

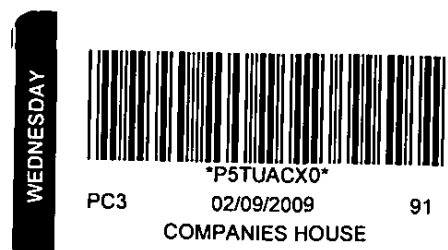
**altodigital Networks Limited**

Financial Statements

For the year ended

31 March 2009

Company No: 6380200



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**altodigital Networks Limited**

**Financial Statements**

**For the year ended 31 March 2009**

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**Company Registration Number:** 6380200

**Registered Office:** Universal House  
294-304 St James' Road  
London  
SE1 5JX

**Director:** J H Abrahart

**Secretary:** T Harrod

**Bankers:** Bank of Scotland plc  
London

**Solicitors:** EMW Law LLP  
Central Milton Keynes

Pinsent Masons  
London

**Auditor:** Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Central Milton Keynes

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**altodigital Networks Limited**

**Financial Statements**

**For the year ended 31 March 2009**

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## **altodigital Networks Limited**

### **Chairman's report**

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At the time of writing this report last year no one could have foreseen the upheaval in the global economy and the subsequent worldwide recession. However, despite the difficult economic climate I am delighted to report that we have achieved another year of growth with revenues rising by 13.6% to over £32.6 million and operating profits, before goodwill amortisation and non recurring costs, rising to a record £1.9 million. These profits are now over 5.8% of revenues and are nearing our internal target of 7%. Our contracted service base increased by a further 1,548 machines with colour enabled machines now accounting for over 21% of this base.

Our success at being awarded a place on the Government (OGC) Framework Agreement referred to in my previous report has generated significant levels of new business in the last nine months including four high profile tender wins. We continue to develop our infrastructure and marketing function in the belief that the OGC business will keep growing over the months ahead and we are delighted that this contract has been extended by a further two years through to April 2012. In addition we have become the only dealer on the Value Wales Framework, the OGC equivalent in Wales. Our growing Government team are concentrating their efforts on providing managed service solutions utilising our print audit and software groups. Our ability to provide a solution combining different manufacturers' hardware and a variety of software solutions places us in a very strong position to win a healthy share of Government business being that we are one of only two non manufacturers now on the OGC Framework.

Commercial business has become increasingly difficult as the year has progressed but we remain focussed on providing a high quality service offering and a cost effective hardware solution. Financing deals through leasing companies has become extremely difficult for our customers as providers have reduced their exposure to the market and tightened their credit approval criteria. This market will remain difficult but we will continue to seek to increase our machine placements in this sector despite the adverse economic climate.

Cash generated in the year was very strong at £2.9m as special attention was paid to working capital management and tight control of capital expenditure. Bank facilities were varied during the year to provide additional headroom for the cash fluctuations caused by an increased proportion of Government business. Cash flow remains strong and headroom continues to increase.

Further acquisitions have been completed with the most recent being Victoria Copiers in Bristol which brings additional revenues in the region of £1.4 million. This fills in the last piece of the jigsaw in England providing us with a hub in the South West so that we have full sales and service coverage throughout the country. Further growth is expected in this area and Wales in the months ahead and we continue to look for further in-fill acquisition opportunities.

I am conscious that trading conditions are likely to remain tough for the foreseeable future with demand uncertain and buying prices from our overseas suppliers increasing markedly and as such we are focussing on holding down costs whilst maintaining our quality of service. However, the new year has started well and I am optimistic that we will have yet another year of growth as we continue to develop our increasingly strong position in the local government and corporate marketplace.

Again, I am grateful to our major suppliers, particularly Kyocera and Ricoh who have continued to work closely with us and enabled us to grow our business in what has been a very difficult market for everyone. We continue to work with all our supply partners to provide our customers with the best independent solution for their needs.

