

EASYNET LIMITED

Annual report and financial statements
for the period ended 30 November 2014

Registered number: 2954343

WEDNESDAY



A4LVJ5D

A24

09/12/2015

#7

COMPANIES HOUSE

Contents

Directors and Officers	1
Directors' report	2
Statement of directors' responsibilities	6
Auditor's report	7
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flow	12
Notes to financial statements	13

Directors and Officers

Easynet Limited
Directors' report and financial statements
period ended 30 November 2014

Directors

Easynet Limited's ("the Company") present Directors and those who served during the period are as follows:

Greg Clarke (Appointed 03 May 2013; resigned 11 December 2013)
Richard Croft (Appointed 22 March 2013; resigned 11 December 2013)
David Rowe (Appointed 22 March 2013; resigned 09 May 2013)
Hanif Lalani (Appointed 22 March 2013; resigned 04 June 2013)
Patrick Smedt (resigned 11 December 2013)
Daniel Sasaki (resigned 11 December 2013)
M Mulford (appointed 11 December 2013, resigned 15 October 2015)
W Churchill (appointed 11 December 2013, resigned 15 October 2015)
M Thompson (appointed 11 December 2013, resigned 15 October 2015)
C Birkett (appointed 15 October 2015)
G Williams (appointed 15 October 2015)
M Woolf (appointed 15 October 2015)

Secretary

R Croft (resigned 11 December 2013)

Registered office

Interoute Communications Limited
31st Floor 25 Canada Square
London
E14 5LQ

Auditor

Grant Thornton UK LLP
1020 Eskdale Road
Winnersh
Wokingham
Berkshire
RG41 5TS

Directors' report (continued)

Easynet Limited

*Directors' report and financial statements
period ended 30 November 2014*

The Director's present their Annual Report on the affairs of the Company, together with the Financial Statements and Auditor's Report for the period ended 30 November 2014.

Business review and principal activities

The principal activities of the Company are the provision of managed network and hosting services in the United Kingdom. These key areas of expertise are further strengthened by a wide range of value added integration services such as video conferencing, managed telephony, security and unified communications.

Key performance indicators

The Company's key performance Indicators (KPI) for the period are detailed below. These KPIs are used on a regular basis by the Board of Directors to monitor the financial performance of the Company.

	Period ended 30 November 2014 £'000	Year ended 30 June 2013 £'000
Revenue	32,094	90,506
Adjusted EBITDA	5,683	13,402
Net cash flow	7,781	(243)
Adjusted EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. The calculation of Adjusted EBITDA is detailed below.		
Operating (loss)/profit	2,553	5,418
Add back depreciation	2,732	6,117
Add back amortisation	398	1,867
Adjusted EBITDA	5,683	13,402

Revenue for the period has fallen to £32,094,000 (year ended June 2013: £90,506,000) following the transfer of the Enterprise business to Easynet Global services Limited during the previous accounting period. This effect of this change is reflected throughout the results. Total operating expenses have decreased to £32,165,000 (year ended June 2013: £77,192,000). Loss before tax for the period is £29,000 (year ended June 2013: £5,349,000). Net cash inflow during the period was £7,781,000 (year ended June 2013: outflow £243,000).

Property, plant and equipment has fallen from £1,452,000 to £348,000. The net amount receivable from other group companies is £252,000 (30 June 2013: £12,922,000), the decrease being primarily due to the settlement of inter-company receivables. Excluding intercompany balances, trade and other receivables have fallen from £5,145,000 to £1,563,000 largely due to a reduction in trade receivables following the transfer of the Enterprise business, whilst short-term trade and other payables have decreased from £11,098,000 to £6,557,000 for the same reason. Total shareholders' equity decreased to £8,985,000 (30 June 2013: £9,014,000).

Directors' report (continued)

Easynet Limited

*Directors' report and financial statements
period ended 30 November 2014*

Principal risks and uncertainties

The performance of Easynet Ltd and the execution of the Group's strategic plan are subject to a number of risks and uncertainties. These risks may affect the Company's operating results, financial condition and cash flows. The risk factors described below are those which the Directors believe are potentially significant but this should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Economic conditions

Should the current economic trading conditions in the Eurozone worsen, the Company could be adversely affected. Such economic conditions may cause existing or potential customers to delay or avoid the purchase of the Company's products, or may lead to consolidation of customers or increased bad debt. Reduced revenues and cash flows can also lead to an increased risk of asset impairment. However, it may also increase opportunities as the Company's customers seek to reduce costs through investment in technology.

Competition

The industry in which the Company operates is highly competitive. The Company is measured by its customers upon a number of factors including ability to demonstrate value added propositions, innovation, price and customer services. If the Company fails to deliver on any of the above described factors, this could have an adverse effect on the business.

