	<u>218,732</u>	<u>(337,026)</u>

Magdalene Holdings Limited
GROUP BALANCE SHEET
31 March 2012

	<i>Notes</i>	2012 £	2011 £
FIXED ASSETS			
Intangible assets	10	1,389,722	1,856,630
Tangible assets	11	2,336,435	2,362,430
		<u>3,726,157</u>	<u>4,219,060</u>
CURRENT ASSETS			
Stocks	13	578,084	499,990
Debtors	14	6,811,680	6,820,303
Cash at bank and in hand		599,283	713,387
		<u>7,989,047</u>	<u>8,033,680</u>
CREDITORS			
Amounts falling due within one year	16	(7,031,764)	(7,017,866)
NET CURRENT ASSETS		<u>957,283</u>	<u>1,015,814</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,683,440</u>	<u>5,234,874</u>
CREDITORS			
Amounts falling due after more than one year	17	(3,457,274)	(4,227,047)
NET ASSETS		<u>1,226,166</u>	<u>1,007,827</u>
CAPITAL AND RESERVES			
Called up share capital	22	9,823	9,823
Share premium account	23	1,370,266	1,370,266
Other reserves	23	2,206	2,206
Profit and loss account	23	(166,722)	(385,454)
SHAREHOLDERS' FUNDS	24	<u>1,215,573</u>	<u>996,841</u>
MINORITY INTERESTS		<u>10,593</u>	<u>10,986</u>
		<u>1,226,166</u>	<u>1,007,827</u>

The financial statements on pages 7 to 26 were approved by the board of directors and authorised for issue on 22 June 2012 and are signed on their behalf by


A P Crane
Managing Director

Magdalene Holdings Limited

BALANCE SHEET

31 March 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	1,418	—
Investments	12	6,411,571	6,411,571
		<u>6,412,989</u>	<u>6,411,571</u>
CURRENT ASSETS			
Debtors	14	134,173	211,137
CREDITORS			
Amounts falling due within one year	16	(532,272)	(709,668)
NET CURRENT LIABILITIES		<u>(398,099)</u>	<u>(498,531)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,014,890</u>	<u>5,913,040</u>
CREDITORS			
Amounts falling due after more than one year	17	(2,224,512)	(2,615,000)
NET ASSETS		<u>3,790,378</u>	<u>3,298,040</u>
CAPITAL AND RESERVES			
Called up share capital	22	9,823	9,823
Share premium account		1,370,266	1,370,266
Other reserves		2,206	2,206
Profit and loss account		2,408,083	1,915,745
SHAREHOLDERS' FUNDS		<u>3,790,378</u>	<u>3,298,040</u>

The financial statements on pages 7 to 26 were approved by the board of directors and authorised for issue on 22 June 2012 and are signed on their behalf by



A P Crane
Managing Director

Magdalene Holdings Limited

GROUP CASH FLOW

for the year ended 31 March 2012

		2012	2011
	Notes	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26 a	1,661,896	797,702
Returns on investments and servicing of finance	26 b	(192,602)	(210,001)
Taxation	26 b	(1,682)	(1,614)
Capital expenditure and financial investment	26 b	(210,075)	(239,303)
		<u>1,257,537</u>	<u>374,721</u>
Acquisitions and disposals	26 b	–	9,943
CASH INFLOW BEFORE FINANCING		<u>1,257,537</u>	<u>384,664</u>
Financing	26 b	(1,037,146)	(98,406)
INCREASE IN CASH IN THE YEAR		<u>220,391</u>	<u>258,321</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2012	2011
		£	£
Increase in cash in the year		220,391	258,321
Net cash outflow from loan notes		420,000	–
Net cash outflow from bank loans		438,225	81,971
Net outflow from preference share loan		157,988	–
Cash outflow in respect of hire purchase		20,933	16,434
Translation difference		(22,244)	27,937
New finance leases		–	(41,866)
Change in net debt	26 c	<u>1,235,293</u>	<u>342,797</u>
Net debt at the beginning of the year	26 c	(5,567,634)	(5,910,431)
Net debt at the end of the year	26 c	<u>(4,332,341)</u>	<u>(5,567,634)</u>

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

GOING CONCERN

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

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 amounts of capital and reserves and profit or loss on ordinary activities attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings are separately shown in the balance sheet and profit and loss account respectively.

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

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.

RESEARCH AND DEVELOPMENT

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

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.

