



Financial statements EA Technology Limited

For the year ended 31 March 2009

THURSDAY



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COMPANIES HOUSE

Company registration 2566313

Company information

Company registration number	2566313
Registered office	Capenhurst Technology Park Capenhurst Chester Cheshire CH1 6ES
Directors	M A Hughes (Chairman) R P Davis (Managing Director) D G Lloyd
Secretary	C E Parry
Banker	National Westminster Bank PLC 15 Bishopsgate London EC2P 2AP
Auditor	Grant Thornton UK LLP Registered Auditors Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report together with the financial statements for the year ended 31 March 2009.

Principal activity

The group provides a portfolio of power asset management packages throughout the UK and internationally. Its core business is the provision of technical and business consultancy, technical services and products to the owners and operators of electricity networks, large energy users and related organisations. In addition the company now includes a Ventures Business, a Marketing company and an Innovation Centre. International offices have been established in China, Australia and the Middle East.

Business review

There was a profit for the year after taxation amounting to £101,000 (2008: £742,000). The directors do not recommend the payment of a dividend.

The directors are pleased to announce that the group's performance has improved significantly - income increased by 22% in the year.

The establishment of distinct businesses has benefited the group and interoperability between the businesses continues to grow. Concurrently, international sales saw excellent growth, with a 70% increase in overseas turnover during the year.

The significant deficit in the pension scheme is being repaired through a collaborative arrangement between the group and its covenanters. Full details can be found in the notes to these accounts. All parties' interests are served through the continued sustainable growth of the group.

Research and development

The group continues to invest in the quality and design of its products and services. The directors believe that continued investment in research and development is fundamental to the continuing growth of the business.

Directors

The membership of the Board is set out below. All served on the Board throughout the year, except as noted.

M A Hughes	
J A Walker	- (resigned 1 April 2009)
R P Davis	
Dr M I Lees	- (resigned 1 April 2009)
C Ross	- (resigned 1 April 2009)
C L Lowsley	- (resigned 1 April 2009)
C E Parry	- (resigned 1 August 2009)
G Dennis	- (resigned 1 April 2009)
N Davies	- (resigned 1 April 2009)
A Mullett	- (resigned 22 December 2008)
D G Lloyd	- (appointed 1 April 2009)

Report of the directors

Financial risk management objectives and policies

The group uses various financial instruments; these include 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 exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on group status and payment history.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company and of the profit of the group for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

Directors' responsibilities for the financial statements (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are 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 auditors are aware of that information.

Employees

Staff are eligible to participate in the EA Technology Limited (1997) Share Option Scheme whereby options can be granted over shares owned by the EA Technology Limited Employee Share Ownership Trust (ESOT) as recommended by the Remuneration and Appointments Committee.

At 31 March 2009 options had been granted over 101,500 (2008: 101,500) shares currently owned by the ESOT. These shares are exercisable during the period of ten years after the date of grant of the options. No options were exercised during the year.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD



M A Hughes
Director
25 January 2010



Report of the independent auditor to the members of EA Technology Limited

We have audited the group and parent company financial statements of EA Technology Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Report of the directors and 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 directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the directors is not consistent with the financial statements.

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

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

Basis of audit opinion

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

Report of the independent auditor to the members of EA Technology Limited

Basis of audit opinion (continued)

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.

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 and parent company's affairs as at 31 March 2009 and 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 directors is consistent with the financial statements for the year ended 31 March 2009.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LIVERPOOL

25 January 2010

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The principal accounting policies of the group, which are set out below, have remained unchanged from the previous year.

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings (see note 8) drawn up to 31 March 2009. The results of subsidiary undertakings acquired during the year are included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full.

On the acquisition of a subsidiary all of the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Retirement benefits

In relation to the group's defined benefit pension scheme full provision is made for the excess of the present value of the scheme's liabilities over the market value of its assets, net of amounts recoverable from third parties.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. In respect of sales of products, turnover is recognised upon delivery of the goods.