Customer Service and Security

The Company is committed to providing high levels of customer service, including continuity and security. In addition to reputational damage and possible loss of customers, failure to provide high levels of customer service and security to our customers could result in a breach of service level agreement thresholds for minimum levels of performance. If these service level thresholds are breached, the Company may be liable for non-performance penalties.

Infrastructure

Physical loss, damage, failure or limitation of capacity to the Company's network or one or more of its data centres or network management centres could disrupt its business or customers' businesses. This could result in the loss of customer or financial loss from customer claims.

Group restructure and acquisition

On 11 December 2013 the group of companies including Easynet Limited headed by EGHL Limited was acquired by MDNX Holdings Limited. At the same time as EGHL Limited was acquired the MDNX group headed by MDNX Group Limited was also acquired by MDNX Holdings Limited and all the existing debt of EGHL Limited was repaid.

Easynet Limited is now part of the largest independent provider of managed network and hosting services in Europe. The company is being integrated with the MDNX Group and will benefit from the greater purchasing power, economies of scale and extended product range that the integrated business delivers

Dividend

No dividend was paid in the period (30 June 2013: £25,500,000). The directors do not recommend the payment of a dividend.

Directors' report (continued)

Easynet Limited

*Directors' report and financial statements
period ended 30 November 2014*

Policy and practice on payment of creditors

The policy of the Company is to agree and clearly communicate terms and conditions of business transactions with its suppliers prior to entering into a contractual relationship and to ensure that suppliers are made aware of, and abide by, the terms of payment. Payment is made in accordance with these terms and conditions being met by the suppliers. The Company had no days' purchases outstanding at 30 November 2014 (June 2013: 0 days) as all liabilities are settled by other group companies.

Directors

The Directors who served during the period and up to the date of this report are as shown on page 1.

Employment policies

The average monthly number of full-time equivalent persons employed by the Company during period ended 30 November 2014 was 55 (30 June 2013: 323).

Employee diversity

The Company's employment policies comply with local requirements and meet relevant standards on employment of people with disabilities. Full and fair consideration is given to applicants with disabilities for employment and training, and career development is encouraged on the basis of aptitude and ability. It is Company policy to make all reasonable adjustments for employees and applicants with disabilities to enable them to maximise their potential.

Employee involvement

The Company communicates with employees in many ways, including regular briefings by management, newsletters, intranet sites, mobile phone broadcasts, video conferences and consultation forums. These communications help to achieve a common awareness amongst colleagues of the financial and operational performance of the Company.

Political and charitable donations

During the period the Company made no political or charitable donations (30 June 2013: None).

Going concern basis

The enlarged Easynet Group, which contains Easynet Limited, is the largest Independent provider of managed network and hosting services in the UK. The Group's parent company has committed to supporting Easynet Limited, which benefits from a number of long term service contracts with customers and the financing facilities made available by Easynet Finance Co Limited.

After making enquiries, the Directors believe that the company, with the support of the Easynet Group, has adequate resources to continue in operational existence for the foreseeable future. The Group as a result will not recall the long-term debt in the immediate future. For this reason the company continues to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)

Easynet Limited

*Directors' report and financial statements
period ended 30 November 2014*

Disclosure of information to auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed auditor during the period to fill a casual vacancy in accordance with section 483(3) of the Companies Act 2006.

Under section 485(3) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on

and signed on its behalf.



Gareth Williams
Director

Date: 03/12/15

Statement of directors' responsibilities

Easynet Limited
Directors' report and financial statements
for the period ended 30 November 2014

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 these financial statements for each financial period. Under that law they have elected to prepare financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve these financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss 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;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Grant Thornton

Independent auditor's report to the members of Easynet Limited

We have audited the financial statements of Easynet Limited for the period ended 30 November 2014 which comprise the statement of financial position, the statement of comprehensive income, the statement of cash flow, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement set out on page 6, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 November 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and Directors' Report for the financial period 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, 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



Independent auditor's report to the members of Easynet Limited (continued)

Grant Thornton

Jim Rogers

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Reading

Date:

8 Dec 2015

Statement of Comprehensive Income

EasyNet Limited
Directors' report and financial statements
for the period ended 30 November 2014

	Notes	Period ended November 2014 £'000	Restated Year ended June 2013 £'000
Revenue	2	32,094	90,506
Operating expenses	3	(26,119)	(80,849)
Depreciation		(2,732)	(4,524)
Amortisation		(398)	(1,867)
Other income			88
<i>Exceptional items within total administrative expenses:</i>			
Redundancy		(292)	-
Operating profit		2,553	3,354
Finance income	4	13	34
Finance costs	4	-	(103)
Profit before tax	5	2,566	3,285
Taxation	7	(691)	(2,330)
Profit for the period		1,875	955
Total comprehensive income for the period		1,875	955

The notes on pages 13 to 36 form part of the financial statements.

Other than as set out above, there are no other components of comprehensive income for the current period or preceding year.