AMORTISATION

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

Negative Goodwill	- over the expected beneficial period
Positive Goodwill	- over 10 years on a straight line basis

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

1 ACCOUNTING POLICIES *(continued)*

FIXED ASSETS

All fixed assets are initially recorded at cost

INVESTMENTS

Long term investments are classified as fixed assets

Fixed asset investments are stated at cost in the company balance sheet

Provision is made for any impairment in the value of fixed asset investments

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.

DEPRECIATION

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

Leasehold Property	- 2% on a straight line basis
Plant & Machinery	- 33% on a straight line basis
Motor Vehicles	- 30% on a reducing balance basis
Fixtures, Fittings & Equipment	- 20% on a straight line basis

Assets under the course of construction are not depreciated until such assets are brought into use.

STOCKS

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

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.

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 the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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.

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

1 ACCOUNTING POLICIES *(continued)*

PENSION COSTS

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

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.

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.

FINANCIAL INSTRUMENTS

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

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below.

	2012	2011
	£	£
United Kingdom	17,672,475	15,375,900
Rest of Europe	4,287,894	4,494,275
Other	107,639	74,081
	<u>22,068,008</u>	<u>19,944,256</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

3 OTHER OPERATING INCOME

	2012	2011
	£	£
Loan waiver	<u>10,000</u>	<u>-</u>

4 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2012	2011
	£	£
Amortisation of intangible assets	466,908	418,823
Depreciation of owned fixed assets	222,115	377,039
Depreciation of assets held under hire purchase agreements	13,955	10,467
Auditor's remuneration		
- as auditor	27,000	30,000
- for other services	9,175	9,175
Operating lease costs		
- Plant and equipment	104,338	118,794
- Other	128,096	147,301
Net loss on foreign currency translation	<u>48,518</u>	<u>7,615</u>

Auditor's fees

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

	2012	2011
	£	£
Audit	27,000	30,000
Accountancy	3,000	3,000
Taxation	6,175	6,175
	<u>36,175</u>	<u>39,175</u>

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year was

	2012	2011
	No	No
Technical and consultancy	99	105
Management and administration	42	35
	<u>141</u>	<u>140</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	5,686,177	6,190,067
Social security costs	756,694	762,288
Other pension costs	338,575	347,152
	<u>6,781,446</u>	<u>7,299,507</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was

	2012	2011
	£	£
Remuneration receivable	264,395	389,161
Value of company pension contributions to money purchase schemes	86,850	80,716
	<u>351,245</u>	<u>469,877</u>

Remuneration of highest paid director

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	136,850	144,275
Value of company pension contributions to money purchase schemes	37,500	35,150
	<u>174,350</u>	<u>179,425</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
On bank loans and overdrafts	62,513	108,329
On finance leases	366	—
On other loans	134,136	102,547
	<u>197,015</u>	<u>210,876</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 26% (2011 - 28%)	86,078	-
(Over)/under provision in prior year	(22,666)	417
	63,412	417
Foreign tax		
Current tax on income for the year	16,686	24,752
Group current tax	16,686	24,752
Share of joint venture taxation charge	-	(1,988)
Total current tax	80,098	23,181
Deferred tax		
Origination and reversal of timing differences	158,343	(95,218)
Total deferred tax (note 15)	158,343	(95,218)
Tax on profit/(loss) on ordinary activities	<u>238,441</u>	<u>(72,037)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 - 28%), as explained below

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	<u>480,650</u>	<u>(435,680)</u>
Profit/(loss) on ordinary activities by rate of tax	124,968	(121,990)
Effects of		
Expenses not deductible for tax purposes	157,756	356,726
Capital allowances for period in excess of depreciation	(13,493)	(6,729)
Utilisation of tax losses	(116,564)	-
Unrelieved tax losses	-	17,685
Different tax rates on subsidiary earnings	(6,615)	9,355
Adjustments to tax charge in respect of previous periods	(22,666)	417
Enhanced reliefs	(59,267)	(16,008)
Other timing differences	-	(216,275)
Sundry tax adjusting items	15,979	-
Total current tax (note 8(a))	<u>80,098</u>	<u>23,181</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

9 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £492,338 (2011 - £nil)

