

Registered number 07479219

Etihad Topco Limited (formerly DMWSL 664 Limited)
Annual report and financial statements
for the period 29 December 2010 to 30 April 2012

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Etihad Topco Limited (formerly DMWSL 664 Limited)

Annual report and financial statements for the period 29 December 2010 to 30 April 2012

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Etihad Topco Limited (formerly DMWSL 664 Limited)

Directors and advisers

Directors

Vitruvian Directors I Limited

Vitruvian Directors II Limited

Chris Earle

Richard Houghton

Paul Doherty

Secretary

Mark Whelton

Registered office

Universal House

Longley Lane

Manchester

M22 4SY

Bankers

HSBC

2-4 St Ann's Square

Manchester

M2 7HH

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Etihad Topco Limited (formerly DMWSL 664 Limited)

Directors' report for the period 29 December 2010 to 30 April 2012

The directors present their first report and the audited consolidated financial statements of the group and company for the period from incorporation on 29 December 2010 to 30 April 2012

Incorporation and change of name

The Company was incorporated on 29 December 2010 as DMWSL 664 Limited. On 30 March 2011 the Company changed its name to Etihad Topco Limited. At the date of formation, there was one director appointed, Martin McNair, who resigned on 29 March 2011. At that date and thereafter, the current directors were appointed, who were either representatives of the trading companies within the Group, or representatives of investors in the Company, details of which are set out below. The Group began trading on 26 April 2011 after acquiring Universal Utilities Limited and subsidiaries.

Principal activity

The company's principal activity is that of a holding company for subsidiaries engaged in the provision of telecommunication, broadband, mobile, and website services to the SME market in the United Kingdom.

Accounting reference date

The accounting reference date has been amended to 30 April to coincide with that of the subsidiary undertakings.

Results and dividends

The loss on ordinary activities after taxation for the period amounted to £3,164,000. No dividends have been proposed or paid during the period. There have been no significant events since the period end.

Review of the business and Financial Key Performance Indicators (KPI's)

The main financial KPI's used by the directors in assessing performance are turnover and adjusted EBITDA, as set out below. For the purpose of assessing the results of the acquired business as reported, comparatives are provided for the acquired business for the year ended 30 April 2011, in addition to the results of the group for the year ended 30 April 2012.

	Group, as reported 29 December 2010 to 30 April 2012 £'000	Group Year ended 30 April 2012 £'000	Acquired operations Year ended 30 April 2011 £'000
Turnover	63,149	62,580	56,284
Operating profit	13,020	13,209	12,958
Share-based payments	-	-	2,497
Customer acquisition costs	543	543	1,887
Gain on sale of investments	-	-	(811)
Depreciation	114	114	69
Amortisation	6,250	6,182	-
Adjusted EBITDA	19,927	20,048	16,600

Etihad Topco Limited (formerly DMWSL 664 Limited)

Directors' report for the period 29 December 2010 to 30 April 2012 (continued)

The reported group turnover for the period is £63,149,000, of which £62,580,000 relates to the last 12 months, representing an underlying increase of £6,296,000 (11%) on the prior year. The group has reported an operating profit of £13,020,000 for the period. Adjusted EBITDA for the underlying business has increased by £3,448,000 (21%) from £16,600,000 to £20,048,000 for the last 12 months.

The group and company research customer requirements to ensure the ongoing development of future products, and use the latest technology available to assist with the smooth running of their activities. The directors anticipate current levels of trading performance to continue for the foreseeable future.

Going concern

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1.

Principal risks and uncertainties

The directors have fully considered all known risks and uncertainties which may affect the group and company in the future. The primary risks are as follows:

- 1 Changes in the regulatory environment
- 2 Reduction in the use of fixed line telephone services as a result of changes in technology

The directors believe that these factors are unlikely to have a material adverse effect on the group and company for the foreseeable future.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The group is exposed to cash flow risk on debt where interest charges are linked to LIBOR. The group has a mixture of variable and fixed rate debt which reduces the exposure to cash flow risk, and the variable proportion of cash flows relating to debt are relatively low in comparison to fixed rate charges and payments. The board does not consider hedging activities to be necessary to manage the present level of cash flow risk.