Statement of Financial Position

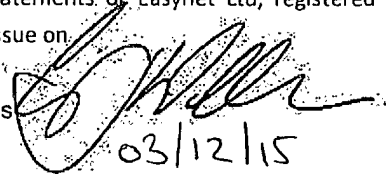
Easynet Limited
Directors' report and financial statements
As at 30 November 2014

	Notes	30 November 2014 £'000	Restated 30 June 2013 £'000
Non-current assets			
Intangible assets	8	22	420
Property, plant and equipment	9	348	3,045
Investment in subsidiary companies	10	1,756	1,755
		2,126	5,220
Current assets			
Trade and other receivables	13	13,991	16,218
Deferred tax asset	11	691	691
Cash and cash equivalents		7,839	58
		21,830	16,967
Total assets		23,956	22,187
Current liabilities			
Trade and other payables	14	12,840	14,233
		12,840	14,233
Net current assets		8,990	2,734
Non-current liabilities			
Other payables	14	895	1,133
		895	1,133
Total liabilities		13,735	15,366
Net assets		10,220	6,821
Equity			
Equity share capital	17	317	317
Share premium		18	18
Reserves		9,886	5,946
Total equity		10,220	6,281

The notes on pages 13 to 36 form part of these financial statements.

The financial statements of Easynet Ltd, registered number 2954343 were approved by the board of directors and authorised for issue on

Gareth Williams
 Director


 03/12/15

Statement of Changes in Equity

Easynet Limited
Directors' report and financial statements
As at 30 November 2014

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 July 2013	317	18	8,010	8,345
Adjustments				
Total comprehensive income for the period			1,875	1,875
At 30 November 2014	317	18	9,885	10,220

The notes on pages 13 to 36 form part of these financial statements.

Statement of Cash Flows

		2014	2013
	Note	£'000	£'000
Cash flows from operating activities			
Cash generated from operations		5,629	43,726
Net cash from operating activities	18	5,629	43,726
Cash flows from investing activities			
Purchase of property, plant and equipment		914	(6,362)
Investment in subsidiaries		(1,756)	(769)
Purchase of intangible assets		398	(1,008)
Net cash used in investing activities		(444)	(8,139)
Cash flows from financing activities			
Repayment of Group loans		2,595	(6,253)
Disposal of business		-	(6,154)
Issue of finance leases		-	2,348
Repayment of capital element of finance leases		-	(202)
Dividends paid		-	(25,500)
Interest paid		-	(69)
Net cash from (used) in financing activities		2,595	(35,830)
Net increase (decrease) in cash and cash equivalents		7,781	(243)
Cash and cash equivalents at the beginning of the period		58	301
Cash and cash equivalents at the end of the		7,839	58

The notes on pages 13 to 36 form part of these financial statements.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies

Easynet Limited (the "Company") is a Company incorporated and domiciled in the United Kingdom ("UK").

During the period the accounting policy changed in respect of revenue recognition and capitalised labour. As a services business providing solutions to customers a key aspect of the solution is the set up and installation of the solutions provided to its customers as well as the on-going services provided under the service contract. Under the revised policy more services installation are considered separable. The revenue recognition policy is detailed at 1 i) below.

In previous periods significant internal and external labour associated with the installation and set-up of services was capitalised and amortised over the contract period. Following the change in revenue recognition all such internal and external labour is expensed to the profit and loss account in the period in which it is incurred.

The directors consider that the revised accounting policy results in more meaningful and useful information for users of the financial statements.

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted for use in the European Union ("EU"), and the Companies Act 2006.

b) Basis of preparation

The financial statements have been prepared on an historical cost basis.

The Easynet Group, which contains Easynet Limited, is the largest independent provider of managed network and hosting services in the UK. The Group's parent company has committed to supporting Easynet Limited, which benefits from a number of long term service contracts with customers and the financing facilities made available by Easynet Finance Co Limited.

After making enquiries, the Directors believe that the company, with the support of the Easynet Group, has adequate resources to continue in operational existence for the foreseeable future. The Group as a result will not recall the long-term debt in the immediate future. For this reason the company continues to adopt the going concern basis in preparing the financial statements.

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 400 of the Companies Act 2006, because at 30 November 2014 wholly-owned subsidiary of MDNX Group Holdings Limited which prepares consolidated accounts which are publicly available (see note 21).

c) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling. Trading activities denominated in foreign currencies are recorded in pounds sterling at the actual exchange rates as of the date of the transaction. Monetary assets, liabilities and commitments denominated in foreign currencies at the year-end are reported at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the initial transaction. Gains and losses on retranslation of assets and liabilities are included in the profit for the period.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

d) Intangible assets

Research and development

Research expenditure is recognised in the statement of comprehensive income as the expenditure is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets are those that are identifiable and can be sold separately or which arise from legal rights.