Long-term contracts

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The period applicable is:

Vehicles, fixtures, fittings, tools and equipment: 3 - 5 years

Principal accounting policies

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

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

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

In respect of the group's own shares which are held by the EA Technology Limited Employee Share Ownership Trust (ESOT), the consideration paid for the shares is deducted in arriving at shareholders' funds.

Income in advance

The income in advance included in creditors relates to amounts received which relate to future periods. It is credited to the profit and loss account over the life of the project to which it relates.

Stocks and work in progress

Stocks and short term work in progress are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

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 using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not subject to discounting.

Contributions to pension schemes

Defined Benefit Scheme

Pension costs relating to the defined benefit scheme are assessed by a qualified actuary using the current unit method, in accordance with FRS 17.

Defined Contribution Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Principal accounting policies

Research and development

Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged in line with the expected sales arising from the projects.

Research expenditure is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Government grants

Government grant assistance of a revenue nature is credited to the profit and loss account in the same period as the related expenditure. Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

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. Dividends and distributions relating to equity instruments are debited direct to equity.

Consolidated profit and loss account

	Note	2009 £'000	2009 £'000	2008 £'000
Turnover:				
Continuing	1	11,084		9,274
Acquisitions	1	<u>233</u>		-
			11,317	<u>9,274</u>
Staff costs	3		(6,056)	(5,230)
Other operating costs			(4,973)	(3,659)
Depreciation			<u>(214)</u>	<u>(202)</u>
Operating profit				
Continuing		279		183
Acquisitions		<u>(205)</u>		-
			74	<u>183</u>
Profit on sale of investments	27		50	-
Profit on sale of tangible fixed assets			<u>-</u>	<u>22</u>
Profit on ordinary activities before finance charges			124	205
Net interest	2		<u>(98)</u>	<u>542</u>
Profit on ordinary activities before taxation	1		26	747
Tax on profit on ordinary activities	5		12	(5)
Profit on ordinary activities after taxation			<u>38</u>	<u>742</u>
Minority interests			<u>63</u>	<u>-</u>
Profit for the financial year	17		<u>101</u>	<u>742</u>

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

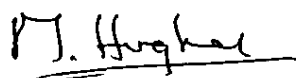
The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own profit and loss account.

The accompanying accounting policies and notes form an integral part of these accounts

Consolidated balance sheet

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	6	103	-
Tangible assets	7	562	520
Investments	8	20	20
		<u>685</u>	<u>540</u>
Current assets			
Stocks	9	509	446
Debtors	10	4,669	4,489
Cash at bank and in hand		2,080	967
		<u>7,258</u>	<u>5,902</u>
Creditors: amounts falling due within one year			
Income in advance		(2,855)	(2,295)
Other creditors and accruals	11	(1,900)	(1,721)
		<u>(4,755)</u>	<u>(4,016)</u>
Net current assets		<u>2,503</u>	<u>1,886</u>
Total assets less current liabilities		3,188	2,426
Creditors: amounts falling due after more than one year	12	(635)	-
Provisions for defined benefit pension liability	13	(720)	(820)
Minority interests	15	31	-
		<u>1,864</u>	<u>1,606</u>
Capital and reserves			
Called up share capital	16	250	250
Capital redemption reserve	17	3,528	3,528
Profit and loss account	17	(1,851)	(2,109)
Shares held by ESOT	17	(63)	(63)
Shareholders' funds	18	<u>1,864</u>	<u>1,606</u>

The financial statements were approved by the Board of Directors on 25 January 2010.



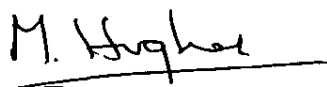
M A Hughes - Director

The accompanying accounting policies and notes form an integral part of these accounts

Company balance sheet

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	532	520
Investments	8	88	20
		<u>620</u>	<u>540</u>
Current assets			
Stocks	9	499	446
Debtors	10	5,125	4,489
Cash at bank and in hand		1,093	967
		<u>6,717</u>	<u>5,902</u>
Creditors: amounts falling due within one year			
Income in advance		(2,855)	(2,295)
Other creditors and accruals	11	(1,799)	(1,721)
		<u>(4,654)</u>	<u>(4,016)</u>
Net current assets		<u>2,063</u>	<u>1,886</u>
Total assets less current liabilities		2,683	2,426
Provisions for defined benefit pension liability	13	<u>(720)</u>	<u>(820)</u>
		<u>1,963</u>	<u>1,606</u>
Capital and reserves			
Called up share capital	16	250	250
Capital redemption reserve	17	3,528	3,528
Profit and loss account	17	(1,752)	(2,109)
Shares held by ESOT	17	(63)	(63)
Shareholders' funds	18	<u>1,963</u>	<u>1,606</u>

The financial statements were approved by the Board of Directors on 25 January 2010.