Credit risk

The group's principal financial assets are cash and trade debtors, credit risk for the group is primarily attributable to trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The group has no significant concentration of credit risk with regards to trade debtors, as exposure is spread over a large number of customers.

The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

Etihad Topco Limited (formerly DMWSL 664 Limited)

Directors' report for the period 29 December 2010 to 30 April 2012 (continued)

Directors

The directors of the company who were in office during the period and to the date of signing of the financial statements were as follows

Martin McNair	(appointed 29 December 2010, resigned 29 March 2011)
Robert Sanderson	(appointed 29 March 2011, resigned 26 April 2011)
Vitruvian Directors I Limited	(appointed 29 March 2011)
Vitruvian Directors II Limited	(appointed 29 March 2011)
Chris Earle	(appointed 26 April 2011)
Richard Houghton	(appointed 26 April 2011)
Paul Doherty	(appointed 28 November 2011)

Policy on the payment of creditors

It is the policy of the group and company to maintain good relationships with their suppliers by making payment as soon as it is practical following receipt of a satisfactory invoice. At 30 April 2012, the group had the equivalent of 17 days' purchases outstanding in trade creditors (company nil days' outstanding)

Donations

During the period the group made donations of £17,000 (company £nil) to childrens' charities

Disabled employees

The group and company give full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a disabled person

Where existing employees become disabled it is the group and company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate

Employee involvement

The group and company have established a practice of keeping employees informed of matters affecting them as employees and the financial and economic matters affecting the performance of the group and company

Disclosure of information to auditors

Each person who is a director at the time of approval of this report has confirmed that

- As far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- They have taken all the steps that they ought to have as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006

Etihad Topco Limited (formerly DMWSL 664 Limited)

Directors' report for the period 29 December 2010 to 30 April 2012 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company 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 these financial statements, the directors are required to

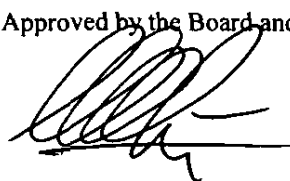
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, were appointed during the period, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by



Mark Whelton
Company Secretary
16 July 2012
Universal House
Longley Lane
Manchester
M22 4SY

Etihad Topco Limited (formerly DMWSL 664 Limited)

Independent auditors' report to the members of Etihad Topco Limited

We have audited the group and parent company financial statements (the "financial statements") of Etihad Topco Limited for the period 29 December 2010 to 30 April 2012. These comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2012 and of the group's loss and cash flows for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

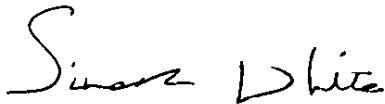
Etihad Topco Limited (formerly DMWSL 664 Limited)

Independent auditors' report to the members of Etihad Topco Limited (continued)

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



Simon White (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

16 July 2012

Etihad Topco Limited (formerly DMWSL 664 Limited)

Consolidated profit and loss account for the period 29 December 2010 to 30 April 2012

	Note	29 December 2010 to 30 April 2012 £'000
Turnover	2	63,149
Cost of sales		(26,053)
Gross profit		37,096
Administrative expenses		(24,076)
Operating profit	3	13,020
Interest receivable and similar income	6	38
Interest payable and similar charges	7	(13,859)
Loss on ordinary activities before taxation		(801)
Taxation on loss on ordinary activities	8	(2,363)
Loss for the financial period	18	(3,164)

The loss for the period arises from the group's acquired operations, all of which are continuing

The historical cost profit is identical to that disclosed above and therefore no separate note of historical cost profits and losses has been presented

The group has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

Etihad Topco Limited (formerly DMWSL 664 Limited)

