

Registered number. 02329182

## NAVISITE EUROPE LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2011

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## **NAVISITE EUROPE LIMITED**

### **COMPANY INFORMATION**

<b>DIRECTORS</b>	J Pluntze R Borcharding
<b>COMPANY SECRETARY</b>	Business Control Ltd
<b>COMPANY NUMBER</b>	02329182
<b>REGISTERED OFFICE</b>	Business Control Ltd Frome Road Odd Down Bath BA2 2PP
<b>AUDITOR</b>	Baker Tilly UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD
<b>BANKERS</b>	HSBC Bank Plc Kingston Upon Thames Surrey KT1 1NS

## **NAVISITE EUROPE LIMITED**

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## **NAVISITE EUROPE LIMITED**

### **DIRECTORS' REPORT for the year ended 31 July 2011**

The directors present their report and the financial statements for the year ended 31 July 2011

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of the supply of application hosting services, together with the design and implementation of computerised sales management systems and related consultancy services.

#### **BUSINESS REVIEW**

##### **Review of the Company's business**

The company is a leading worldwide provider of enterprise-class, cloud-enabled hosting, managed applications and hosting services.

The company works in many markets, focusing across a number of sectors, Financial Services, Retail, Healthcare and Pharmaceuticals, Manufacturing and Distribution, Publishing, Media Services and Software.

The company provides IT support across a highly resilient platform with its data centre and network infrastructure, supported by highly trained staff providing 24/7 support for the mission critical IT and e-commerce sectors.

##### **Principal risks and uncertainties**

The principal risks facing the company include centre data outage and risk of terrorist attacks due to the highly sensitive information being stored. These risks are well mitigated through having various power sources, and being located in highly secure buildings. The company also employs highly trained staff to ensure that the high technology equipment is kept up to date.

## NAVISITE EUROPE LIMITED

### DIRECTORS' REPORT for the year ended 31 July 2011

#### Key performance indicators

The company has had an acceptable year with operational profit of £711,331 (2010 £1,379,581, as restated - please refer to note 16 - Prior Year Adjustment) The turnover of the business has increased by 1.3% to £8,797,000 (£8,687,674 in 2010) and gross profit has reduced by 5% to £7,480,273 (2010 £7,877,310, as restated - please refer to note 16 - Prior Year Adjustment)

The loss for the financial year was £764,767 (2010 £464,295, as restated - please refer to note 16 - Prior Year Adjustment)

#### Future Developments

The future plans of the company are to continue to expand upon the services offered, in particular Cloud Enterprise services and focus on the mid-market to enterprise IT outsource market

#### RESULTS

The loss for the year, after taxation, amounted to £764,767 (2010 - loss £464,295)

#### DIRECTORS

The directors who served during the year were

A Becker (resigned 16 August 2010)  
G M Ruhan (resigned 22 February 2012)  
J Pluntze  
R Borcharding (appointed 16 August 2010)

#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

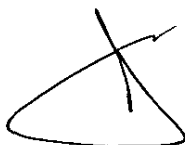
#### AUDITOR

The auditor, Baker Tilly UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on

25/4/12

and signed on its behalf



J Pluntze  
Director

## **NAVISITE EUROPE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAVISITE EUROPE LIMITED**

We have audited the financial statements of Navisite Europe Limited for the year ended 31 July 2011, set out on pages 5 to 16. 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 explained more fully in the Statement of directors' responsibilities, 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.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 company's affairs as at 31 July 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.10 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £764,767 during the year ended 31 July 2011 and, at that date, the company's total liabilities exceeded its total assets by £6,108,831, its current liabilities exceeded its total assets by £829,840 and it had net current liabilities of £7,584,697. These conditions, along with the other matters explained in note 1.10 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **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.