M A Hughes - Director

The accompanying accounting policies and notes form an integral part of these accounts

Consolidated cash flow statement

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	19	722	677
Returns on investments and servicing of finance			
Interest received	2	59	89
Interest paid	2	(12)	(4)
Net cash inflow from returns on investments and servicing of finance		47	85
Taxation paid		(35)	(130)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(256)	(230)
Sale of tangible fixed assets		-	26
Purchase of intangible assets		(103)	-
Net cash outflow from capital expenditure and financial investment		(359)	(204)
Acquisition and disposals			
Sale of minority interest in subsidiary undertaking		50	-
Cash inflow before financing		425	428
Financing			
Increase in loans from related undertakings		635	-
Capital element of hire purchase rentals		(5)	(15)
Increase in cash	20	1,055	413

The accompanying accounting policies and notes form an integral part of these accounts

Consolidated statement of total recognised gains and losses

	Note	2009 £'000	2008 £'000
Profit for the financial year		101	742
Actuarial gains/(losses) on pension scheme (net)	13	157	(318)
Total recognised gains and losses for the year		<u>258</u>	<u>424</u>

The accompanying accounting policies and notes form an integral part of these accounts

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the group's principal activity.

An analysis of turnover by geographical market is given below:

	2009 £'000	2008 £'000
United Kingdom	8,239	7,457
Europe	537	648
North America	669	43
Australasia/other	1,872	1,126
	<u>11,317</u>	<u>9,274</u>

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2009 £'000	2008 £'000
Auditors' remuneration:		
- Audit services	28	18
- Non-audit services	4	3
Depreciation:		
- Tangible fixed assets owned	214	194
- Tangible fixed assets held under hire purchase contracts	-	8
Operating lease rentals:		
- Land and buildings	273	273
- Other	11	-
Increase/(decrease) in defined benefit pension liability	<u>57</u>	<u>(418)</u>

The table below summarises the effect of the adjustments required under FRS 17 ("Retirement Benefits") on the group's profit and loss account.

	Operating profit £	FRS 17 adjustment £	Per financial statements £
Turnover	11,317	-	11,317
Staff costs	(6,144)	88	(6,056)
Operating costs	(4,973)	-	(4,973)
Depreciation	(214)	-	(214)
Operating profit	<u>(14)</u>	<u>88</u>	<u>74</u>
Profit on sale of investments	50	-	50
Net interest	<u>47</u>	<u>(145)</u>	<u>(98)</u>
Profit before tax	<u>83</u>	<u>(57)</u>	<u>26</u>

Notes to the financial statements

2 Net interest

	2009 £'000	2008 £'000
Interest receivable and similar income	59	89
Finance leases and hire purchase interest payable	(1)	(4)
Interest payable on bank borrowings	(5)	-
Interest payable to related parties	(6)	-
Interest on pension scheme liabilities	(145)	457
	<u>(98)</u>	<u>542</u>

3 Directors and employees

Staff costs during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	4,854	4,128
Social security costs	476	388
Other pension costs	726	714
	<u>6,056</u>	<u>5,230</u>

The average number of employees of the group during the year was:

	2009 Number	2008 Number
Managerial	7	6
Technical and scientific	89	76
Administrative and clerical	34	30
Industrial	4	3
	<u>134</u>	<u>115</u>

Remuneration in respect of directors was as follows:

	2009 £'000	2008 £'000
Emoluments	645	625
Pension contributions to money purchase pension schemes	24	22
	<u>669</u>	<u>647</u>

During the year four directors (2008: four) participated in a defined benefit pension scheme.