Balance sheets as at 30 April 2012

	Note	Group 30 April 2012 £'000	Company 30 April 2012 £'000
Fixed assets			
Goodwill	10	117,398	-
Tangible assets	11	1,127	-
Investments	12	-	779
		118,525	779
Current assets			
Debtors			
- due within one year	14	3,967	185
- due after more than one year	14	211	-
Cash at bank and in hand		5,902	-
		10,080	185
Creditors: amounts falling due within one year	15	(13,965)	-
Net current (liabilities)/assets		(3,885)	185
Total assets less current liabilities		114,640	964
Creditors: amounts falling due after more than one year	16	(116,840)	-
Net (liabilities)/assets		(2,200)	964
Capital and reserves			
Called up share capital	17	10	10
Share premium	18	954	954
Profit and loss account	18	(3,164)	-
Total shareholders' (deficit)/funds	19	(2,200)	964

The financial statements of Etihad Topco Limited were approved by the board of directors and authorised for issue on 16 July 2012. They were signed on its behalf by



Paul Doherty

Director

Company Registered number 07479219

Etihad Topco Limited (formerly DMWSL 664 Limited)

Consolidated cash flow statement for the period 29 December 2010 to 30 April 2012

	Note	£'000	29 December 2010 to 30 April 2012 £'000
Net cash flow from operating activities	20		15,750
Returns on investment and servicing of finance			
Interest received		38	
Interest paid		(5,243)	
Debt issue costs paid		(2,774)	
Net cash outflow from returns on investments and servicing of finance			(7,979)
Taxation paid			(2,890)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(131)	
Disposal of tangible fixed assets		12	
Net cash outflow for capital expenditure and financial investment			(119)
Acquisitions			
Acquisition of subsidiary undertaking		(52,574)	
Net cash acquired with subsidiary undertaking		17,432	
Net cash flow from acquisitions			(35,142)
Cash outflow before financing			(30,380)
Financing			
Issue of ordinary share capital		964	
Drawdown of loans		42,500	
Repayment of loans		(7,182)	
Cash inflow from financing			36,282
Net increase in cash in the period	21		5,902

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of accounting

The financial statements are prepared on the going concern basis, under the historic cost convention, and in accordance with the Companies Act 2006, and applicable Accounting Standards in the United Kingdom.

The company has taken advantage of the exemption under the terms of FRS8 from disclosing related-party transactions with entities that are part of the Etihad Topco Limited group.

Basis of consolidation

The group accounts comprise a consolidation of the company and all its subsidiaries, drawn up to 30 April 2012. Results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. As permitted by the provisions of the Companies Act 2006, the company has not presented its own profit and loss account.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report, which also describes the financial position of the group, its financial risk management objectives and its exposure to credit risk and liquidity risk.

The group meets its day to day working capital requirements through cash generated from operating activities; there is no overdraft facility. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue to be able to operate using cash generated from operations, and that no additional borrowing facilities will be required.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents the value of services supplied to customers during the period. Appropriate adjustments are made where invoices are raised either in advance or in arrears, to ensure that turnover is recognised in the period to which it relates.

Customer contract acquisition costs

All costs, both internal and external, incurred in the acquisition of customers' contracts are expensed as incurred.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where events or transactions that result in an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred at the balance sheet date. Timing differences are differences between the Group'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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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.

Finance costs

Finance cost of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Issue costs relating to financial instruments are recognised over the term of the debt at a constant rate on the carrying amount.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Investments

Long term investments are classified as fixed assets and are stated at cost in the company's balance sheet. Provision is made for any impairment in the value of fixed asset investments.

Depreciation

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

Leasehold Property	-	Over 50 years
Fixtures & Fittings	-	25% per annum
Motor Vehicles	-	25% per annum

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Financial instruments

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

2 Turnover

The turnover and loss before tax are attributable to the trading activities of the group.

An analysis of turnover is given below:

	29 December 2010 to 30 April 2012 £'000
United Kingdom	
Telecommunications services	63,149
	63,149

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

3 Operating profit

Operating profit is stated after charging

	29 December 2010 to 30 April 2012 £'000
Depreciation of owned tangible fixed assets	114
Loss on disposal of tangible fixed assets - motor vehicles	5
Operating lease rentals	
- land and buildings	164
Purchase of customer contracts	543
Auditors' remuneration	
- for the audit of the parent company and consolidated financial statements	3
- for the audit of the company's subsidiaries pursuant to legislation	30
	33
- for tax and advisory services	38

4 Particulars of employees

The average monthly number of persons (including directors) employed during the period was

	29 December 2010 to 30 April 2012 Number
By function	
Sales staff	222
Administrative and customer services staff	206
Management staff	67
	495

The aggregate payroll costs of the above were

	29 December 2010 to 30 April 2012 £'000
Wages and salaries	9,165
Social security costs	699
	9,864

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

5 Directors' emoluments

	29 December 2010 to 30 April 2012 £'000
Directors' fees	247
Emoluments	236
	483

No retirement benefits accrue to any directors under defined benefit or defined contribution schemes. The aggregate amount of fees paid to the highest paid director was £145,000.