**NAVISITE EUROPE LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAVISITE EUROPE LIMITED**

**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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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*

Mr Tim Lerwill (Senior statutory auditor)  
for and on behalf of  
**Baker Tilly UK Audit LLP, Statutory Auditors**  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD  
Date *27<sup>th</sup> April 2012*

**NAVISITE EUROPE LIMITED**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 July 2011**

	Note	2011 £	As restated 2010 £
<b>TURNOVER</b>	1,2	8,797,000	8,687,674
Cost of sales		(1,316,727)	(810,364)
<b>GROSS PROFIT</b>		7,480,273	7,877,310
Administrative expenses		(6,768,942)	(6,497,729)
<b>OPERATING PROFIT</b>	3	711,331	1,379,581
Interest receivable and similar income		6,076	-
Interest payable and similar charges	7	(1,482,174)	(1,843,876)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(764,767)	(464,295)
Tax on loss on ordinary activities	8	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	(764,767)	(464,295)

All amounts relate to continuing operations

The notes on pages 8 to 16 form part of these financial statements



**NAVISITE EUROPE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 July 2011

	Note	2011 £	As restated 2010 £
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(764,767)</u>	<u>(464,295)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		(764,767)	<u>(464,295)</u>
Prior year adjustment	16	<u>(202,854)</u>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS</b>		<u>(967,621)</u>	

The notes on pages 8 to 16 form part of these financial statements

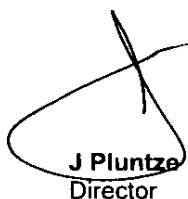
**NAVISITE EUROPE LIMITED**  
Registered number 02329182

**BALANCE SHEET**  
as at 31 July 2011

	Note	2011 £	£	As restated 2010 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		6,754,857		6,525,511
<b>CURRENT ASSETS</b>					
Debtors	10	1,664,883		2,806,681	
Cash at bank		1,632,722		1,283,717	
		<u>3,297,605</u>		<u>4,090,398</u>	
<b>CREDITORS</b> , amounts falling due within one year	11	(10,882,302)		(3,071,803)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(7,584,697)</u>		<u>1,018,595</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(829,840)</u>		<u>7,544,106</u>
<b>CREDITORS</b> , amounts falling due after more than one year	12		(5,278,991)		(12,888,170)
<b>NET LIABILITIES</b>			<u>(6,108,831)</u>		<u>(5,344,064)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,287		1,287
Share premium account	15		124,414		124,414
Profit and loss account	15		<u>(6,234,532)</u>		<u>(5,469,765)</u>
<b>SHAREHOLDER'S DEFICIT</b>	17		<u>(6,108,831)</u>		<u>(5,344,064)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

25/4/12

  
**J Pluntze**  
Director

The notes on pages 8 to 16 form part of these financial statements

## NAVISITE EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

#### 1 ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

##### 1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### 1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

##### 1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Improvements to property	-	20% straight line
Computer hardware	-	33 33% straight line
Fixture, fittings & office equipment-	-	20% straight line
Computer software	-	33 33% straight line
Leasehold property	-	Over the term of the lease

The directors have decided to reclassify the allocation of assets to specific categories to give greater clarity. The assets that had previously been classified as office equipment have now been transferred to the new categories as detailed above. The depreciation rate applied to individual assets remains unchanged.

##### 1.5 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

## **NAVISITE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

##### **1.7 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### **1.8 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### **1.9 REVENUE RECOGNITION**

The company recognises the revenue for application hosting contracts over the term of the contract. Expenditure, including initial set up costs, are also expended to the Profit and loss account over the contract term

##### **1.10 GOING CONCERN**

The directors report shareholders funds deficit of £6,108,831 (2010 £5,344,064, as restated - please refer to note 16 - Prior Year Adjustment)

On the basis of their assessment of the company's financial position, of the enquiries made of the executive management of Navisite Inc and its indication of continued support of the company for a period of at least 12 months from the date of approval of these financial statements, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

On 21 April 2011 Navisite Inc was purchased by Time Warner Cable Inc and, from that date, the ultimate parent undertaking and the controlling party of the company is Time Warner Cable Inc

#### **2 TURNOVER**

All turnover arose within the United Kingdom

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

### 3 OPERATING PROFIT

The operating profit is stated after charging

	2011 £	As restated 2010 £
Depreciation of tangible fixed assets		
- owned by the company	669,314	543,786
- held under finance leases	744,286	746,827
Foreign exchange gain/loss	13,498	59,365
Operating lease rentals		
- Premises	310,149	310,149
	<u>310,149</u>	<u>310,149</u>

During the year, no director received any emoluments (2010 - £NIL)

Please refer to note 16 - Prior Year Adjustment

### 4 AUDITOR'S REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	11,500	14,500
Fees payable to the company's auditor and its associates in respect of		
All other services	3,000	-
	<u>3,000</u>	<u>-</u>

### 5 STAFF COSTS

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	1,162,075	999,759
Social security costs	146,751	129,412
Other pension costs	18,144	16,802
	<u>1,326,970</u>	<u>1,145,973</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
	<u>27</u>	<u>22</u>

### 6. DIRECTORS REMUNERATION

Directors remuneration is paid by the parent entity. The parent company makes no recharges of these to Navisite Europe Limited and it is impossible to make an accurate apportionment.