Our management team have again successfully grown and developed the business this year and I am grateful to them for their efforts and the efforts of all the Group's employees in achieving this progress and I look forward to another successful year ahead.

**James Abraham**  
Chairman

## **altodigital Networks Limited**

### **Report of the Director**

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The director presents his report together with financial statements for the year ended 31 March 2009.

#### **Principal activities**

The principal activity of the group is the provision of imaging products and network infrastructure solutions. The company acts as a holding company.

#### **Business review**

The group profit before taxation for the year to 31 March 2009 was £662,937 (2008: £121,073) after a goodwill amortisation charge of £839,254. There was a tax charge of £425,326, leaving £237,611 to be transferred to reserves.

A review of the group's business activities, key performance indicators and future developments is given in the chairman's report on page 1.

#### **Financial risk management objectives and policies**

The group uses various financial instruments, these include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments expose the group to a number of financial risks, which are described in more detail below.

#### ***Liquidity risk***

The group seeks to manage liquidity risk by ensuring that sufficient cash resources are available to meet foreseeable needs. Short term flexibility is achieved by the use of overdraft facilities. The maturity of borrowings is set out in note 13.

#### ***Interest rate risk***

The group finances its operations through a mixture of retained profits and borrowings. The group is exposed to interest rate increases as all borrowings are at variable rates of interest. At times of interest rate volatility hedging and/or rate capping is considered.

#### ***Credit risk***

The group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk therefore arises from debtors which is managed through a diversified customer base meaning that no one customer represents a significant proportion of the group's trade.

#### **Directors**

The directors in office during the year were J H Abrahart and J B G Tarrant. J H Abrahart served on the Board throughout the year.

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## **altodigital Networks Limited**

### **Report of the Director (continued)**

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#### **Director's responsibilities for the financial statements**

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Employee involvement**

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employees and the group newsletter.

#### **Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

**altodigital Networks Limited**

**Report of the Director (continued)**

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**Auditor**

Grant Thornton UK LLP offer themselves for re-appointment in accordance with section 385 of the Companies Act 1985.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'T Harrod', is written over a horizontal line.

T Harrod  
Secretary

10 August 2009

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ALTODIGITAL NETWORKS LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of altodigital Networks Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 the director and auditor**

The director's responsibilities for preparing the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

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

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

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

We read other information contained in the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's report and the report of the directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

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

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



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
ALTODIGITAL NETWORKS LIMITED (CONTINUED)**

**Opinion**

In our opinion:

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



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS

Central Milton Keynes

12 August 2009

## **altodigital Networks Limited**

### **Principal Accounting Policies**

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#### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

Policies remain unchanged from the previous year and are set out as below:

#### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the parent company and of its subsidiary undertakings drawn up to 31 March 2009. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Profits or losses on intra-group transactions are eliminated in full.

The company applied merger relief under Section 131 of the Companies Act 1985 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of the altodigital Holdings Limited group.

The company has taken advantage of the exception in Section 230 of the Companies Act 1985 not to present its own Profit and Loss account.

#### **GOODWILL**

Purchased goodwill and goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life of between 3 and 20 years.

Goodwill is reviewed for impairment to the extent that there is any indication that the net carrying value is not recoverable.

#### **TURNOVER**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

Turnover in respect of the supply and installation of office equipment is recognised upon completion of the installation. Turnover in respect of maintenance and service contracts is recognised over the period of the contract on a straight-line basis and/or on the copy volume usage of the equipment as appropriate.

#### **DEPRECIATION**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of all fixed assets, by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Leasehold improvements	Over life of lease
Motor vehicles	20 - 25% straight line
Other equipment	10 - 33% straight line

#### **STOCK**

Stock is stated at the lower of cost and net realisable value.

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**altodigital Networks Limited****Principal Accounting Policies (continued)**

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**INVESTMENTS**

Investments are included at cost less any amounts written off.

**DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis, using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**CONTRIBUTIONS TO PENSION FUNDS****Defined contribution schemes**

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting year.