Amortisation of an intangible asset begins when the asset is available for use, and is charged to the statement of comprehensive income on a straight-line basis over the intangible asset's estimated useful life. If the asset is not yet available for use, no amortisation is charged and an impairment test is carried out at least annually. The principal useful economic lives used for this purpose are:

Internally developed assets	3 years
Software	3 years

e) Property, plant and equipment ("PPE")

i. Owned assets

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

When an item of property, plant and equipment is no longer needed for the operational activity of the Company it is disposed of as appropriate.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

ii. Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

Leasehold improvements	Shorter of lease term or life of the asset
Equipment, furniture and fittings	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

f) Non-derivative financial instruments

Non-derivative financial assets

The Company classifies non-derivative financial assets into the following categories; loans, receivables and cash and cash equivalents.

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables and are classified as such on the statement of financial position.

Cash and cash equivalents comprise cash balances with original maturities of three months or less.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings and trade and other payables.

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

g) Impairment

Non-derivative financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and adverse changes in the payment status of borrowers or issuers in the Company.

The Company considers evidence of impairment for trade and other receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar characteristics. In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

Losses are recognised in profit or loss and reflected in an allowance account against trade and other receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets (such as property, plant and equipment) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income.

i) Revenue recognition

Rental, Maintenance and Managed Services – Fees charged can be billed monthly, quarterly or annually.

Revenues are recognised in line with the provision of services. Amounts billed in advance are deferred and recognised in the period for which the service relates. Revenues billed in arrears or for services are accrued and recognised in the period for which the service relates

Notes to financial statements

Easynet Limited

Directors' report and financial statements

30 November 2014

1. Accounting policies (continued)

Set up, Installation, consulting and project management – This is a one-off charge to customers. This may include the design of the solution, project management, delivery and Installation of the solutions. These charges may also include charges to compensate the company for the expenditure on the cost of equipment to provide the services to the customer where the ownership and risk remains with the company.

Charges for set up may be separable or not separable from the on-going services as detailed below.

Separable services:

Services are separable where they can also be provided by the customer or third party suppliers. These services may be provided by the company or subcontracted to external companies. Where services are separable these are considered non-recurring revenues and are recognised on delivery. All internal costs delivering these services are expensed as incurred. All third party costs are matched to the revenues recognised for the provision of these services. Revenue is recognised on the internal and external costs incurred based on a standard costing formula. Any set up fees charged in excess of the revenue recognised are deferred and recognised as revenue over the life of the contract.

Non separable services:

Where set up and connection fees are charged and the services provided are not separable these services are considered non separable. Where the services are not separable the set up fees are recognised as revenue over the life of the contract.

Equipment sales – Revenue from equipment sales is one-off revenue where customers obtain legal ownership of an asset. Equipment sales typically arise from the sale of MVM network equipment or software. Assets can be tangible or intangible so sales of software or licences should be treated as Equipment sales. Revenue from Equipment sales is recognised at the point risks and rewards of ownership of the assets pass to the customer.

Equipment fully Managed Services – Where a managed service is sold and title to equipment does not pass to the customer, for example cloud services or customer premises equipment, no revenue is recognised and the equipment is capitalised and amortised over its useful economic life.

j) Employee benefits

Wages, salaries and social security contributions

Wages, salaries, social security contributions and bonuses payable for current employees are recognised in the statement of comprehensive income as the employees' services are rendered.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

The total expense relating to these plans in the current period was £75,000 (30 June 2013: £674,000).

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

The Company as lessor

Sublease income from operating leases is recognised on a straight-line basis over the term of the lease.

l) Taxation, including deferred taxation

The Company's liability for current tax is based on taxable profits for the period, and is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect an amount that is "probable" to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) Critical accounting estimates and judgements

In the preparation of the financial statements, a number of estimates and assumptions have been made relating to the reporting of results of operations and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions.

The Company considers that the Company's most critical accounting estimates and judgements, which are those that are most important to the presentation of its financial position and results are set out below. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain. Estimates and underlying assumptions are reviewed on an on-going basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

Receivables allowance

The Company performs regular reviews of the receivables and the risks of bad debt and makes provisions to reflect its views of the financial condition of its customers and their ability to pay in full for amounts owing for services provided. The expense associated with these provisions for bad debts are recorded in operating costs. Estimates based on historical and current experience are used in determining the level of debts that are not expected to be collected. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Company's historical write-off experience. Changes to the allowance may be required if the financial condition of the Company's customers improves or deteriorates.

Tax

The determination of the Company's tax charge involves assessing the extent to which deferred tax assets can be recognised and estimating the impact of tax regulations.