10 INTANGIBLE FIXED ASSETS

Group	Negative goodwill £	Positive goodwill £	Total £
Cost			
At 1 April 2011 and 31 March 2012	<u>(219,832)</u>	<u>4,669,082</u>	<u>4,449,250</u>
Amortisation			
At 1 April 2011	(42,999)	2,635,619	2,592,620
Charge for the year	—	466,908	466,908
At 31 March 2012	<u>(42,999)</u>	<u>3,102,527</u>	<u>3,059,528</u>
Net book value			
At 31 March 2012	<u>(176,833)</u>	<u>1,566,555</u>	<u>1,389,722</u>
At 31 March 2011	<u>(176,833)</u>	<u>2,033,463</u>	<u>1,856,630</u>

11 TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Fixtures, Fittings & Equipment £	Assets under construction £	Total £
Cost						
At 1 April 2011	2,212,535	39,428	9,000	1,556,243	—	3,817,206
Additions	—	32,117	—	112,180	65,778	210,075
Disposals	—	—	—	(150,997)	—	(150,997)
At 31 March 2012	<u>2,212,535</u>	<u>71,545</u>	<u>9,000</u>	<u>1,517,426</u>	<u>65,778</u>	<u>3,876,284</u>
Depreciation						
At 1 April 2011	292,545	585	450	1,161,196	—	1,454,776
Charge for the year	35,868	27,751	5,400	167,051	—	236,070
On disposals	—	—	—	(150,997)	—	(150,997)
At 31 March 2012	<u>328,413</u>	<u>28,336</u>	<u>5,850</u>	<u>1,177,250</u>	<u>—</u>	<u>1,539,849</u>
Net book value						
At 31 March 2012	<u>1,884,122</u>	<u>43,209</u>	<u>3,150</u>	<u>340,176</u>	<u>65,778</u>	<u>2,336,435</u>
At 31 March 2011	<u>1,919,990</u>	<u>38,843</u>	<u>8,550</u>	<u>395,047</u>	<u>—</u>	<u>2,362,430</u>

Hire purchase agreements

Included within the net book value of £2,336,435 is £17,445 (2011 - £31,400) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,955 (2011 - £10,467)

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

11 TANGIBLE FIXED ASSETS *(continued)*

Company	Fixtures, Fittings & Equipment £
Cost	
At 1 April 2011	–
Additions	1,547
At 31 March 2012	<u>1,547</u>
Depreciation	
At 1 April 2011	–
Charge for the year	129
At 31 March 2012	<u>129</u>
Net book value	
At 31 March 2012	<u>1,418</u>
At 31 March 2011	<u>–</u>

12 INVESTMENTS

Company	Group companies £
Cost	
At 1 April 2011 and 31 March 2012	<u>6,411,571</u>
Net book value	
At 31 March 2012 and 31 March 2011	<u>6,411,571</u>

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

	Country of incorporation	Principal activity	Class of shares held	Proportion of equity held
Magdalene Limited	England	Telecommunications and consultancy	Ordinary	100%
Magdalene Telecom SAS*	France	Telecommunications and consultancy	Ordinary	96%
Magdalene Services Limited*	England	Transportation and civil engineering services	Ordinary A & Ordinary B	100%

*denotes shares held by Magdalene Limited

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

13 STOCKS

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Work in progress	134,272	187,494	-	-
Finished goods	443,812	312,496	-	-
	<u>578,084</u>	<u>499,990</u>	<u>-</u>	<u>-</u>

14 DEBTORS

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Trade debtors	4,487,403	4,899,777	-	-
Amounts owed by group undertakings	-	-	124,017	3,326
Other debtors	10,545	267,952	-	207,811
Deferred taxation (Note 15)	329,738	488,081	-	-
Prepayments and accrued income	1,983,994	1,164,493	10,156	-
	<u>6,811,680</u>	<u>6,820,303</u>	<u>134,173</u>	<u>211,137</u>

15 DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group 2012	Group 2011	Company 2012	Company 2011
	£	£	£	£
Asset brought forward	488,081	386,727	-	-
Profit and loss account movement	(158,343)	65,109	-	-
Acquired on purchase of subsidiary	-	36,245	-	-
Asset carried forward	<u>329,738</u>	<u>488,081</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2012 Provided £	2012 Unprovided £	2011 Provided £	2011 Unprovided £
Excess of depreciation over taxation allowances	15,485	-	31,080	-
Tax losses available	314,253	-	456,695	-
Other timing differences	-	-	306	-
	<u>329,738</u>	<u>-</u>	<u>488,081</u>	<u>-</u>

The group's asset for deferred taxation is supported by the profitability for the current year and the positive trading forecasts for up to the end of June 2013