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

	2009 £	2008 £
Emoluments	121,831	117,880
Pension contributions to money purchase pension schemes	14,420	12,783
	<u>136,251</u>	<u>130,663</u>

Notes to the financial statements

4 Profit for the financial year

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 group profit for the year includes a profit of £200,000 (2008: £742,000) which is dealt with in the financial statements of the company.

5 Tax on profit on ordinary activities

The tax (credit)/charge is based on the profit for the year and represents:

	2009 £'000	2008 £'000
Corporation tax at 28% (2008: 30%)	105	99
Adjustment in respect of prior years	(117)	(94)
<i>Total current tax: (credit)/charge</i>	<u>(12)</u>	<u>5</u>

Factors affecting tax charge for year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained as follows:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>26</u>	<u>747</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	7	224
Effect of:		
Movement in provisions not subject to taxation	16	(125)
Expenses not deductible for tax purposes	34	10
Income not taxable	(14)	-
Depreciation for the year in excess of capital allowances	15	17
Marginal rate	-	(27)
Unrelieved tax losses	47	-
Adjustments in respect of prior years	(117)	(94)
<i>Current tax: (credit)/charge</i>	<u>(12)</u>	<u>5</u>

Notes to the financial statements

6 Intangible fixed assets

The Group

	Research and development £'000
Cost	
At 1 April 2008	-
Additions	103
At 31 March 2009	<u>103</u>
Amortisation	
At 1 April 2008	-
Provided in the year	-
At 31 March 2009	<u>-</u>
Net book amount at 31 March 2009	<u>103</u>
Net book amount at 31 March 2008	<u>-</u>

Notes to the financial statements

7 Tangible fixed assets

The Group

	Vehicles, fixtures, fittings, tools and equipment
	£'000
Cost	
At 1 April 2008	2,826
Additions	256
At 31 March 2009	<u>3,082</u>
Depreciation	
At 1 April 2008	2,306
Provided in the year	214
At 31 March 2009	<u>2,520</u>
Net book amount at 31 March 2009	<u>562</u>
Net book amount at 31 March 2008	<u>520</u>
Assets held under finance leases included above:	
Net book amount at 31 March 2009	<u>-</u>
Depreciation provided in the year	<u>-</u>
Net book amount at 31 March 2008	<u>20</u>

Notes to the financial statements

7 Tangible fixed assets (continued)

The Company

	Vehicles, fixtures, fittings, tools and equipment
	£'000
Cost	
At 1 April 2008	2,826
Additions	226
At 31 March 2009	<u>3,052</u>
Depreciation	
At 1 April 2008	2,306
Provided in the year	214
At 31 March 2009	<u>2,520</u>
Net book amount at 31 March 2009	<u>532</u>
Net book amount at 31 March 2008	<u>520</u>
Assets held under finance leases included above:	
Net book amount at 31 March 2009	<u>-</u>
Depreciation provided in the year	<u>-</u>
Net book amount at 31 March 2008	<u>20</u>

Notes to the financial statements

8 Fixed asset investments

The Group

	£'000
Cost	
At 1 April 2008	20
Additions	-
At 31 March 2009	<u>20</u>

The Company

	Other investments £'000	Shares in group undertakings £'000	Total £'000
Cost			
At 1 April 2008	20	-	20
Additions	-	68	68
At 31 March 2009	<u>20</u>	<u>68</u>	<u>88</u>

The investment represents the cost of shares less amounts written off.

EA Technology Limited owns shares in the Electricity Pension Trustee Limited. This group is responsible for the management of the pension fund and is incorporated in England and Wales. The group owns 20,000 £1 ordinary shares. The acquisition of these shares was funded by a loan of £20,000 from Electricity Pension Trustee Limited, the value of which is shown in other creditors.

EA Technology Limited acquired 75% of the ordinary share capital of Blah d Blah Design Limited, a company incorporated in England and Wales on 30 April 2008.

EA Technology Limited acquired 68% of the ordinary share capital of EA Technology Ventures Limited, a company incorporated in England and Wales on 16 July 2008.