6 Interest receivable and similar income

	29 December 2010 to 30 April 2012 £'000
Other interest receivable	38
	38

7 Interest payable and similar charges

	29 December 2010 to 30 April 2012 £'000
Loan notes	9,411
Other loans	3,847
Amortisation of debt issue costs	601
	13,859

8 Taxation on loss on ordinary activities

(a) Analysis of charge in the period

	29 December 2010 to 30 April 2012 £'000
Current tax	
UK Corporation tax charge for the period	2,510
Adjustments in respect of prior periods	64
Total current tax	2,574
Deferred tax	(211)
Tax on loss on ordinary activities	2,363

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

8 Taxation on loss on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the averaged statutory rate of corporation tax in the UK of 25.84%. The differences are explained below

	29 December 2010 to 30 April 2012 £'000
Loss on ordinary activities before tax	(801)
Loss on ordinary activities multiplied by the averaged rate in the UK 25.84%	(207)
Expenses not deductible for tax purposes	2,506
Other short term timing differences	211
Adjustment to tax charge in respect of previous periods	64
Total current tax	2,574

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25.84%.

Changes to the Main rate of UK corporation tax were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax to 24% from 1 April 2012 has been substantively enacted by the balance sheet date, and legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions in the main rate are proposed to reduce the rate by 1% to 22% by 1 April 2014. These changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. The impact on deferred tax of these changes is not expected to be material.

9 Profit for the financial period

As permitted by the provisions of the Companies Act 2006, the company's profit and loss account has not been included in these financial statements. The consolidated profit for the financial period includes the company result of £nil which is dealt with in the financial statements of the group.

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

10 Goodwill

	Group £'000
Cost	
At 29 December 2010	-
Acquisition (note 13)	123,648
At 30 April 2012	123,648
Accumulated amortisation	
At 29 December 2010	-
Charge for period	(6,250)
At 30 April 2012	(6,250)
Net book value	
At 30 April 2012	117,398
At 29 December 2010	-

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

11 Tangible fixed assets

	Long leasehold property £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 29 December 2010	-	-	-	-
Acquisitions (note 13)	964	93	27	1,084
Additions	-	97	77	174
Disposals	-	(52)	(33)	(85)
At 30 April 2012	964	138	71	1,173
Accumulated depreciation				
At 29 December 2010	-	-	-	-
Charge for period	(22)	(69)	(23)	(114)
Disposals	-	52	16	68
At 30 April 2012	(22)	(17)	(7)	(46)
Net book value				
At 30 April 2012	942	121	64	1,127
At 29 December 2010	-	-	-	-

There were no assets held under finance leases during the period

12 Fixed asset investments in subsidiary undertakings

The parent company and the group have investments in the following subsidiary undertakings, all of which are incorporated in the United Kingdom

Name	Principal activity	Holding	%
Etihad Midco Limited	Intermediate holding company	Ordinary shares*	100
Etihad Financing Limited	Intermediate holding company	Ordinary shares	100
Etihad Acquisitions Limited	Intermediate holding company	Ordinary shares	100
Universal Utilities Limited	Telecommunication services	Ordinary A and Ordinary B shares	100
Titan Telecom Limited	Telecommunication services	Ordinary shares	100
118777 Limited	Directory enquiry services	Ordinary shares	100

* Investment held directly by Etihad Topco Limited

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

12 Fixed asset investments in subsidiary undertakings (continued)

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

On 26 April 2011, the company acquired 100% of the share capital of Etihad Midco Limited, a company incorporated in England and Wales, the company is a holding company for subsidiaries providing telecommunications, broadband, mobile, and website services to the SME market in the UK. The cost of the investment was £778,758