**LEASED ASSETS**

Leases that are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

**altodigital Networks Limited**

**Consolidated profit and loss account**

For the year ended 31 March 2009

	Note	2009	5 months ended 31 March 2008
		£	£
<b>Turnover</b>	1	<b>32,685,936</b>	<b>12,480,329</b>
<b>Cost of sales</b>		<b>16,159,487</b>	<b>5,945,300</b>
		<b>16,526,449</b>	<b>6,535,029</b>
<b>Administrative expenses</b>			
- other	14,617,812	5,898,167	
- goodwill amortisation	839,254	333,425	
- non recurring costs	131,261	55,514	
		<b>15,588,327</b>	<b>6,287,106</b>
<b>Operating profit</b>			
Before goodwill amortisation and non recurring costs		<b>1,908,637</b>	<b>636,862</b>
Goodwill amortisation		<b>(839,254)</b>	<b>(333,425)</b>
Non recurring costs		<b>(131,261)</b>	<b>(55,514)</b>
	1	<b>938,122</b>	<b>247,923</b>
<b>Net interest</b>	2	<b>275,185</b>	<b>126,850</b>
<b>Profit on ordinary activities before taxation</b>		<b>662,937</b>	<b>121,073</b>
<b>Tax on profit on ordinary activities</b>	4	<b>425,326</b>	<b>159,136</b>
<b>Profit/(loss) for the financial year, transferred to reserves</b>	15	<b>237,611</b>	<b>(38,063)</b>

All of the group's activities are classed as continuing.

There are no recognised gains and losses other than the profit for the period.

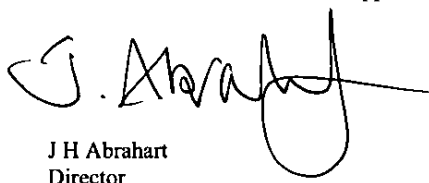
The accompanying accounting policies and notes form an integral part of these financial statements.

**altodigital Networks Limited**

**Consolidated Balance Sheet at 31 March 2009**

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Intangible assets	6		14,184,038		14,944,361
Tangible assets	7		555,921		639,762
			<u>14,739,959</u>		<u>15,584,123</u>
<b>Current assets</b>					
Stocks	9	2,118,468		1,799,219	
Debtors	10	4,950,190		4,572,011	
Cash at bank and in hand		2,748,553		579,202	
		<u>9,817,211</u>		<u>6,950,432</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>12,192,622</u>		<u>9,754,284</u>	
<b>Net current liabilities</b>			<u>(2,375,411)</u>		<u>(2,803,852)</u>
<b>Total assets less current liabilities</b>			<u>12,364,548</u>		<u>12,780,271</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>2,555,000</u>		<u>3,208,334</u>
			<u>9,809,548</u>		<u>9,571,937</u>
<b>Capital and reserves</b>					
Called up share capital	14		10,827		10,827
Merger reserve	15		9,599,173		9,599,173
Profit and loss account	15		199,548		(38,063)
<b>Shareholder's funds</b>	16		<u>9,809,548</u>		<u>9,571,937</u>

These financial statements were approved by the Board on 10 August 2009

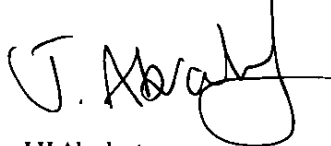
  
J H Abrahart  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**altodigital Networks Limited****Company Balance Sheet at 31 March 2009**

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Investments	8		2,486,817		2,486,817
			<u>2,486,817</u>		<u>2,486,817</u>
<b>Current assets</b>					
Debtors	10	655,427		841,268	
		<u>655,427</u>		<u>841,268</u>	
Creditors: amounts falling due within one year	11	(793,873)		(469,666)	
<b>Net current (liabilities)/assets</b>			<u>(138,446)</u>		<u>371,602</u>
<b>Total assets less current liabilities</b>			<u>2,348,371</u>		<u>2,858,419</u>
Creditors: amounts falling due after more than one year	12		2,225,000		2,818,334
			<u>123,371</u>		<u>40,085</u>
<b>Capital and reserves</b>					
Called up share capital	14		10,827		10,827
Profit and loss account	15		<u>112,544</u>		<u>29,258</u>
<b>Shareholder's funds</b>			<u>123,371</u>		<u>40,085</u>

These financial statements were approved by the Board on 10 August 2009.