EA Technology Limited acquired 30% and EA Technology Ventures Limited acquired 70% of the ordinary share capital of Surenet Technology Limited, a company incorporated in England and Wales on 24 September 2008.

EA Technology Limited acquired 20% and EA Technology Ventures Limited acquired 58% of the ordinary share capital of Flexible Energy Limited, a company incorporated in England and Wales on 17 December 2007.

All of the above subsidiaries are included in the consolidated accounts.

EA Technology Limited acquired 75% of the ordinary share capital of EA Technology PTY Limited, a company incorporated in Australia on 5 January 2009. This company has been excluded from the consolidated accounts on the grounds of materiality.

Notes to the financial statements

9 Stocks

	The Group		The Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Finished goods	78	68	78	68
Short-term work in progress	431	378	421	378
	<u>509</u>	<u>446</u>	<u>499</u>	<u>446</u>

10 Debtors

	The Group		The Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade debtors	3,100	2,457	3,067	2,457
Other debtors	626	619	597	619
Amounts due from group undertakings	21	-	539	-
Taxation recoverable	126	136	126	136
Prepayments and accrued income	796	1,277	796	1,277
	<u>4,669</u>	<u>4,489</u>	<u>5,125</u>	<u>4,489</u>

Included within amounts due from group undertakings for the company are amounts due after more than one year of £232,000.

11 Creditors: amounts falling due within one year

	The Group		The Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank overdraft	58	-	58	-
Trade creditors and accruals	1,010	929	930	929
Corporation tax	-	99	-	99
Other taxation and social security	522	466	513	466
Other creditors	310	222	221	222
Amounts owed to group undertakings	-	-	77	-
Obligations under hire purchase contracts	-	5	-	5
	<u>1,900</u>	<u>1,721</u>	<u>1,799</u>	<u>1,721</u>

Notes to the financial statements

12 Creditors: amounts falling due after more than one year

	The Group	
	2009	2008
	£'000	£'000
Amounts owed to related undertakings	635	-

Included in amounts owed to related undertakings is a loan of £50,000 from Alliance Fund Managers Nominees Limited. The loan is secured by a general debenture over the assets of the subsidiary undertaking, Flexible Energy Limited. Interest is payable at a rate of 10% per annum. The loan is repayable on 6 November 2013.

Included in amounts due to related undertakings is a loan of £583,000 from Northwest Business Investment Scheme. The loan is unsecured and is repayable on 2014. Interest is charged at a rate of 10% per annum.

13 Provisions for defined benefit pension liability

The Group

	2009	2008
	£'000	£'000
Brought forward	(820)	(720)
(Losses)/gains recognised in profit and loss account	(57)	418
Gains/(losses) recognised in statement of total recognised gains and losses	157	(318)
	(720)	(820)

The Company

	2009	2008
	£'000	£'000
Brought forward	(820)	(920)
(Losses)/gains recognised in profit and loss account	(57)	418
Gains/(losses) recognised in statement of total recognised gains and losses	157	(318)
	(720)	(820)

Notes to the financial statements

14 Deferred taxation

Deferred taxation provided and unprovided for in the financial statements at a rate of 28% (2008: 28%) was as follows:

The Company

	Amount provided		Amount unprovided	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	1	16
Other timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1</u>	<u>16</u>

15 Minority interest

	£'000
At 1 April 2008	-
Proceeds of shares issued to minority interest	32
Share of loss for the year	(63)
At 31 March 2009	<u>31</u>

16 Share capital

	2009	2008
	£'000	£'000
Authorised		
2,500,000 ordinary shares of 10p each	<u>250</u>	<u>250</u>
Issued, called up and fully paid		
2,500,000 ordinary shares of 10p each	<u>250</u>	<u>250</u>

Notes to the financial statements

17 Reserves

The Group

	Shares held by ESOT £'000	Profit and loss account £'000	Capital redemption reserve £'000
At 1 April 2008	(63)	(2,109)	3,528
Profit for the financial year	-	101	-
Actuarial gains	-	157	-
At 31 March 2009	(63)	(1,851)	3,528

The Company

	Shares held by ESOT £'000	Profit and loss account £'000	Capital redemption reserve £'000
At 1 April 2008	(63)	(2,109)	3,528
Profit for the financial year	-	200	-
Actuarial gains	-	157	-
At 31 March 2009	(63)	(1,752)	3,528

The balance on the capital redemption reserve may not be distributed legally.