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

16 CREDITORS amounts falling due within one year

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loan notes	420,000	420,000	420,000	420,000
Bank loans and overdrafts	987,350	1,363,041	—	—
Payments received on account	453,553	227,538	—	—
Trade creditors	2,829,780	2,938,964	1,480	3,699
Obligations under hire purchase agreements	4,500	20,933	—	—
Corporation tax	86,078	7,662	12,321	7,662
Other taxes and social security costs	896,118	861,962	20,731	11,498
Other creditors	4,574	94,035	605	264
Preference share loan	62,500	250,000	62,500	250,000
Accruals and deferred income	1,287,311	833,731	14,635	16,545
	<u>7,031,764</u>	<u>7,017,866</u>	<u>532,272</u>	<u>709,668</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loan notes	420,000	420,000	420,000	420,000
Bank loans and overdraft	986,499	1,325,429	—	—
Obligations under hire purchase agreements	4,500	20,933	—	—
	<u>1,410,999</u>	<u>1,766,362</u>	<u>420,000</u>	<u>420,000</u>

Included within bank loans and overdrafts of £987,350 (2011 - £1,363,041) is a bank loan of £84,922 (2011 - £90,029) 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 1.5% (2011 - 1.0%) over the Bank of England base rate. The bank loan repayment period is 20 years.

Included within bank loans and overdrafts of £987,350 (2011 - £1,363,041) is a bank loan of £291,667 (2011 - £350,000) which is secured in line with the aforementioned loan. Furthermore, the directors of the company have provided a personal guarantee up to £112,500 each. The bank loan incurs an interest rate of 2.56% (2011 - 2.56%) over the Bank of England base rate. The bank loan repayment period is 2 years.

Included within bank loans and overdrafts of £987,350 (2011 - £1,363,041) is an overdraft of £609,910 (2011 - £885,400) which is secured in line with the aforementioned loan.

Obligations under hire purchase agreements are secured against the assets to which they relate.

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

A composite company unlimited multilateral guarantee dated 6 April 2010 exists between Magdalene Holdings Limited and Magdalene Limited to provide security against the liabilities within the group.

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

17 CREDITORS amounts falling due after more than one year

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loan notes	1,695,000	2,115,000	1,695,000	2,115,000
Bank loans	1,232,762	1,607,547	–	–
Obligations under hire purchase agreements	–	4,500	–	–
Preference share loan	529,512	500,000	529,512	500,000
	<u>3,457,274</u>	<u>4,227,047</u>	<u>2,224,512</u>	<u>2,615,000</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loan notes	1,695,000	2,115,000	1,695,000	2,115,000
Bank loans	1,232,762	1,607,547	–	–
Obligations under hire purchase agreements	–	4,500	–	–
	<u>2,927,762</u>	<u>3,727,047</u>	<u>1,695,000</u>	<u>2,115,000</u>

Included within bank loans of £1,232,762 (2011 - £1,607,547) is a bank loan of £1,232,762 (2011 - £1,315,880) 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 1.5% (2011 - 1.0%) over the Bank of England base rate. The bank loan is repayable over 20 years.

Included within bank loans of £1,232,762 (2011 - £1,607,547) is a bank loan of £nil (2011 - £291,667) which is secured in line with the aforementioned loan. Furthermore, the directors of the company have provided a personal guarantee up to £112,500 each. The bank loan incurs an interest rate of 2.56% (2011 - 2.56%) over the Bank of England base rate. The bank loan is repayable over 2 years.

Obligations under hire purchase agreements are secured against the assets to which they relate.

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

A composite company unlimited multilateral guarantee dated 6 April 2010 exists between Magdalene Holdings Limited and Magdalene Limited to provide security against the liabilities within the group.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date.

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Bank loans	<u>875,582</u>	<u>941,959</u>	<u>–</u>	<u>–</u>

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

18 CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Amounts repayable				
In one year or less or on demand	376,589	440,029	-	-
In more than one year but not more than two years	86,637	383,056	-	-
In more than two years but not more than five years	270,543	282,532	-	-
In more than five years	875,582	941,959	-	-
	<u>1,609,351</u>	<u>2,047,576</u>	<u>-</u>	<u>-</u>

19 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Amounts payable within 1 year	4,500	20,933	-	-
Amounts payable between 1 and 2 years	-	4,500	-	-
	<u>4,500</u>	<u>25,433</u>	<u>-</u>	<u>-</u>