J H Abrahart  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**altodigital Networks Limited****Consolidated Cash flow Statement**

For the year ended 31 March 2009

		<b>Year ended 31 March 2009</b>	<b>5 months ended 31 March 2008</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	17	4,067,548	1,345,936
<b>Returns on investments and servicing of finance</b>			
Interest paid		(275,184)	(126,850)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(275,184)	(126,850)
<b>Taxation paid</b>		(465,409)	(182,641)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(78,237)	(75,964)
<b>Net cash outflow from capital expenditure</b>		(78,237)	(75,964)
<b>Acquisition and disposals</b>			
Purchase of subsidiary undertakings		(266,667)	(2,085,990)
Purchase of trade		(78,931)	(219,564)
<b>Net cash outflow from acquisitions and disposals</b>		(345,598)	(2,305,554)
<b>Net cash inflow/(outflow) before financing</b>		2,903,120	(1,345,073)
<b>Financing</b>			
New bank loans taken		-	2,900,000
Repayment of borrowings		(733,769)	(844,004)
<b>Net cash (outflow)/inflow from financing</b>		(733,769)	2,055,996
<b>Increase in cash</b>	18	2,169,351	710,923

The accompanying accounting policies and notes form an integral part of these financial statements.

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**altodigital Networks Limited****Notes to the Financial Statements****For the year ended 31 March 2009**

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**1 Turnover and operating profit**

The turnover and operating profit are attributable to the provision of reprographic, network and infrastructure solutions.

Operating profit is stated after charging:

	<b>Year ended 31 March 2009 £</b>	<b>5 months ended 31 March 2008 £</b>
Auditors' remuneration		
- audit services	<b>42,500</b>	19,500
- non audit services	<b>6,950</b>	2,813
Operating leases		
- land and buildings	<b>460,311</b>	198,661
- other operating leases	<b>546,131</b>	119,085
Amortisation	<b>839,254</b>	333,425
Depreciation	<b>162,078</b>	59,580

Non audit services provided by the group's auditor comprise tax compliance services of £6,950 as shown above .

The non recurring costs of £131,261 relate to dilapidation costs regarding the cessation of certain operating leases.

**2 Net interest**

	<b>Year ended 31 March 2009 £</b>	<b>5 months ended 31 March 2008 £</b>
Interest payable on bank loans and overdrafts	<b>237,336</b>	114,525
Other interest payable	<b>37,849</b>	12,325
	<b>275,185</b>	126,850



**altodigital Networks Limited**

## Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**3 Directors and employees**

	<b>Year ended 31 March 2009 £</b>	<b>5 months ended 31 March 2008 £</b>
Staff costs during the period amounted to:		
Wages and salaries	<b>8,736,483</b>	3,325,766
Social security costs	<b>887,618</b>	402,671
Other pension costs	<b>56,630</b>	23,732
	<b>9,680,731</b>	3,752,169

The average number of employees of the group during the period was as follows:

	<b>Year ended 31 March 2009 Number</b>	<b>5 months ended 31 March 2008 Number</b>
Sales	<b>107</b>	103
Service	<b>129</b>	125
Administration	<b>42</b>	38
	<b>278</b>	266

Remuneration in respect of directors was as follows:

	<b>Year ended 31 March 2009 £</b>	<b>5 months ended 31 March 2008 £</b>
Aggregate emoluments	<b>177,527</b>	84,319