At 31 March 2009, the EA Technology Limited Employee Share Ownership Trust (ESOT) held 367,230 10p ordinary shares.

18 Reconciliation of movements in shareholders' funds

	The Group		The Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Shareholders funds brought forward	1,606	1,182	1,606	1,182
Profit for the financial year	101	742	200	742
Actuarial gains/(losses)	157	(318)	157	(318)
Shareholders funds at 31 March 2009	1,864	1,606	1,963	1,606

Notes to the financial statements

19 Net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	74	183
Depreciation	214	202
(Increase)/decrease in stocks	(63)	22
(Increase)/decrease in debtors	(200)	50
Increase in income in advance	560	304
Increase/(decrease) in creditors	225	(123)
Movement in provision for defined benefit pension liability	(88)	39
Net cash inflow from operating activities	<u>722</u>	<u>677</u>

20 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase in cash in the year	1,055	413
Cash (inflow)/outflow from increase in debt and lease financing	(630)	15
Change in net debt resulting from cash flows	<u>425</u>	<u>428</u>
Net funds at 1 April 2008	962	534
Net funds at 31 March 2009	<u>1,387</u>	<u>962</u>

21 Analysis of changes in net debt

	At 1 April 2008 £'000	Cash flow £'000	At 31 March 2009 £'000
Cash at bank and in hand	967	1,113	2,080
Overdraft	-	(58)	(58)
Hire purchase debt	(5)	5	-
Amounts due to related parties	-	(635)	(635)
Net funds	<u>962</u>	<u>425</u>	<u>1,387</u>

Notes to the financial statements

22 Capital commitments

The group had capital commitments outstanding at the end of the year, as follows:

	2009 £'000	2008 £'000
Contracted for but not provided in the financial statements	<u>20</u>	<u>36</u>

23 Contingent liabilities

The group has received grants in 2009 and 2008 amounting to £418,000 in total. In certain circumstances these grants may be repayable in the future.

24 Pensions

The group currently operates two pension schemes. All employees in employment prior to 21 October 1997 were eligible to join the EA Technology Group section of the Electricity Supply Pension Scheme ("the Scheme"). Following completion of the management and employee buy-out on that date the Scheme was closed to new entrants and employees joining after that date are eligible to join the EA Technology Limited Group Personal Pension Scheme, a defined contribution scheme.

The Scheme provides pension and other related benefits based on final pensionable pay. The assets of the Scheme are held in a separate trustee-administered fund.

The valuation carried out as at 31 March 2007 by Hewitt Bacon and Woodrow, using the projected unit fund method, adopted the following actuarial assumptions:

Investment return	6.7% p.a
Salary increases	4.7% p.a.
Pension increases	3.2% p.a.
Price inflation	3.2% p.a.

The total market value of the assets as at 31 March 2007 was £58.8 million, with a funding deficiency of £8.7 million. This gave a funding level of 88%. This compares with a funding deficiency of £10.8 million, and a funding level of 80.5% as at 31 March 2004. The funding level was improved by:

- the investment return obtained on the assets being higher than the increase in liabilities;
- the deficit reduction contributions made to the scheme.

The benefits of the above factors were partly offset by the change in mortality assumptions.

Notes to the financial statements

24 Pensions (continued)

Following this valuation, the group, after consultation with the Group Trustees and supported by a second Deed of Contribution committing 14 large electricity/utility companies to providing financial support to the group in relation to the Scheme, has determined it will pay the following levels of contributions with effect from 31 March 2008:

- Contributions of 20.9% of the salaries of the contributing members to cover the cost of future service benefit accrual;
- £0.4 million each year for 10 years from March 2008 to address the shortfall.
- Further contributions and payments as required under the rules of the Scheme, including administration expenses and levies required by the Pension Protection Fund.