# **NAVISITE EUROPE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 July 2011

### **7 INTEREST PAYABLE**

	2011 £	As restated 2010 £
On finance leases and hire purchase contracts	857,156	948,239
Interest on inter company loan	625,018	895,637
	<u>1,482,174</u>	<u>1,843,876</u>

Please refer to note 16 - Prior Year Adjustment

### **8 TAXATION**

	2011 £	2010 £
UK corporation tax charge on loss for the year	-	-

#### **FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 27.3% (2010 - 52%). The differences are explained below

	2011 £	As restated 2010 £
Loss on ordinary activities before tax	<u>(764,767)</u>	<u>(464,295)</u>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.3% (2010 - 52%)	(209,022)	(242,144)

#### **EFFECTS OF**

Income not deductible for tax purposes - fixed assets	(1,937,674)	209,112
Expenses not deductible for tax purposes	140,943	251,244
Depreciation in excess of capital allowances	1,849,952	(34,077)
Other short term timing differences	(2,975)	4,319
Unrelieved tax losses and other deductions arising in the period	158,776	(188,454)

**CURRENT TAX CHARGE FOR THE YEAR** (see note above)

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#### **FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

Please refer to note 16 - Prior Year Adjustment

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

### 9 TANGIBLE FIXED ASSETS

	Improvements to property	Computer Hardware	Fixtures, Fittings & Office equipment	Computer software	Leasehold property	As restated Total
<b>COST</b>						
At 1 August 2010	67,120	43,189	4,239,541	-	7,367,070	11,716,920
Additions	3,092	1,551,431	7,909	102,051	-	1,664,483
Disposals	-	(23,233)	-	-	-	(23,233)
Transfer between classes	-	3,736,386	(4,159,647)	423,261	-	-
At 31 July 2011	70,212	5,307,773	87,803	525,312	7,367,070	13,358,170
<b>DEPRECIATION</b>						
At 1 August 2010	48,356	17,276	3,254,761	-	1,871,016	5,191,409
Charge for the year	7,735	582,869	6,336	72,374	744,286	1,413,600
On disposals	-	-	(1,696)	-	-	(1,696)
Transfer between classes	-	2,880,224	(3,208,270)	328,046	-	-
At 31 July 2011	56,091	3,480,369	51,131	400,420	2,615,302	6,603,313
<b>NET BOOK VALUE</b>						
At 31 July 2011	14,121	1,827,404	36,672	124,892	4,751,768	6,754,857
At 31 July 2010	18,764	25,913	984,780	-	5,496,054	6,525,511

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Leasehold property	4,751,768	5,496,054
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The directors have decided to reclassify the allocation of assets to specific categories to give greater clarity. The assets that had previously been classified as office equipment have now been transferred to the new categories as detailed above. The depreciation rate applied to individual assets remains unchanged and is detailed in accounting policy note 14.

Please refer to note 16 - Prior Year Adjustment for opening balance brought forward on leasehold property.

### 10. DEBTORS

	2011 £	2010 £
Trade debtors	663,861	1,681,370
Amounts owed by group undertakings	-	1,484
Other debtors	294,348	149,147
Prepayments and accrued income	706,674	974,680
	<u>1,664,883</u>	<u>2,806,681</u>

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

### 11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	As restated 2010 £
Net obligations under finance leases and hire purchase contracts	535,557	511,754
Trade creditors	481,210	829,848
Amounts owed to group undertakings	8,173,296	-
Social security and other taxes	37,253	139,342
Accruals and deferred income	1,654,986	1,590,859
	<u>10,882,302</u>	<u>3,071,803</u>

Please refer to note 16 - Prior Year Adjustment

### 12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	As restated 2010 £
Net obligations under finance leases and hire purchase contracts	5,278,991	5,845,341
Amounts owed to group undertakings	-	7,042,829
	<u>5,278,991</u>	<u>12,888,170</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	As restated 2010 £
Repayable by instalments	1,838,090	2,371,214
Repayable other than by instalments	-	7,042,829
	<u>1,838,090</u>	<u>9,414,043</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	As restated 2010 £
Between one and five years	3,440,901	3,474,127
After five years	1,838,090	2,371,214
	<u>5,278,991</u>	<u>5,845,341</u>