Recognition of deferred tax assets is dependent on whether it is probable that sufficient suitable taxable profits will be available in the future, against which the reversal of underlying temporary differences or unutilised tax losses can be deducted. Recognition therefore involves estimates regarding the level of future taxable income of the particular legal entity or tax group and the time limits on the availability of taxable losses for carry forward. There are certain transactions and computations for which the ultimate tax determination is uncertain due to the interpretation of tax regulations where the tax treatment cannot be finally determined until a resolution has been reached with the relevant tax authority.

Differences arising between the estimations made and the actual results may necessitate future adjustments to tax expense or income and/or cash flow variances.

Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

Impairment

The carrying values of property, plant and equipment and intangible assets other than goodwill, within a cash generating unit, are reviewed for impairment only when events indicate the carrying value may be impaired.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

Impairment indicators include both internal and external factors. Examples of internal factors include analysing performance against budgets with significant underperformance relative to expected historical or projected future operating results, obsolescence or physical damage and significant changes in the use of the assets or the strategy of

1. Accounting policies (continued)

the overall business. Examples of external considerations assessed for indications of impairment include wider economic factors, and significant changes in technology and regulatory environments.

Where impairment indicators are present, the recoverable amounts of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters. In particular, management has regard to assumptions in respect of revenue mix and growth rates, customer churn, EBITDA margins, timing and amount of capital expenditures, long term growth rates and the selection of appropriate discount rates.

Revenue recognition

Judgement is required in drafting revenue recognition principles and the specific guidance in respect of the company's revenue. Revenues are generally billed in advance and recognised over the period of service provided. Judgement is required in the formation of these principles, including the determination of revenue and margin to be separated between elements of the contracts.

Credit note provisions are estimated by reference to the company's experience of credit note levels, taking into account all known credit notes plus an estimate of those yet to be identified. There is a risk that this provision may not be calculated correctly resulting in subsequent adjustments to revenues. Trade receivables are presented net of credit note provisions. Movements in the credit note provision are netted against revenues.

Exceptional items

Exceptional items are those that are separately identified by virtue of their size or incidence to allow a full understanding of the underlying performance of the group.

During the period the MDNX Holdings Limited acquired EGHL, the parent Company of the Easynet Group, and the MDNX Group with the express intention of integrating the two businesses. This process has resulted in a number of costs defined as exceptional falling into the following categories:

- incidental expenses incurred acquiring the group where such costs are not allowed to be included in the cost of acquisition;
- the costs of the integration team employed to carry out the integration work including staff costs wholly focused on integration activities;
- Reorganisation costs including redundancy costs; and
- Onerous contracts where services under contract are no longer required following the completion of integration activities.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

1. Accounting policies (continued)

n) Endorsed IFRS not yet effective

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'. The amendments require an entity to present the items of other comprehensive that may be recycled to profit or loss in the future if certain conditions are met, separately from those that would never be recycled to profit or loss. Consequently, as the Group presents items of other comprehensive income before related income tax effects the aggregated income tax amount would need to be allocated between those sections.
- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2014).
- IFRS 11 Joint Arrangements and Amendments to IAS 28 (2008) Investments in Associates and Joint Ventures (mandatory for year commencing on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2014).
- IFRS 13 Fair Value Measurement (mandatory for year commencing on or after 1 January 2013).
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014).
- Annual Improvements to IFRS 2009-2011 cycle (mandatory for year commencing on or after 1 January 2013).
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (mandatory for year commencing on or after 1 January 2014).
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (mandatory for year commencing on or after 1 January 2014).
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2015)
- Annual Improvements to IFRS 2010-2012 cycle (mandatory for year commencing on or after 1 July 2014).
- Annual Improvements to IFRS 2011-2013 cycle (mandatory for year commencing on or after 1 July 2014).

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

2. Revenue

All revenue is derived from the provision of telecommunication services.

	30 November 2014	Restated 30 June 2013
	£'000	£'000
United Kingdom	31,977	75,426
Rest of Europe	113	28,057
Rest of World	4	1,090
Less intercompany transactions	-	(14,067)
	32,094	90,506

3. Operating expenses

Operating expense is comprised of the following:

	30 November 2014	Restated 30 June 2013
	£'000	£'000
Variable cost of sales	9,874	41,783
Fixed cost of sales	12	11,207
Selling and distribution expenses	46	1,152
Personnel costs	(1,251)	15,886
Accommodation and communication costs	5	1,778
Other operating expenses	17,433	5,386
	26,119	77,192

4. Finance income and finance costs

	30 November 2014	30 June 2013
	£'000	£'000
Finance income		
Net foreign exchange gain on cash & loans	13	34
	13	34
Finance costs		
Bank interest payable	-	(7)
Finance lease interest charge	-	(66)
Unwind of discount on onerous contract provision	-	(30)
	-	(103)

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

Net finance (costs)/income	13	(69)
----------------------------	----	------

5. Profit before taxation

Profit before taxation is stated after charging (crediting):

	30 November 2014 £'000	Restated 30 June 2013 £'000
Depreciation of property, plant and equipment	2,732	6,117
Amortisation of Internally developed intangible fixed assets	-	1,075
Amortisation of purchased intangible fixed assets	398	792
Rentals on operating leases and similar arrangements	-	2,320
Sub-lease rentals received on operating leases	-	(88)
Staff costs	(1,251)	15,886

Audit fees

Auditor's remuneration has been borne by MDNX Group Holdings Ltd. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, MDNX Group Holdings Ltd.