Consideration will be given bi-annually to determine the group's ability to make further contributions. The overall impact of the above is to make good the past service funding deficiency of £8.2 million over 10 years from the valuation date, and to meet the full cost of future service benefit accrual.

Contributions paid during the year by the group amounted to £553,000 and under the Deed of Contribution to £402,000.

FRS 17 disclosures

The group operates a paid up defined benefit scheme in the UK. A full actuarial valuation was carried out on 31 March 2007 and updated to 31 March 2009 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:

	31 March 2009	31 March 2008	31 March 2007	31 March 2006
	%	%	%	%
Inflation assumption	3.0	3.6	3.2	3.0
Rate of increase in salaries	4.5	5.1	4.7	4.5
Rate of increase to pensions in payment	2.9	3.6	3.2	3.0
Discount rate applied to scheme liabilities	7.0	6.7	5.4	4.9

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. Under these assumptions, a member who retires this year aged 63 will live on average for a further 23.7 years after retirement if they are male and for a further 25.7 years after retirement if they are female. A member who retires in 2019 at age 63 will live on average for a further 24.7 years after retirement if they are male and for a further 26.4 years after retirement if they are female.

Notes to the financial statements

24 Pensions (continued)

The assets in the scheme and the long term rate of expected return were:

	Return at 31 March 2009 %	Value at 31 March 2009 £'000	Return at 31 March 2008 %	Value at 31 March 2008 £'000	Return at 31 March 2007 %	Value at 31 March 2007 £'000	Return at 31 March 2006 %	Value at 31 March 2006 £'000
Equities	8.0	25,075	7.8	33,020	8.0	41,231	7.5	41,507
Bonds	4.9	11,876	4.9	10,933	5.0	10,534	4.5	10,515
Other	4.0	8,811	6.0	12,011	5.5	6,638	4.6	2,067
Total market value of assets		45,762		55,964		58,403		54,089
Present value of scheme liabilities		(54,868)		(60,108)		(65,369)		(63,339)
Deficit in the scheme		(9,106)		(4,144)		(6,966)		(9,250)
Amounts receivable under Deed of Contribution		8,106		3,006		5,688		7,822
		(1,000)		(1,138)		(1,278)		(1,428)
Related deferred tax asset (@ 28%, 2006 : 30%)		280		318		358		428
Net deficit		(720)		(820)		(920)		(1,000)

Full provision for the net deficit is incorporated in the balance sheet.

Notes to the financial statements

24 Pensions (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2009 £'000	2008 £'000
Opening defined benefit obligation	60,108	65,369
Current service cost	431	520
Interest cost	3,960	3,476
Contributions by scheme participants	133	135
Actuarial gains on scheme liabilities	(7,143)	(6,761)
Net benefits paid out	(2,621)	(2,686)
Past service cost	-	55
Closing defined benefit obligation	<u>54,868</u>	<u>60,108</u>

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2009 £'000	2008 £'000
Opening fair value of the scheme assets	55,964	58,403
Expected return on scheme assets	3,759	4,111
Actuarial losses on scheme assets	(12,428)	(4,923)
Contributions by the employer	955	924
Contributions by scheme participants	133	135
Net benefits paid out	(2,621)	(2,686)
Closing fair value of the scheme assets	<u>45,762</u>	<u>55,964</u>

Notes to the financial statements

24 Pensions (continued)

Movements in gross deficit during the year were:

	2009 £'000	2008 £'000
Deficit in scheme at 1 April 2008	(4,144)	(6,966)
Movement in the year:		
Current service cost	(431)	(520)
Past service costs	-	(55)
Contributions	955	924
Other finance income	(201)	635
Actuarial (loss)/gain	(5,285)	1,838
Deficit in scheme at 31 March 2009	<u>(9,106)</u>	<u>(4,144)</u>

Analysis of the net amount charged to profit and loss account:

	2009 £'000	2008 £'000
Current service cost	310	374
Past service costs	-	43
Interest cost	145	(457)
Contributions paid	<u>(398)</u>	<u>(378)</u>
Total charge/(credit)	<u>57</u>	<u>(418)</u>

