

QICOMM LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2009

QICOMM LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

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QICOMM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

S S Balasubramaniam
J R Katigbak
T Pathmanabhan
K Senathirajah
N Stein

COMPANY SECRETARY

Z Merchant

REGISTERED OFFICE

Network House
15 High Street
Hampton Hill
Middlesex
TW12 1NB

AUDITOR

Menzies LLP
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

QICOMM LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year continued to be the supply, distribution and integration of digital telecommunications equipment, access network systems and associated products and telephony services on a business to business basis.

Overview

The year to 30 September 2009 has been another very successful chapter in the company's progress with revenues growing from £48m to £69m and profits before tax doubling to £2.5m. Strong organic demand for our telephony services from both existing and new customers continued apace with good progress in our systems integration and facilities management. The company expects to further grow its revenues and profits in the year to 30 September 2010.

FUTURE DEVELOPMENTS

QiComm will continue to invest in new technology and to that end we plan to replace older TDM infrastructure with soft-switches and new value added platforms in the course of next year. Such investment will enable us to reduce operational cost, including power consumption, and enable us the opportunity to provide new value added services and products.

QiComm will focus on working in the African sub-continent on projects that will enable PTTs to reduce their operational cost whilst at the same time enable us to reduce our carrier costs and improve margins.

We have invested and will continue to invest further in our systems integration division and we expect to see enhanced revenues and contribution from that activity.

Turnover and Profits

Turnover for the 12 month period was £69.1m producing a gross profit of £10.2m. This compares with turnover of £48.6m and gross profit of £6.6m in the previous year. Profit on ordinary activities before taxation was £2,524,402 compared to £1,235,614 in the previous year.

The company expects to further increase its revenues and profits in 2010.

The directors have not recommended a dividend.

Cash position

The company's cash position further improved by £0.6m during the last year and at 30 September 2009 the balance amounted to £2.3m. During the year the company paid down £1m of its long term debt due to connected companies leaving a balance due of £1.2m which has no repayment schedule and is interest free.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial instruments comprise of borrowings, cash and various other items, such as trade debtors, trade creditors etc. that arise directly from its operations.

The company may enter into derivative transactions such as interest rate swaps or forward foreign currency transactions in order to minimise its risks. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is company policy not to trade in financial instruments.

QICOMM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2009

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The company finances its operations through retained profits. At 30 September 2009 and currently the company has no borrowings (other than long term interest free net debt due to a connected company) so therefore has no interest rate risk.

Liquidity risk

At the year-end, 100% of the company's borrowings were long term (due to a connected company) without a specific repayment date.

Foreign currency risk

The company is exposed to fluctuations in foreign currencies as some of its revenues, costs, assets and liabilities are denominated in US dollars, Euros and other currencies. To manage this exposure, the company's strategy has been to align the currency of suppliers with the currency of customers where possible. The company also enters into foreign exchange contracts to maintain some control over the risk of foreign exchange fluctuations.

DIRECTORS

The directors who served the company during the year were as follows:

S S Balasubramaniam
J R Katigbak
T Pathmanabhan
K Senathirajah
N Stein

GROUP WEBSITE

Our website, www.qicomm.com, provides our customers and the general public with useful information on the company's facilities and services together with company announcements etc.

PERSONNEL DEVELOPMENT

The company is committed to ensuring that its employees are capable of achieving the highest standards in their employment by providing training at all levels for current and future business needs. Emphasis is placed on training in key areas such as computer skills, proper utilisation of materials handling equipment, etc. The company seeks to ensure that all employees receive up-to-date information on current business events and developments pertaining to their own work place.

DISABLED EMPLOYEES

The policy of QiComm Limited is to offer the same opportunities to disabled people as to all employees in respect of recruitment, promotion and career development depending on their skills and abilities.

Employees who become disabled will, wherever possible, be rehabilitated, retrained and redeployed if necessary.