The above loans to group undertakings and related company's are unsecured from the parent company and the ultimate parent company and as such, there is no pre-determined repayment schedule

Please refer to note 16 - Prior Year Adjustment



# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

### 13 DEFERRED TAXATION

	2011 £	2010 £
At beginning and end of year	-	-
No provision has been made for deferred tax arising from losses carried forward due to insufficient evidence that the asset will be recoverable		

### 14 SHARE CAPITAL

	2011 £	2010 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,287 Ordinary shares of £1 each	1 287	1,287

### 15 RESERVES

	Share premium account £	As restated Profit and loss account £
At 1 August 2010 (as previously stated)	124,414	(5,266,911)
Prior year adjustment (note 16)		(202,854)
At 1 August 2010 (as restated)		(5,469,765)
Loss for the year		(764,767)
At 31 July 2011	124,414	(6,234,532)

Please refer to note 16 - Prior Year Adjustment

### 16 PRIOR YEAR ADJUSTMENT

The Directors have considered the requirements of Statement of Standard Accounting Practice 21 and considered the legal form and substance of a significant lease. As such, a prior period adjustment has been processed for a fundamental error into 2010 year end which has had the effect of reversing a disposal of a finance lease.

The lease reintroduced into 2010 resulted in an increase to tangible fixed assets of £5,496,054, an increase in a finance lease value of £6,357,095, and a decrease in the accruals and deferred income due in more than one year of £658,187 as at 31 July 2010. As such this lease first acquired in 2008 and runs for a period of 10 years has therefore been treated as a finance lease since acquisition and remains a finance lease at the year end. The impact on the Profit & Loss in 2010 was to increase the loss for the year by £202,854 and reduce brought forward reserves by the same amount.

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011

### 17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT

	2011 £	As restated 2010 £
Opening shareholder's deficit	(5,141,210)	(4,879,769)
Prior year adjustments (note 16)	(202,854)	
	<u>(5,344,064)</u>	
Opening shareholders' deficit (as restated)	(5,344,064)	
Loss for the year	(764,767)	(464,295)
	<u>(6,108,831)</u>	<u>(5,344,064)</u>
Closing shareholder's deficit		

Please refer to note 16 - Prior Year Adjustment

### 18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £18,144 (2010 - £16,802). Contributions totalling £104 (2010 - £3,592) were payable to the fund at the balance sheet date and are included in creditors.

### 19. OPERATING LEASE COMMITMENTS

At 31 July 2011 the company had annual commitments under non-cancellable operating leases as follows:

	2011 £	2010 £
<b>EXPIRY DATE</b>		
Between 2 and 5 years	<u>112,556</u>	<u>112,556</u>

## **NAVISITE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2011**

#### **20 RELATED PARTY TRANSACTIONS**

The company is a 100% subsidiary company of a group for which publicly available consolidated accounts are prepared and advantage has been taken of the exemption granted by Financial Reporting Statement Number 8 from the requirement to disclose details of transactions with related parties within the group

G M Ruhan, who was a director until 22 February 2012, is a director of Global Marine Systems Limited, his brother A Ruhan is a director of Sentrum Services Limited and owns Sentrum III Limited

During the year, Navisite Europe Limited provided services to Global Marine Systems Limited totalling £67,993 (2010 £104,116) At the year end, Global Marine Systems Limited owed Navisite Europe Limited £nil (2010 £17,484)

During the year Navisite purchased services from Sentrum Services Limited of £274,740 (2010 £305,756) and from Sentrum III Limited of £nil (2010 £1,945,009) At the year end Navisite Europe Limited owed Sentrum Services Limited £nil (2010 £nil) and Sentrum III Limited £50,008 (2010 £58,610) in respect of those services In addition, the company's leasehold property finance agreement is with Sentrum III Limited and during the year interest charges of £857,156 (2010 £948,239 as restated) were made At the year end Navisite Europe Limited owed Sentrum III Limited £5,814,548 (2010 £6,357,095 as restated)

#### **21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of Interliant UK Holdings Limited, which is registered in England and Wales

The ultimate controlling party of the company is Time Warner Cable Inc a company incorporated in the U S A

Copies of the group accounts can be obtained from Navisite Inc, 400 Minuteman Road, Andover, MA 01810, USA