20 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	2012	Other	2011	Other
	Land and buildings	items	Land and buildings	items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	93,347	20,500	12,092
Within 2 to 5 years	-	43,935	-	159,661
After more than 5 years	135,337	-	135,337	-
	<u>135,337</u>	<u>137,282</u>	<u>155,837</u>	<u>171,753</u>

Magdalene Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

21 RELATED PARTY TRANSACTIONS

The group and company have taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose any transactions with 100% owned subsidiary entities of Magdalene Holdings Limited

During the year, Magdalene Limited made sales of £76,932 (2011 - £62,136) to Magdalene Telecom SAS, a company in which Magdalene Limited has a 96% interest. At the year end, Magdalene Limited was owed £7,548 (2011 - £11,281) from Magdalene Telecom SAS

During the year, Magdalene Holdings Limited charged £147,732 (2011 - £147,742) to Magdalene Telecom SAS for management services provided. At the year end, Magdalene Holdings Limited was owed £123,110 (2011 - £nil) from Magdalene Telecom SAS

During the year, Magdalene Limited paid rent of £110,199 (2011 - £130,794) to TCCH Property LLP, an entity controlled by the directors

22 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.10 each	1,000	1,000
88,232 Preference shares of £0.10 each	8,823	8,823
	<u>9,823</u>	<u>9,823</u>

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

23 RESERVES

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	1,370,266	2,206	(385,454)
Profit for the year	—	—	240,976
Currency translation differences	—	—	(22,244)
Balance carried forward	<u>1,370,266</u>	<u>2,206</u>	<u>(166,722)</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit/(loss) for the financial year	240,976	(364,963)
Other recognised gains and losses relating to the year (net)	(22,244)	27,937
Net addition/(reduction) to shareholders' funds	218,732	(337,026)
Opening shareholders' funds	996,841	1,333,867
Closing shareholders' funds	<u>1,215,573</u>	<u>996,841</u>

25 CONTROL

The company is controlled by its directors

26 CASH FLOWS

a Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit/(loss)	673,252	(81,499)
Amortisation	466,908	418,823
Depreciation	236,070	387,506
Increase in stocks	(78,094)	(85,399)
Increase in debtors	(149,720)	(42,703)
Increase in creditors	515,106	200,974
Minority interest movements	(1,626)	–
Net cash inflow from operating activities	<u>1,661,896</u>	<u>797,702</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2012	2011
	£	£
Interest received	4,413	875
Interest paid	(196,649)	(210,876)
Interest element of hire purchase	(366)	–
Net cash outflow from returns on investments and servicing of finance	<u>(192,602)</u>	<u>(210,001)</u>

Magdalene Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

26 CASH FLOWS (continued)

Taxation	2012	2011
	£	£
Taxation	<u>(1,682)</u>	<u>(1,614)</u>
Capital expenditure	2012	2011
	£	£
Payments to acquire tangible fixed assets	<u>(210,075)</u>	<u>(239,303)</u>
Net cash outflow from capital expenditure	<u>(210,075)</u>	<u>(239,303)</u>
Acquisitions and disposals	2012	2011
	£	£
Acquisition of shares in group undertakings	—	(1)
Net cash acquired with subsidiary	—	<u>9,944</u>
Net cash inflow from acquisitions and disposals	<u>—</u>	<u>9,943</u>
Financing	2012	2011
	£	£
Repayment of loan notes	(420,000)	—
Repayment of bank loans	(438,225)	(81,972)
Repayment of preference share loan	(157,988)	—
Capital element of hire purchase	<u>(20,933)</u>	<u>(16,434)</u>
Net cash outflow from financing	<u>(1,037,146)</u>	<u>(98,406)</u>

c Analysis of net debt

	At 1 Apr 2011	Cash flows	Non cash movements	At 31 Mar 2012
	£	£	£	£
Cash in hand and at bank	713,387	(114,104)	—	599,283
Overdrafts	<u>(923,012)</u>	<u>312,251</u>	—	<u>(610,761)</u>
	<u>(209,625)</u>	<u>198,147</u>	—	<u>(11,478)</u>
Debt due within 1 year	(1,110,029)	1,016,213	(765,273)	(859,089)
Debt due after 1 year	(4,222,547)	—	765,273	(3,457,274)
Hire purchase agreements	<u>(25,433)</u>	<u>20,933</u>	—	<u>(4,500)</u>
	<u>(5,358,009)</u>	<u>1,037,146</u>	—	<u>(4,320,863)</u>
Total	<u>(5,567,634)</u>	<u>1,235,293</u>	—	<u>(4,332,341)</u>