6. Employee benefits and key management compensation

	30 November 2014 £'000	30 June 2013 £'000
Wages and salaries	2,324	15,588
Social security costs	219	1,742
Contributions to defined contribution plans	75	674
Amounts capitalised within PPE/IFA	(3,869)	(2,118)
	(1,251)	15,886

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the period was:

	30 November 2014	30 June 2013
Average monthly employees during the period	55	378

Notes to financial statements

Easynet Limited

Directors' report and financial statements

30 November 2014

All employees within Easynet Limited are remunerated through Easynet Global Services Limited and recharged across to Easynet Limited through intercompany recharges.

6. Employee benefits and key management compensation

All Directors, who are identified as the key management of the Company, are remunerated through MDNX Group Holdings Ltd. The Directors consider that it is not practical to allocate part of the salary in respect of their duties as directors of the Company.

7. Taxation

a) Taxation	30 November 2014	30 June 2013
	£'000	£'000
Current tax income / (expense)		
Current period	-	-
Adjustment in respect of prior years	-	(2,994)
Total current tax credit / (charge)	-	(2,994)
Deferred tax income		
Origination and reversal of temporary differences	601	664
Effect on tax rate change on opening balance	90	-
Total deferred tax	691	664
Taxation (expense) / income	691	(2,330)

b) Reconciliation of total tax charge

The tax charge for the period is £NIL (2014: tax income (£29,608)). This is higher (2013: lower) than the standard rate of corporation tax in the UK 22.06% (2013: 23.75%) applied to profit before tax. A reconciliation showing the factors affecting the tax charge is shown below:

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

7. Taxation (continued)	30 November 2014	30 June 2013
	£'000	£'000
(Loss) / Profit before tax from continuing operations	2,566	5,349
(Loss) / Profit before tax multiplied by standard rate of corporation tax in the UK of 22.06% (2013:23.75%)	566	1,270
Effects of:		
Fixed Asset Differences	(1)	2
Non-deductible expense/tax exempt revenue	45	54
Change in tax rate	154	5
Temporary timing differences	1	835
Group relief claimed for nil consideration	(910)	(2,769)
Adjustment in respect of prior years	2	2,994
Deferred tax not recognised	836	2,994
Taxation expense/(income)	691	2,330

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

8. Intangible assets

	Total £'000
Cost	
At 1 July 2013	1,529
Transfer	1,767
Prior year adjustment	(1,267)
Restated Cost At 1 July 2013	2,029
Additions	-
Disposal of Business	-
At 30 November 2014	2,029
Accumulated amortisation	
At 1 July 2013	(1,109)
Transfer	(1,279)
Prior year adjustment	779
Restated Cost At 1 July 2013	(1,609)
Amortisation for the period	(398)
Disposal of Business	-
At 30 November 2014	(2,007)
Carrying amounts	
Restated At 30 June 2013	420
At 30 November 2014	22

The Company's intangible assets include internal and external expenditure on software associated with customer management systems, software licences and capitalised development costs.

The Company had no capital commitments at 30 November 2014 (30 June 2013: £nil).

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

9. Property, plant and equipment

	Total £'000
Cost	
At 1 July 2013	10,976
Prior year adjustment	(7,731)
Restated At 1 July 2013	3,245
Additions	318
At 30 November 2014	3,563
Accumulated depreciation	
At 1 July 2013	(9,524)
Prior year adjustment	7,247
Restated At 1 July 2013	(2,277)
Charge for the period	(938)
At 30 November 2014	3,215
Carrying amounts	
At 30 June 2013	1,452
At 30 November 2014	348

The Company had no capital commitments at 30 November 2014 (30 June 2013: £nil).

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

10. Investment in subsidiary

The movement in the period was as follows:

	Shares in subsidiaries £'000
Cost	
At 1 July 2013	1,823
Additions	-
At 30 November 2014	1,823
Provision	
At 1 July 2013	(67)
Impairment recognised	-
At 30 November 2014	(67)
Net book value	
At 30 June 2013	1,756
At 30 November 2014	1,756

The investment in subsidiaries shown above represents the cost of the shares of the wholly-owned subsidiary undertakings. At 30 November 2014 there were no provisions for any impairment in value.

Details of the principal investments of the Company are as follows.