ELECTORAL ACT, 1997

The company did not make any political contributions during the year.

ENVIRONMENTAL POLICIES

The company continues to implement improved working practices with a view to minimising harmful environmental impacts. It has initiated policies designed to further this end and monitors adherence to these policies. It is committed to maintaining its efforts in the area of energy conservation.

QICOMM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2009

KEY PERFORMANCE INDICATORS

Financial

	2009	2008
Increase in turnover from previous year	42.1%	119.4%
Gross profit margin	14.8%	13.6%

POLICY ON THE PAYMENT OF CREDITORS

The company policy is to set terms of payment when agreeing each transaction with suppliers, clearly explaining payment procedures and to consistently settling bills within contract terms. The company operates systems for promptly advising suppliers of, and resolving queried and contested items. Trade creditors of the company as at 30 September 2009 was equivalent to 19 (2008: 14) days purchases based on average daily amounts invoiced by suppliers during the period.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

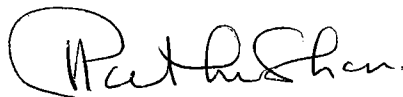
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Network House
15 High Street
Hampton Hill
Middlesex
TW12 1NB

Signed on behalf of the directors



T Pathmanabhan

Director

Approved by the directors on ...18/12/2009

QICOMM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QICOMM LIMITED

YEAR ENDED 30 SEPTEMBER 2009

We have audited the financial statements of QiComm Limited for the year ended 30 September 2009 on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 4, 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 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

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 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

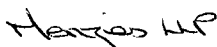
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



JULIE ADAMS FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

21/12/2009

QICOMM LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £	2008 £
TURNOVER	2	69,074,820	48,617,319
Cost of sales		58,885,224	42,008,436
GROSS PROFIT		10,189,596	6,608,883
Distribution costs		256,367	262,967
Administrative expenses		7,532,358	5,288,195
Other operating income	3	(120,000)	(143,352)
OPERATING PROFIT	4	2,520,871	1,201,073
Attributable to:			
Operating profit before exceptional items		2,520,871	999,675
Exceptional items	4	–	201,398
		2,520,871	1,201,073
Interest receivable		3,531	34,541
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,524,402	1,235,614
Tax on profit on ordinary activities	7	(406,942)	(540,000)
PROFIT FOR THE FINANCIAL YEAR		2,931,344	1,775,614

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 16 form part of these financial statements.

QICOMM LIMITED

BALANCE SHEET

30 SEPTEMBER 2009

	Note	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		2,429,582		2,451,245
Investments	9		1		1
			<u>2,429,583</u>		<u>2,451,246</u>
CURRENT ASSETS					
Stocks	10	286,726		192,855	
Debtors	11	12,185,125		8,193,775	
Cash at bank		2,266,570		1,654,401	
		<u>14,738,421</u>		<u>10,041,031</u>	
CREDITORS: Amounts falling due within one year	13	<u>9,777,838</u>		<u>7,014,507</u>	
NET CURRENT ASSETS			4,960,583		3,026,524
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,390,166</u>		<u>5,477,770</u>
CREDITORS: Amounts falling due after more than one year	14		1,187,165		2,206,113
			<u>6,203,001</u>		<u>3,271,657</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		1,000,000		1,000,000
Profit and loss account	18		5,203,001		2,271,657
SHAREHOLDERS' FUNDS	19		<u>6,203,001</u>		<u>3,271,657</u>

These financial statements were approved by the directors and authorised for issue on 18/12/2009, and are signed on their behalf by:



T Pathmanabhan

Company Registration Number: 05422551

The notes on pages 9 to 16 form part of these financial statements.