No directors were members of the defined contribution pension scheme during the period.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>Year ended 31 March 2009 £</b>	<b>5 months ended 31 March 2008 £</b>
Aggregate emoluments	<b>133,616</b>	55,634

**altodigital Networks Limited**

## Notes to the Financial Statements (continued)

For the year ended 31 March 2009

4	Tax on profit on ordinary activities	Year ended	5 months ended
		31 March	31 March
		2009	2008
	The tax charge for the period represents:		
		£	£
	United Kingdom corporation tax at 28% (2008: 30%)	435,000	135,131
	Adjustment in respect of prior years	(23,669)	-
	Total current tax charge	411,331	135,131
	Total deferred tax	13,995	24,005
		425,326	159,136

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained as follows:

	Year ended	5 months ended
	31 March	31 March
	2009	2008
	£	£
Profit on ordinary activities before tax	662,937	121,073
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	185,623	36,322
Effect of:		
Expenses not allowable for tax purposes	69,589	16,070
Goodwill amortisation not allowable	182,366	94,114
Capital allowances for the period in excess of depreciation	(2,578)	(16,715)
Adjustment in respect of prior years	(23,669)	-
Other timing differences	-	5,340
Current tax charge for period	411,331	135,131

**5 Profit for the financial period**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The company profit for the period was £83,286 (2008: £29,258).

**altodigital Networks Limited**

Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**6 Intangible fixed assets**

<b>The group</b>	<b>Purchased goodwill</b>	<b>Goodwill on consolidation</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 April 2008	219,564	15,058,222	15,277,786
Additions (note 20)	78,931	-	78,931
At 31 March 2009	298,495	15,058,222	15,356,717
Amortisation			
As at 1 April 2008	19,712	313,713	333,425
Provided in the year	86,343	752,911	839,254
At 31 March 2009	106,055	1,066,624	1,172,679
<b>Net book amount at 31 March 2009</b>	<b>192,440</b>	<b>13,991,598</b>	<b>14,184,038</b>
Net book amount At 31 March 2008	199,852	14,744,509	14,944,361

**7 Tangible fixed assets**

<b>The group</b>	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Other equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 April 2008	464,236	29,139	836,427	1,329,802
Additions	-	-	78,237	78,237
Disposals	-	-	(115,735)	(115,735)
At 31 March 2009	464,236	29,139	798,929	1,292,304
Depreciation				
As at 1 April 2008	97,534	22,339	570,167	690,040
Provided in the period	34,934	3,400	123,744	162,078
Disposals	-	-	(115,735)	(115,735)
At 31 March 2009	132,468	25,739	578,176	736,383
<b>Net book amount At 31 March 2009</b>	<b>331,768</b>	<b>3,400</b>	<b>220,753</b>	<b>555,921</b>
Net book amount At 31 March 2008	366,702	6,800	266,260	639,762

**altodigital Networks Limited**

Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**8 Fixed asset investments****The company**

	<b>Shares in group undertaking £</b>
Cost as at 31 March 2008 and 2009	<u>2,486,817</u>

***Shares in group undertakings***

At 31 March 2009 the company had the following trading subsidiary undertakings:

	<b>Nature of business</b>	<b>Proportion of ordinary shares held</b>
altodigital Holdings Limited	Reprographics	100%
altodigital UK Limited	Reprographics	100%

All companies are registered in England and Wales.

All subsidiaries have been consolidated in these financial statements.

**9 Stocks**

	<b>2009 £</b>	<b>The group 2008 £</b>
Parts and consumables	<b>883,689</b>	756,629
Goods for resale	<b>1,234,779</b>	<u>1,042,590</u>
	<u><b>2,118,468</b></u>	<u>1,799,219</u>

**altodigital Networks Limited**

## Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**10 Debtors**

	<b>The group</b>		<b>The company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	4,077,779	3,599,522	-	-
Amounts owed by subsidiary undertakings	-	-	594,218	774,644
Other debtors	303,119	279,281	-	-
Prepayments and accrued income	499,292	609,213	61,209	66,624
Deferred tax	70,000	83,995	-	-
	<b>4,950,190</b>	<b>4,572,011</b>	<b>655,427</b>	<b>841,268</b>

The deferred tax asset arises on accelerated capital allowances of £70,000. A proportion may not be recovered within one year.