For the period 29 December 2010 to 30 April 2012, Etihad Midco Limited reported a loss after taxation of £995,000, and had net liabilities of £216,000 at 30 April 2012

13 Acquisition of subsidiary undertaking

On 26 April 2011, the group acquired the entire issued share capital of Universal Utilities Limited, a company incorporated in England and Wales, which is engaged in the provision of telecommunication, broadband, mobile, and website services to the SME market in the UK. The fair value of the total consideration, including acquisition costs, was £136,520,000. The following table sets out the book values of the identifiable assets and liabilities acquired, and their fair value to the group

	Book value £'000	Revaluation £'000	Fair value to group £'000
Tangible fixed assets	1,127	(43)	1,084
Trade debtors	828	-	828
Prepayments and accrued income	1,562	-	1,562
Cash	17,432	-	17,432
Trade creditors	(2,865)	-	(2,865)
Accruals	(861)	-	(861)
Other creditors including taxation and social security	(4,308)	-	(4,308)
Net assets	12,915	(43)	12,872
Goodwill			123,648
			136,520
Satisfied by:			
Cash consideration			49,163
Issue of loan notes			83,946
Acquisition costs			3,411
			136,520

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

13 Acquisition of subsidiary undertaking (continued)

Net cash outflows in respect of the acquisition comprised

	£'000
Cash consideration	49,163
Acquisition costs	3,411
Cash at bank and in hand acquired	(17,432)
Net cash outflow in respect of acquisitions	35,142

The Universal Utilities Limited group earned a profit after taxation of £9,216,000 for the year ended 30 April 2010. The summarised profit and loss account for the period from 1 May 2010 to 26 April 2011, shown on the basis of the accounting policies of Universal Utilities Limited prior to the acquisition, is as follows

Profit and loss account	£'000
Turnover	55,715
Cost of sales	(25,206)
Gross profit	30,059
Other operating expenses	(17,086)
Operating profit	12,973
Finance charges (net)	(7)
Profit on ordinary activities before taxation	12,966
Tax on profit on ordinary activities	(3,612)
Profit for the financial period	9,354

14 Debtors

	Group 30 April 2012 £'000	Company 30 April 2012 £'000
Amounts falling due within one year:		
Trade debtors	1,240	-
Amounts owed by group undertakings	-	185
Prepayments and accrued income	2,727	-
	3,967	185
Amounts falling due after more than one year:		
Deferred tax asset	211	-
	4,178	185

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

14 Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Deferred tax asset

	£'000
At 29 December 2010	-
Credit for the period	211
At 30 April 2012	211

The deferred tax asset relates to timing differences on interest accrued but unpaid at the balance sheet date

15 Creditors: amounts falling due within one year

	Group 30 April 2012 £'000	Company 30 April 2012 £'000
Other loans	8,250	-
Trade creditors	1,175	-
Corporation tax	1,421	-
Other taxation and social security	1,211	-
Other creditors	1,335	-
Accruals and deferred income	573	-
	13,965	-

16 Creditors: amounts falling due after more than one year

	Group 30 April 2012 £'000	Company 30 April 2012 £'000
Other loans	25,275	-
Loan notes	91,565	-
	116,840	-

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Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

16 Creditors: amounts falling due after more than one year (continued)

The following loan notes were issued by the group during the period

	Amount issued £'000	Maturity	Interest rate %
Mezzanine loan notes	22,500	26 April 2017	LIBOR plus 10%
Vendor loan notes	15,000	26 April 2046	11%
PIK loan notes	46,446	26 April 2021	11%
	83,946		

Issue costs of £502,000 were netted against the proceeds raised from the issue of loan notes, £89,000 has been charged to profit and loss within interest costs in the period

The other loan of £35,318,000 is secured on all assets and future profits of the group

Borrowings are repayable as follows

	Group 30 April 2012 £'000
Other loans	
Between two and five years	16,755
Between one and two years	10,313
	27,068
Repayable within one year	8,250
	35,318
Debt issue costs	(1,793)
	33,525
Loan notes	
After more than five years	91,978
Debt issue costs	(413)
	91,565