Name	Country of incorporation	Description and proportion of shares held (%)	Principal activity
Direct holdings			
Hong Kong Easynet Technology Co. Ltd	Hong Kong	100% Ordinary share capital	Telecommunications
Easynet AG	Switzerland	100% Ordinary share capital	Telecommunications
Easynet Group Inc.	USA	100% Ordinary share capital	Telecommunications
Easynet (Shanghai) Information & Technology Co. Ltd	China	10% Ordinary share capital	Telecommunications

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

11. Deferred tax

Recognised deferred tax assets	30 November 2014 £'000	30 June 2013 £'000
Capital allowances in excess of depreciation	–	691
Recognised deferred tax asset	–	691

As at 30 November 2014 there was an unrecognised deferred tax asset of £946k (2013 £Nil).

13. Trade and other receivables

	30 November 2014 £'000	30 June 2013 £'000
Gross trade receivables	1,795	3,539
Less: provision for impairment of receivables	(511)	(822)
Net trade receivables	1,284	2,717
Amounts receivable from parent company	12,428	7,064
Amounts receivable from other group companies	–	5,858
Corporation Tax	–	44
Prepayments	–	2,428
Accrued Income	279	–
Trade and other receivables	13,991	18,111

Trade receivables principally comprise amounts outstanding from business customers. No interest is charged on trade receivables or amounts receivable from other Group companies. These amounts are repayable on demand.

The Company is exposed to credit risk on its trade and other receivables. The Company does not have any significant concentrations of credit risk with third parties, as the exposure is spread over a large number of counterparties and customers. There is a concentration of risk with respect to amounts receivable from other Group companies, but no provision for impairment has been recorded as these balances are considered fully recoverable.

Movement in allowance for impairment	30 November 2014 £'000	30 June 2013 £'000
Balance at beginning of period	822	2,829
Provisions created	–	262
Amounts utilised	(311)	(360)
Disposal of business	–	(1,909)
Balance at end of period	511	822

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

13. Trade and other receivables (continued)

In determining the recoverability of trade and other receivables the Company considers any change in the credit quality of the trade or other receivable from the date credit was initially granted up to the reporting date. There are no allowances for credit losses against other financial assets.

Of the amounts owed from other Group companies:

£7,064,000 (30 June 2013: £7,064,000) relates to loans to the holding company B2B Holdings which are non-interest bearing and repayable on demand.

£5,365,000 (30 June 2013: £5,858,000) relates to balances with other subsidiary companies which are non-interest bearing and repayable on demand.

14. Trade and other payables

	30 November 2014 £'000	30 June 2013 £'000
Current		
Amounts payable to other Group companies	6,284	3,044
Other payables	30	2,199
Accruals	1,001	133
Net VAT payable	961	280
Deferred income	4,564	7,353
	12,840	13,009
Non-current		
Amounts payable to other Group companies	840	-
Deferred income	55	1,133
Total trade and other payables	895	13,473

Included within trade and other payables are £Nil (30 June 2013: £0) of Euro-denominated balances and £0 (30 June 2013: £Nil) of US Dollar-denominated balances. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The amounts owed to other Group companies £6,284,000 (30 June 2013: £2,375,000) relates to trading balances with fellow subsidiaries which are repayable on demand and non-interest bearing.

£840,000 (30 June 2013: £Nil) relates to loans from the parent company EGHL UK Limited which are non-interest bearing and repayable on demand.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

15. Financial instruments, risk management objectives and policies

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The following table details the Company's remaining undiscounted contractual maturity for its financial liabilities.

	Less than 12 months £'000	Between one and two years £'000	Between two and five years £'000	More than 5 years £'000
At 30 June 2013				
Trade and other payables	12,340	1,133	-	-
At 30 November 2014				
Trade and other payables	17,511	-	-	-

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
At 30 June 2013				
Trade and other payables	-	13,473	-	13,473
Trade and other receivables	18,111	-	-	18,111
Cash and cash equivalents	58	-	-	58
At 30 November 2014				
Trade and other payables	-	19,292	19,292	19,292
Trade and other receivables	13,991	-	13,991	13,991
Cash and cash equivalents	7,839	-	7,839	7,839

The Company's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise from its operations.

Interest rate risk

The Company has no external loans. 100% (30 June 2013: 100%) of intercompany loans are non-interest bearing. The amount of interest-bearing loans is £nil (30 June 2013: £nil). Consequently, the directors consider interest rate risk to be insignificant.

Foreign exchange risk

The Company transacts with fellow subsidiaries that operate in countries which do not have a sterling functional currency. These subsidiaries have either Euro or US Dollar as their functional currencies. The Company has amounts outstanding from and to these subsidiaries. As a result, the Company is subject to translation risk on these transactions and translation of resulting monetary assets and liabilities.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

15. Financial instruments, risk management objectives and policies (continued)

At the reporting date the Company holds no monetary assets or liabilities, denominated in currency different to the functional currency of the entity. (2013: Assets Nil, Liabilities Nil).

The Company does not enter into any hedging transactions in respect of such foreign exchange risks.