The deferred tax charge for the year of £13,995 (see note 4) reflects the difference between the deferred tax brought forward at 31 March 2008 and the deferred tax asset carried forward at 31 March 2009.

The charge for the year may be split between the effect of the tax rate change of (£3,211) and the origination and reversal of timing differences of £17,206.

The group has a potential unrecognised deferred tax asset of £68,000 in respect of trading losses in certain companies. The asset has not been recognised due to the uncertainty over the timing of its recovery.

**11 Creditors: amounts falling due within one year**

	<b>The group</b>		<b>The company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	460,000	190,000	460,000	190,000
Other loans	-	483,769	-	-
Amounts owed to subsidiary undertakings	-	-	177,321	-
Trade creditors	7,751,339	4,962,148	-	-
Social security and other taxes	1,108,820	1,071,942	-	-
Current taxation	418,837	432,801	5,852	-
Other creditors	536,585	1,124,372	133,334	266,666
Accruals and deferred income	1,917,041	1,489,252	17,366	13,000
	<b>12,192,622</b>	<b>9,754,284</b>	<b>793,873</b>	<b>469,666</b>

Deferred consideration of £133,334 included in other creditors relating to the acquisition of the altodigital Holdings Limited group and is secured by a fixed and floating charge over the assets of the group. The amount owing was settled in April 2009.

**altodigital Networks Limited****Notes to the Financial Statements (continued)**

For the year ended 31 March 2009

**12 Creditors: amounts falling due after more than one year**

	<b>The group</b>		<b>The company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>2,225,000</b>	2,685,000	<b>2,225,000</b>	2,685,000
Other loans	<b>330,000</b>	390,000	-	-
Other creditors	-	133,334	-	133,334
	<b>2,555,000</b>	3,208,334	<b>2,225,000</b>	2,818,334

**13 Borrowings**

Borrowings are repayable as follows:

	<b>The group</b>		<b>The company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year				
Bank loans	<b>460,000</b>	190,000	<b>460,000</b>	190,000
Other loans	-	483,769	-	-
After one and within two years				
Bank loans	<b>460,000</b>	460,000	<b>460,000</b>	460,000
Other loans	<b>330,000</b>	390,000	-	-
After two and within five years				
Bank loans	<b>1,765,000</b>	1,380,000	<b>1,765,000</b>	1,380,000
After five years				
Bank loans	-	845,000	-	845,000
	<b>3,015,000</b>	3,748,769	<b>2,685,000</b>	2,875,000

**altodigital Networks Limited****Notes to the Financial Statements (continued)**

For the year ended 31 March 2009

**13 Borrowings (continued)**

The terms of the loans are as follows:

	Amount outstanding £	Terms
Bank term loan	2,685,000	Repayable by quarterly instalments to 31 October 2013. Interest accrues on a daily basis at a rate per annum of 1.75% over base rate.
Director's loan	330,000	Repayable to J H Abrahart (director) on demand after 12 months. Interest accrues on a daily basis at a rate per annum of 2.5% over base rate. Interest payable to J H Abrahart during the period amounted to £29,580.

The bank loans and the director's loan are secured by a fixed and floating charge over the assets of the group, and on assigned keyman insurance policies in respect of the executive directors and two other key employees. Other loans are unsecured.