QICOMM LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £	£	2008 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		3,060,327		262,281
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		3,531		34,541	
Interest paid		—		(714)	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			3,531		33,827
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(1,432,741)		(245,447)	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(1,432,741)		(245,447)
ACQUISITIONS AND DISPOSALS	20		—		1
CASH INFLOW BEFORE FINANCING			1,631,117		50,662
FINANCING					
Capital element of hire purchase		—		(331,578)	
Net (outflow)/inflow from other long-term creditors		(1,018,948)		689,153	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(1,018,948)		357,575
INCREASE IN CASH	20		612,169		408,237

The notes on pages 9 to 16 form part of these financial statements.

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the subsidiary undertaking is held exclusively with a view to subsequent resale and the subsidiary has not previously been consolidated in group accounts prepared by QiComm Limited.

The company has therefore not prepared group accounts and the accounts present information about QiComm Limited as an individual company.

Turnover

The turnover shown in the profit and loss account is derived from hardware sales and services delivered and represents amounts invoiced during the period, exclusive of Value Added Tax.

In respect of telephony income the revenue is recognised on delivery of that service.

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant & Machinery	-	20% straight line
Fixtures & Fittings	-	20% straight line
Motor Vehicles	-	20% straight line
Office Equipment	-	20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	<u>69,074,820</u>	<u>48,617,319</u>

3. OTHER OPERATING INCOME

	2009 £	2008 £
Management charges receivable	120,000	120,000
Other operating income	-	23,352
	<u>120,000</u>	<u>143,352</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of owned fixed assets	1,050,984	952,268
Impairment of owned fixed assets	403,420	53,726
Auditor's remuneration		
- as auditor	25,000	18,000
- for other services	18,891	9,480
Operating lease costs:		
- Plant and equipment	9,132	17,750
Net loss on foreign currency translation	291,156	116,066
Write off of HP lease liability	-	(201,398)
	<u>-</u>	<u>(201,398)</u>

During the year there was an impairment of £163,420 (2008: £53,726) relating to the West Midlands WiFi Network included in fixed assets.

The exceptional item in the previous year of (£201,398) relates to a write off of a finance lease after a settlement was agreed to terminate the lease.

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

4. OPERATING PROFIT *(continued)*

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2009	2008
	£	£
Audit	25,000	18,000
Accountancy	5,000	5,000
Taxation	6,130	3,000
Business consultancy	7,761	1,480
	<u>43,891</u>	<u>27,480</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	No	No
Number of operations staff	36	28
Number of sales staff	5	5
Number of administrative staff	15	13
	<u>56</u>	<u>46</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	2,595,828	1,767,673
Social security costs	233,728	167,883
Other pension costs	85,088	35,274
	<u>2,914,644</u>	<u>1,970,830</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2009	2008
	£	£
Remuneration receivable	221,500	-

Remuneration of highest paid director:

	2009	2008
	£	£
Total remuneration (excluding pension contributions)	221,500	-

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

7. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2009		2008	
	£	£	£	£
Deferred tax:				
Origination and reversal of timing differences (note 12)				
Capital allowances	(436,490)		-	
Losses	29,548		(540,000)	
Total deferred tax (note 12)		<u>(406,942)</u>		<u>(540,000)</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 29%).