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Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

17 Share capital

	Group and company 30 April 2012 £'000
Authorised	
901,809 A ordinary shares of £0 01 each,	9
100,000 B ordinary shares of £0 01 each	1
	10

	Group and company 30 April 2012 £'000
Allotted, called up and fully paid:	
901,809 A ordinary shares of £0 01 each	9
61,750 B ordinary shares of £0 01 each	1
	10

One subscriber share was issued at incorporation on 29 December 2010 at par value of £1. On 26 April 2011, the subscriber share was subdivided into 100 ordinary shares of £0 01 each, which were then redesignated as A ordinary shares.

899,900 A ordinary shares were issued on 26 April 2011 for proceeds of £900,000, a further 1,809 A ordinary shares were issued on 28 November 2011 for proceeds of £1,809.

49,500 B ordinary shares were issued on 26 April 2011 for proceeds of £49,500, a further 12,250 B ordinary shares were issued on 28 November 2011 for proceeds of £12,250.

The A ordinary shares and B ordinary shares rank pari passu as regards entitlement to dividends, repayment of capital and voting rights.

18 Reserves

	Group and company Share premium £'000	Group Profit and loss account £'000
At incorporation	-	-
Issue of share capital	954	-
Loss for the period	-	(3,164)
At 30 April 2012	954	(3,164)

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

19 Reconciliation of movements in shareholders' (deficit)/funds

	Group 29 December 2010 to 30 April 2012 £'000	Company 29 December 2010 to 30 April 2012 £'000
Loss for the financial period	(3,164)	-
Issue of share capital	964	964
Net (reduction in)/addition to shareholders' (deficit)/funds	(2,200)	964
Opening shareholders' funds	-	-
Closing shareholders' (deficit)/funds	(2,200)	964

20 Reconciliation of operating profit to net cash inflow from operating activities

	29 December 2010 to 30 April 2012 £'000
Operating profit	13,020
Depreciation	114
Amortisation	6,250
Loss on disposal of fixed assets	5
Increase in debtors	(1,577)
Decrease in creditors	(2,062)
Net cash inflow from operating activities	15,750

21 Analysis and reconciliation of net debt

Group	29 December 2010 £'000	Acquisitions £'000	Other non- cash changes £'000	Cashflow £'000	30 April 2012 £'000
Cash at bank and in hand	-	17,432	-	(11,530)	5,902
Debt due within 1 year	-	-	-	(8,250)	(8,250)
Debt due after more than one year	-	-	(81,522)	(35,318)	(116,840)
Net debt	-	17,432	(81,522)	(55,098)	(119,188)

Etihad Topco Limited (formerly DMWSL 664 Limited)

Notes to the financial statements for the period 29 December 2010 to 30 April 2012 (continued)

21 Analysis and reconciliation of net debt (continued)

	£'000
Decrease in cash in the period	(11,530)
Cashflow from increase in debt financing	(35,318)
Change in net debt resulting from cashflows	(46,848)
Cash acquired with subsidiary	17,432
Issue of loan notes	(83,946)
Interest accumulated on loan notes	(8,033)
Capitalised debt issue costs (net)	2,207
Movement in net debt in the period	(119,188)
Net debt at 29 December 2010	-
Net debt at 30 April 2012	(119,188)

22 Commitments under operating leases

At 30 April 2012 the group had annual commitments under non-cancellable operating leases as set out below

	Group 30 April 2012 £'000
Land and buildings	
Annual Commitments under non-cancellable operating leases expiring	
Within 1 year	2
Within 2 to 5 years	80

23 Contingent liabilities

On 26 April 2011, Etihad Acquisitions Limited, an intermediate subsidiary company, entered into a loan of £42.5 million secured on all assets and future profits of the parent company and its subsidiaries. The balance outstanding on the loan at 30 April 2012 was £35,318,000.

24 Parent undertakings and controlling party

The immediate parent undertaking is Telco SARL, a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Vitruvian Partners LLP, a company incorporated in the United Kingdom.