**14 Share capital**

	2009 £	2008 £
Authorised Ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid Ordinary shares of £1 each	10,827	10,827
	<u>          </u>	<u>          </u>

**altodigital Networks Limited**

## Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**15 Reserves**

<b>The group</b>	<b>Merger relief reserve £</b>	<b>Profit &amp; loss account £</b>
At 1 April 2008	9,599,173	(38,063)
Retained profit for the period	-	237,611
At 31 March 2009	<u>9,599,173</u>	<u>199,548</u>
<b>The company</b>		<b>Profit &amp; loss account £</b>
At 1 April 2008		29,258
Retained profit for the period		83,286
At 31 March 2009		<u>112,544</u>

**16 Reconciliation of movements in shareholder's funds**

<b>The group</b>	<b>2009 £</b>	<b>2008 £</b>
Balance at 1 April 2008	9,571,937	-
Issue of shares	-	10,827
Merger relief reserve		9,599,173
Profit/(loss) for the financial period	<u>237,611</u>	<u>(38,063)</u>
Shareholder's funds at 31 March 2009	<u>9,809,548</u>	<u>9,571,937</u>

**17 Net cash inflow from operating activities**

	<b>2009 £</b>	<b>2008 £</b>
Operating profit	938,122	247,923
Depreciation	162,078	59,580
Goodwill amortisation	839,254	333,425
Change in stocks	(319,249)	(264,578)
Change in debtors	(392,174)	611,845
Change in creditors	<u>2,839,517</u>	<u>357,741</u>
Net cash inflow from operating activities	<u>4,067,548</u>	<u>1,345,936</u>



**altodigital Networks Limited**

## Notes to the Financial Statements (continued)

For the year ended 31 March 2009

**18 Reconciliation of net cash flow to movement in net debt**

	2009 £	2008 £
Increase in cash in the period	2,169,351	710,923
Cash outflow/( inflow) from financing	733,769	(2,055,996)
Change in net debt resulting from cash flows	2,903,120	(1,345,073)
Net debt acquired	-	(1,824,494)
Net debt brought forward	(3,169,567)	-
Net debt at 31 March 2009	(266,447)	(3,169,567)

**19 Analysis of changes in net debt**

	At 31 March 2008 £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	579,202	2,169,351	2,748,553
Bank debt	(2,875,000)	190,000	(2,685,000)
Other debt	(873,769)	543,769	(330,000)
Net debt	(3,169,567)	2,903,120	(266,447)

## **altodigital Networks Limited**

### **Notes to the Financial Statements (continued)**

For the year ended 31 March 2009

#### **20 Acquisitions**

The group also made a trade acquisition during the period. No assets were acquired with this acquisition. The aggregate cost of this acquisition was £78,931 and has been taken to goodwill (see note 6).

#### **21 Pensions**

##### **Defined contribution schemes**

The group operates several defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are administered by trustees in funds independent from those of the group.

#### **22 Leasing commitments**

The group has commitments to make operating lease payments in the next year as follows:

	2009		2008	
The group	Land and buildings £	Other £	Land and buildings £	Other £
On leases expiring:				
In one year or less	16,000	23,320	4,888	48,396
Between one and five years	109,500	834,143	157,500	357,269
Over five years	298,116	-	298,120	-
	<u>423,616</u>	<u>857,463</u>	<u>460,508</u>	<u>405,665</u>

#### **23 Related party transactions**

A subsidiary company rents premises at 294-304 St James' Road, London and Cherry Court Way, Leighton Buzzard from a business partly owned by director J H Abrahart. Rent paid during the period was £238,256 (2008: £234,249).

Amounts due to J H Abrahart by the group at 31 March 2009 were £330,000. The terms of this loan are set out in note 13. Share capital of £10,000 remains unpaid by J H Abrahart at the period end.

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**altodigital Networks Limited**

Notes to the Financial Statements (continued)

For the year ended 31 March 2009

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**24 Post Balance Sheet Event**

On 29 May 2009 a subsidiary company acquired the trade and certain assets of Wayvar Limited (trading as Victoria Copiers).

**25 Ultimate Controlling Related Party**

J H Abrahart is the company's ultimate controlling related party by virtue of his majority shareholding in the company.