	2009	2008
	£	£
Profit on ordinary activities before taxation	<u>2,524,402</u>	<u>1,235,614</u>
Profit on ordinary activities by rate of tax	706,833	358,328
Expenses not deductible/income not chargeable for tax purposes	56,102	16,373
Capital allowances for period in excess of depreciation	(119,785)	(142,087)
Utilisation of tax losses	(643,150)	(232,055)
Movement in short term timing differences	-	(559)
Total current tax	<u>-</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Equipment	West Midlands WiFi Network	Total
	£	£	£	£	£	£
COST						
At 1 Oct 2008	4,972,140	150,114	10,943	136,811	1,091,169	6,361,177
Additions	1,230,563	45,212	-	152,553	4,413	1,432,741
Impairment	(240,000)	-	-	-	-	(240,000)
At 30 Sep 2009	<u>5,962,703</u>	<u>195,326</u>	<u>10,943</u>	<u>289,364</u>	<u>1,095,582</u>	<u>7,553,918</u>
DEPRECIATION						
At 1 Oct 2008	2,897,070	103,970	7,578	55,272	846,042	3,909,932
Charge for the year	985,785	37,573	2,181	25,445	-	1,050,984
Impairment for the year	-	-	-	-	163,420	163,420
At 30 Sep 2009	<u>3,882,855</u>	<u>141,543</u>	<u>9,759</u>	<u>80,717</u>	<u>1,009,462</u>	<u>5,124,336</u>
NET BOOK VALUE						
At 30 Sep 2009	<u>2,079,848</u>	<u>53,783</u>	<u>1,184</u>	<u>208,647</u>	<u>86,120</u>	<u>2,429,582</u>
At 30 Sep 2008	<u>2,075,070</u>	<u>46,144</u>	<u>3,365</u>	<u>81,539</u>	<u>245,127</u>	<u>2,451,245</u>

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

8. TANGIBLE FIXED ASSETS *(continued)*

The operational results of the WestMidlands WiFi Network indicated that there was a potential impairment of the fixed asset and an impairment review was undertaken.

As a result the asset has been written down to the estimated recoverable amount of £86,120 (2008: £245,127) and an impairment loss of £163,420 (2008: £53,726) has been recognised in the profit and loss account.

9. INVESTMENTS

Investments in subsidiary undertakings

	£
COST	
At 1 October 2008 and 30 September 2009	<u>1</u>
NET BOOK VALUE	
At 30 September 2009 and 30 September 2008	<u>1</u>

The company owns 100% of the issued share capital of the company listed below at 30 September 2009:

United Networks International (PVT) Limited (incorporated in Sri Lanka)

The interest in United Networks International (PVT) Limited is held exclusively with a view to subsequent resale and the subsidiary has not previously been consolidated in group accounts prepared by QiComm Limited.

The company has therefore not prepared group accounts.

10. STOCKS

	2009 £	2008 £
Goods for resale	<u>286,726</u>	<u>192,855</u>

11. DEBTORS

	2009 £	2008 £
Trade debtors	5,592,962	3,497,710
Amounts owed by group undertakings	927,776	904,571
VAT recoverable	147,815	150,993
Other debtors	1,332,314	1,221,075
Prepayments and accrued income	3,237,316	1,879,426
Deferred taxation (note 12)	946,942	540,000
	<u>12,185,125</u>	<u>8,193,775</u>

The debtors above include the following amounts falling due after more than one year:

	2009 £	2008 £
Amounts owed by group undertakings	<u>781,149</u>	<u>877,622</u>

QICOMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2009 £	2008 £
Included in debtors (note 11)	946,942	540,000

The movement in the deferred taxation account during the year was:

	2009 £	2008 £
Balance brought forward	540,000	-
Profit and loss account movement arising during the year	406,942	540,000
Balance carried forward	946,942	540,000

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2009 £	2008 £
Excess of depreciation over taxation allowances	436,490	-
Tax losses available	510,452	540,000
	946,942	540,000

13. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Payments received on account	72,849	258,739
Trade creditors	3,305,445	2,322,727
PAYE and social security	163,587	134,780
Accruals and deferred income	6,235,957	4,298,261
	9,777,838	7,014,507

Accruals and deferred income at 30 September 2009 includes an amount of £154,802 (2008: £464,405) representing deferred income in respect of grant income to be recognised over the period of the grant.

14. CREDITORS: Amounts falling due after more than one year

	2009 £	2008 £
Other creditors	1,187,165	2,206,113

Included within other creditors is £1.18m (2008: £2.2m) due to connected companies. This long term debt has no repayment schedule.

15. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2009 £	2008 £
Operating leases which expire:		
Within 2 to 5 years	444,852	444,852
After more than 5 years	420,000	420,000
	864,852	864,852