

Company Registration No. 02303859

REDNET LIMITED

Report and Financial Statements

For the year ended 31 March 2009

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REDNET LIMITED

Report and financial statements 2009

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REDNET LIMITED

Report and financial statements 2009

Officers and professional advisers

Directors

N J Langstaff
T S Morris

Secretaries

T S Morris
S Kazeneh (resigned 20 November 2009)
S Marshall (appointed 20 November 2009)

Registered office

Stanford House
Garrett Field
Birchwood
Warrington
WA3 7BH

Bankers

Deutsche Bank AG
1 Great Winchester Street
London
EC2N 2DB

Auditors

Deloitte LLP
Chartered Accountants
Reading, United Kingdom

REDNET LIMITED

Directors' report

The directors' present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2009.

Business review and principal activities

The company is no longer engaged in trading activities. Profit for the period consists of interest on intercompany loans less administrative costs. The directors' are not aware, at the date of this report, of any likely major changes in the company's activities in the next period.

A group restructure was approved by The Carphone Warehouse Group PLC and initiated on 1 April 2007. As a part of this process Awardmodel Limited sold its investment in the company to Opal Business Solutions Limited, a wholly owned subsidiary of The Carphone Warehouse Group PLC. The trade and assets of the company were sold to Opal Business Solutions Limited on 1 April 2007 for £3.3m. As such all activities of the company have been discontinued.

Going concern

As the company has ceased to trade, the financial statements have been prepared on a basis other than that of a going concern. The directors do not currently expect the company to resume trading in the foreseeable future. Further information is provided in note 1 to the financial statements.

Results

The loss for the year was £135,737 (2008 – profit of £5,913,770).

The principal income for the company is intercompany interest; as a result the directors do not consider there to be any key performance indicators.

Dividends

The directors' do not recommend the payment of a dividend (2008 – £nil).

Risk management

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risk the directors' consider relevant to this company is interest rate risk. Funding for all subsidiaries of The Carphone Warehouse Group PLC, including Rednet Limited is arranged centrally. The Group regularly monitors interest rate risk and does not trade or speculate in any financial instruments.

Directors'

The directors' who served throughout the year and subsequently are shown on page 1.

Donations

The company did not make any charitable or political donations in the period (2008 – £nil).

REDNET LIMITED

Directors' report

Auditors

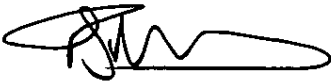
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:



T S Morris
Director

20 January 2010

REDNET LIMITED

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors' are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of Rednet Limited

We have audited the financial statements Rednet Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

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

Basis of audit opinion

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

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year ended 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 (basis of accounting), which explains that the financial statements have been prepared on a basis other than that of a going concern.

A handwritten signature in black ink, appearing to read 'Deloitte' followed by a stylized flourish.

Deloitte LLP

Chartered Accountants and Registered Auditors

Reading, United Kingdom

20 January 2010

REDNET LIMITED

Profit and loss account For the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(328,699)	-
		<hr/>	<hr/>
Operating loss		(328,699)	-
Exceptional items	2	-	5,736,849
Net interest receivable and similar charges	3	192,962	176,921
		<hr/>	<hr/>
(Loss) / profit on ordinary activities before taxation	4	(135,737)	5,913,770
Tax on (loss) / profit on ordinary activities	7	-	-
		<hr/>	<hr/>
(Loss) / profit on ordinary activities after taxation	10,11	(135,737)	5,913,770
		<hr/>	<hr/>

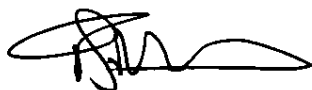
There are no recognised gains and losses in the period other than the profit for that period and therefore no statement of total recognised gains and losses has been presented. All results arise from discontinuing operations.

REDNET LIMITED

Balance sheet As at 31 March 2009

	Note	2009 £	2008 £
Current assets			
Debtors	8	3,669,883	3,476,921
		<u>3,669,883</u>	<u>3,476,921</u>
Creditors: amounts falling due within one year		<u>(328,699)</u>	<u>-</u>
Net assets		<u>3,341,184</u>	<u>3,476,921</u>
Capital and reserves			
Called-up share capital	9	30,000	30,000
Profit and loss account	10	<u>3,311,184</u>	<u>3,446,921</u>
Total shareholders' funds	11	<u>3,341,184</u>	<u>3,476,921</u>

These financial statements were approved by the Board of Directors on 20 January 2010 and signed on its behalf by:



T S Morris
Director

REDNET LIMITED

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

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding period. The company's functional currency is Sterling.

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern as the company has ceased trading. The company transferred its trade, assets and liabilities to its parent company on 1 April 2007. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at their book value. No provision has been made for future losses other than those committed at the balance sheet date.