Capital risk management

The capital structure of the Company consists of inter-company indebtedness, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk

The Company's principal financial assets are cash, cash equivalents and trade and other receivables.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. This is recognised when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

16. Financial instruments, risk management objectives and policies

The credit risk on cash, cash equivalents, and short term deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company's maximum credit risk exposure is represented by the amounts recorded in the statement of financial position for cash and cash equivalents and trade and other receivables.

The trade and other receivables balance arose as a result transactions with business customers. The Company has no significant concentration of credit risk in its trade receivables, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company manages its own liquidity position and does not view liquidity as a significant risk.

17. Share capital

30 November	30 June
2014	2013
£	£

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

Allotted, called-up and fully paid		
£316,603 (30 June 2013: 316,603) ordinary shares of £1 each	316,603	316,603

Share option and contingent share award schemes

The Company has no share option or contingent share award schemes.

18. Notes to the Statement of Cash Flows

Reconciliation of profit before taxation to cash generated from operations.

	30 November 2014	Restated 30 June 2013
	£'000	£'000
Profit before taxation	2,566	3,285
Depreciation of property, plant and equipment	191	8,323
Amortisation of intangible assets	-	1,867
Net finance costs	£	69
Cash inflow before movement in working capital	2,757	13,544
Decrease/(increase) in intercompany receivables	(5,183)	25,059
Decrease/(increase) in trade and other receivables	1,155	192
Decrease/(increase) in inventories	-	(165)
(Decrease)/increase in intercompany payables	6,284	2,761
(Decrease) /increase in trade and other payables	(2,350)	2,293
(Decrease)/increase in provisions	2,967	42
Net cash from operating activities	5,629	43,726

Notes to financial statements

Easynet Limited

Directors' report and financial statements

30 November 2014

19. Operating lease commitments

Operating leases relate to properties with lease terms of between 2 and 10 years. Since 1 July 2013, the leased expenditure for land and buildings is borne by Easynet Global Services Limited, another group company.

Payments recognised as an expense/(income)

	30 November 2014 £'000	30 June 2013 £'000
Minimum lease payments	-	2,320
Sub-lease payments received	-	(88)

20. Transactions with related parties

a) Key management

The Company has a related party relationship with the Directors of the Company as key management. At 30 November 2014, there were 3 (30 June 2013: two) such key management who were also Directors of the Company. The Directors are also Directors of other companies within the Easynet group of companies. It is not practicable to allocate their remuneration for serving as Directors of the Company and their services as employees and Directors of other group companies.

b) Transactions with related parties

The immediate parent is B2B Holdings Ltd and the ultimate parent company at period end was MDNX Group Holdings Limited (30 June 2013: EGHL Ltd).

The table below shows the related party transactions and balances for the period ended and as at 30 November 2014 with MDNX Group Holdings Limited companies.

	30 November 2014 £'000	30 June 2013 £'000
Supply of goods/services by the Company	-	14,067
Purchases of goods/services by the Company	(6,576)	(20,808)
Amounts owed by Group companies	12,428	12,922
Amounts owed to Group companies	(11,038)	(2,375)

Services supplied to Group companies and related parties

Throughout the course of the whole period the Company supplied a variety of services and equipment such as DSL lines, lease lines and routers to Easynet Group companies.

Notes to financial statements

Easynet Limited
Directors' report and financial statements
30 November 2014

20. Transactions with related parties (continued)

Purchases of goods and services from related parties

Throughout the course of the whole period the Company purchased a variety of services such as DSL lines and lease lines from Easynet Group companies.

21. Ultimate parent undertaking

During the period 1 July to 10 December 2013 the ultimate parent undertaking was EGHL Limited. During the period 11 December 2013 and 15 October 2015 the ultimate parent undertaking and ultimate controlling party is considered to be MDNX Group Holdings Limited, a Company registered in England and Wales, which indirectly owns 100% of the ordinary share capital.

On 15 October 2015 MDNX Group Holdings Limited was acquired by Interoute Communications Limited. The ultimate parent undertaking and controlling party at the date of the report is considered to be Interoute Holdings SARL.

The ultimate controlling parties are funds controlled by Sandoz- Fondation de Famille.

The smallest and largest group undertakings for which the group accounts have been drawn up for the period ended 30 November 2014, is the group headed by MDNX Group Holdings Limited, whose financial statements can be obtained from c/o Interoute Communications Limited, 31st Floor, 25 Canada Square, London E14 5LQ.

22. Post Balance Sheet Events

On 15 October 2015 MDNX Group Holdings Limited was acquired by Interoute Communications Limited. The ultimate parent undertaking and controlling party at the date of the report is considered to be Interoute Holdings SARL.

The ultimate controlling parties are funds controlled by Sandoz- Fondation de Famille.

23. Contingent Liabilities

At the reporting date, the Company had no contingent liabilities.