Actual return on scheme assets:

	2009 £'000	2008 £'000
Expected return on scheme assets	3,759	4,111
Actuarial loss on scheme assets	<u>(12,428)</u>	<u>(4,923)</u>
Actual return on scheme assets	<u>(8,669)</u>	<u>(812)</u>

Notes to the financial statements

24 Pensions (continued)

Analysis of net amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	(8,948)	(3,545)
Experience gains and losses arising on the scheme liabilities (including changes in assumptions underlying the present value of the scheme liabilities)	5,143	4,868
Changes in assumptions underlying the present value of amounts receivable under Deed of Contribution	3,673	(1,931)
Contribution paid under Deed of Contribution	289	290
Actuarial gain/(loss) recognised in STRGL	<u>157</u>	<u>(318)</u>

History of experience - gross gains and losses:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Expenses gains/(losses) on scheme assets	(12,428)	(4,923)	(995)	6,767	6,638
Expenses gains/(losses) on scheme liabilities	<u>(297)</u>	<u>(2,035)</u>	<u>-</u>	<u>35</u>	<u>(108)</u>

History of asset values, obligations and gross deficit in scheme:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Fair value of scheme assets	45,762	55,964	58,403	54,089	45,871
Defined benefit obligation	<u>(54,868)</u>	<u>(60,108)</u>	<u>(65,369)</u>	<u>(63,339)</u>	<u>(56,981)</u>
Deficit in scheme	<u>(9,106)</u>	<u>(4,144)</u>	<u>(6,966)</u>	<u>(9,250)</u>	<u>(11,110)</u>

The best estimate of contributions to be paid to the scheme for the year ended 31 March 2010 is £920,000.

25 Leasing commitments

Operating lease payments amounting to £273,000 (2008: £273,000) are due within one year, in respect of land and buildings. The lease expires in five years or more.

Notes to the financial statements

26 Transactions with related parties

Mr J A Walker, a director of the group, is also a director of TJ/H2b Analytical Services Limited. During the year EA Technology Limited made sales totalling £231,700 (2008: £233,383) to TJ/H2b Analytical Services Limited. The balance outstanding at 31 March 2009, which is included in trade debtors, was £5,627 (2008: £7,505). TJ/H2b Analytical Services Limited sold services to EA Technology Limited totalling £127,542 (2008: £121,732). The balance outstanding at 31 March 2009, which is included in trade creditors, from TJ/H2b Analytical Services Limited was £28,863 (2008: £14,188).

In addition, Mr A Mullett, a director of the group, is also a director of Ignite Strategic Partners Limited. Purchases of £42,435 (2008: £10,000) were made from Ignite Strategic Partners Limited during the year. The balance outstanding at 31 March 2009 which is included in trade creditors is £886 (2008: £7,653).

27 Acquisitions and disposals

On 30 April 2008, the group acquired 75% of the ordinary share capital of Blah d Blah Design Limited for £74.

On 5 January 2009, the group acquired 75% of the ordinary share capital of EA Technology PTY Limited for £36.

On 16 July 2008, the group acquired 68% of the ordinary share capital of EA Technology Ventures Limited for £68,000.

On 24 September 2008, the group acquired 100% of the ordinary share capital of Surenet Technology Limited for £10.

On 17 December 2007, the group acquired 100% of the ordinary share capital of Flexible Energy Limited for £1.

The transactions have been accounted for using acquisition accounting. The results of the acquired entities have been included from the date of acquisition.

The entities acquired during the year were acquired on the date of incorporation of each entity. The directors consider that the book value of the assets and liabilities of each entity is a reasonable approximation to the fair value of the assets and liabilities, hence no fair value adjustments have been recognised.

The consideration paid for each entity was equal to the assets and liabilities acquired, hence no goodwill was recognised.

On 6 November 2008, the group sold 22% of its interest in Flexible Energy Limited for a cash consideration of £50,000.

28 Post balance sheet events

On 2 April 2009, the group acquired 100% of the ordinary share capital of EA Technology Analytical Limited.