The company has taken advantage of the exemption available under FRS 1 not to present a cash flow statement, as it is a wholly owned subsidiary of The Carphone Warehouse Group PLC, a company incorporated in England and Wales that prepares consolidated financial statements that include a consolidated cash flow statement, including the results of the company for the year, that are publicly available.

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 at 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 transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies.

2. EXCEPTIONAL ITEMS

	2009 £	2008 £
Profit on sale of discontinued operations	-	5,736,849

The profit on sale of discontinued operations relates to the sale of the trade and assets of the company to Opal Business Solutions Limited on 1 April 2007 for £3.3m.

REDNET LIMITED

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

3. NET INTEREST RECEIVABLE AND SIMILAR CHARGES

	2009 £	2008 £
Deposit account interest receivable	-	-
Interest receivable on intercompany balance	192,962	176,921
	<u>192,962</u>	<u>176,921</u>

4. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

In the current and prior periods, auditors' remuneration of £2,000 (2008: £2,000) for audit services was paid on behalf of the company by another group company.

5. EMPLOYEE COSTS

The company employed no employees during this period or the prior period.

6. DIRECTORS' REMUNERATION

None of the directors' received any remuneration from the company for the year ended 31 March 2009 or the prior period. The directors are also directors of other group companies and were paid by other group companies. It is not practicable to allocate their remuneration between the group companies.

7. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

There was no current or deferred tax charge in either the current or preceding period.

The difference between the current tax of £nil (2008 – £nil) and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2009 £	2008 £
(Loss) / profit on ordinary activities before tax	<u>(135,737)</u>	<u>5,913,770</u>
(Loss) / profit on ordinary activities before tax at standard UK corporation tax rate of 28% (2008 – 30%)	(38,685)	1,774,131
Effects of:		
- difference between capital allowances and depreciation	-	-
- group relief	-	(53,076)
- tax losses surrendered within the group	38,685	-
- other items attracting no tax relief or liability	-	(1,721,055)
Current tax charge for period	<u>-</u>	<u>-</u>

The company's tax loss has been offset by the surrender of tax losses to other group companies. No payment has been received for the tax losses surrendered.

REDNET LIMITED

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

8. DEBTORS

	2009 £	2008 £
Amounts due from group undertakings	<u>3,669,883</u>	<u>3,476,921</u>

Interest on amounts due from group undertakings is charged at GBP-LIBOR less 0.50%. Amounts owed from group undertakings are repayable on demand. All inter-company trading balances are settled in accordance with the terms of trade agreed between the parties.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts due to group undertakings	<u>328,699</u>	<u>-</u>

The amounts owed by group undertakings are repayable on demand. All inter-company trading balances are settled in accordance with the terms of trade agreed between the parties.

10. CALLED-UP SHARE CAPITAL

	2009 £	2008 £
Authorised:		
46,667 'A' ordinary shares of £1 each	46,667	46,667
3,333 'B' ordinary shares of £1 each	<u>3,333</u>	<u>3,333</u>
	<u>50,000</u>	<u>50,000</u>
Called-up, allotted and fully paid:		
30,000 'A' ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

'B' ordinary shares are non-voting but otherwise rank pari-passu with 'A' ordinary shares.

11. RESERVES

	Called-up share capital £	Profit and loss account £	Total £
At 1 April 2008	30,000	3,446,921	3,476,921
Loss for the financial year	-	<u>(135,737)</u>	<u>(135,737)</u>
At 31 March 2009	<u>30,000</u>	<u>3,311,184</u>	<u>3,341,184</u>

REDNET LIMITED

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

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss) / profit for the financial year	(135,737)	5,913,770
Net movement in shareholders' funds/(deficit)	(135,737)	5,913,770
Opening shareholders' funds / (deficit)	3,476,921	(2,436,849)
Closing shareholders' funds/(deficit)	3,341,184	3,476,921

13. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is TalkTalk Corporate Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is The Carphone Warehouse Group PLC, a company incorporated in England and Wales.

The only group of which Rednet Limited is a member and for which group financial statements are drawn up is that headed by The Carphone Warehouse Group PLC, whose principal place of business is at 1 Portal Way, London, W3 6RS. The consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" for related party transactions with other group companies and with directors who are also group directors, as more than 90% of the voting rights are controlled within the group. The ultimate parent company, The Carphone Warehouse Group PLC, has prepared consolidated accounts which include the results of the company for the period and are available to the public.

15. POST BALANCE SHEET EVENTS

On 18 January 2010 Opal Business Solutions Limited transferred its entire shareholding in the company to TalkTalk Corporate Limited, another group company.