

Company Registration No. 3672687 (England and Wales)

**VECTONE DISTRIBUTION HOLDING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**



A19  
COMPANIES HOUSE

\*A5QB17SX\*

0464  
26/01/02

# VECTONE DISTRIBUTION HOLDING LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	A. Subaskaran V. Mahalingam
<b>Secretary</b>	M. Galve
<b>Company number</b>	3672687
<b>Registered office</b>	Regatta House 58 Marsh Wall London E14 9TP
<b>Auditors</b>	Alliotts Chartered Accountants 9 Kingsway London WC2B 6XF
<b>Business address</b>	Regatta House 58 Marsh Wall London E14 9TP
<b>Bankers</b>	HSBC 85 Lewisham High Street Lewisham London SE13 6BE

---

# VECTONE DISTRIBUTION HOLDING LIMITED

## CONTENTS

---

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

---

# VECTONE DISTRIBUTION HOLDING LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

### Principal activities and review of the business

The principal activity of the company is a holding company and distribution and sale of telephone cards.

The company was incorporated on 24 November 1998 and started trading in March 1999.

The company changed its name to Vectone Distribution Holding Limited on 15 January 2001.

### Results and dividends

The results for the year are set out on page 4.

### Directors

The following directors have held office since 1 January 2000:

A. Subaskaran

V. Mahalingam

S. Premananthan

(Appointed 25 May 2000 and resigned 1 February 2001)

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
A. Subaskaran	-	-
V. Mahalingam	-	-
S. Premananthan	-	-

The directors' beneficial interests in the shares of the ultimate parent company, Vectone Group Holding plc were as stated below:

	Ordinary of 0.1p each	Ordinary of £1 each
	31 December 2000	26 January 2000
A. Subaskaran	8,250,000	1,650
V. Mahalingam	-	-
S. Premananthan	-	-

### Auditors

Alliotts were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

# VECTONE DISTRIBUTION HOLDING LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

---

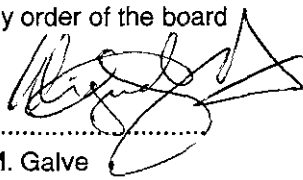
### Directors' responsibilities

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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the board



M. Galve

Secretary

23 January 2002

# VECTONE DISTRIBUTION HOLDING LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VECTONE DISTRIBUTION HOLDING LIMITED

We have audited the financial statements of Vectone Distribution Holding Limited for the year ended 31 December 2000 on pages 4 to 11.

### Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report 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 Auditing Standards 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 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Alliotts

Chartered Accountants  
Registered Auditor



Chartered Accountants  
9 Kingsway  
London  
WC2B 6XF

# VECTONE DISTRIBUTION HOLDING LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	655,706	670,996
Cost of sales		(661,518)	(637,444)
<b>Gross (loss)/profit</b>		(5,812)	33,552
Administrative expenses		(1,447,613)	(744,899)
<b>Operating loss</b>	3	(1,453,425)	(711,347)
Other interest receivable and similar income		458	-
Interest payable and similar charges	4	-	(27)
<b>Loss on ordinary activities before taxation</b>		(1,452,967)	(711,374)
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation</b>	11	(1,452,967)	(711,374)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

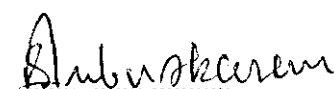
There are no recognised gains and losses other than those passing through the profit and loss account.

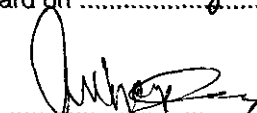
# VECTONE DISTRIBUTION HOLDING LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
<b>Fixed assets</b>					
Tangible assets	6		37,567		7,646
Investments	7		5,000		5,000
			<u>42,567</u>		<u>12,646</u>
<b>Current assets</b>					
Debtors	8	400,423		746,148	
		<u>400,423</u>		<u>746,148</u>	
<b>Creditors: amounts falling due within one year</b>	9	(2,597,331)		(1,460,168)	
<b>Net current liabilities</b>			(2,196,908)		(714,020)
<b>Total assets less current liabilities</b>			<u>(2,154,341)</u>		<u>(701,374)</u>
<b>Capital and reserves</b>					
Called up share capital	10		10,000		10,000
Profit and loss account	11		(2,164,341)		(711,374)
<b>Shareholders' funds - equity interests</b>	12		<u>(2,154,341)</u>		<u>(701,374)</u>

The financial statements were approved by the Board on 23 January 2002

  
A. Subaskaran  
Director

  
V. Mahalingam  
Director



# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention..

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirements to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of Vectone Group Holding plc, a company registered in England and Wales. Cashflows of this company are included in the consolidated cashflow statement of its ultimate parent company.

The parent company has indicated its willingness to provide sufficient funds to enable the company to meet its liabilities as they fall due and consequently the financial statements are prepared on a going concern basis.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% straight line
--------------------------------	-------------------

#### 1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of Vectone Group Holding plc, a company incorporated in England and Wales and is included in the consolidated accounts of that company.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating loss

Operating loss is stated after charging:

Depreciation of tangible assets

Auditors' remuneration

2000	1999
£	£
13,371	2,548
4,000	4,750

# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

<b>4</b>	<b>Interest payable</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	-	27
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Taxation</b>		
	On the basis of these financial statements no provision has been made for corporation tax.		
<b>6</b>	<b>Tangible fixed assets</b>		
			<b>Fixtures, fittings &amp; equipment £</b>
	<b>Cost</b>		
	At 1 January 2000		10,194
	Additions		43,292
			<u>          </u>
	At 31 December 2000		53,486
			<u>          </u>
	<b>Depreciation</b>		
	At 1 January 2000		2,548
	Charge for the year		13,371
			<u>          </u>
	At 31 December 2000		15,919
			<u>          </u>
	<b>Net book value</b>		
	At 31 December 2000		37,567
			<u>          </u>
	At 31 December 1999		7,646
			<u>          </u>

# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

### 7 Fixed asset investments

	Unlisted investments £
<b>Cost</b>	
At 1 January 2000 & at 31 December 2000	5,000

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Gnanam Telecom Centers Limited	United Kingdom	Ordinary	100
Telecom Centers sprl	Belgium	Ordinary	100
Telecom Centers ApSG	Denmark	Ordinary	100
Telecom Centers ApS	Sweden	Ordinary	100
Telecom Centers AS	Norway	Ordinary	100
Telecom Centers Espana S.L.	Spain	Ordinary	100
Telecom Centers S.A.R.L.	France	Ordinary	100
Telecom Centers GmbH	Germany	Ordinary	100
Telecom Centers srl	Italy	Ordinary	100
Telecom Centers	Switzerland	Ordinary	100
Telecom Centers B.V	Netherlands	Ordinary	100
Telecom Centers Europe Limited	United Kingdom	Ordinary	100
Gnanam Telecom Centers Inc	Canada	Ordinary	100
Gnanam Telecom Centers Inc	USA	Ordinary	100
Telecom Centers Scandinavia AS	Norway	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Gnanam Telecom Centers Limited	31,739	9,109
Telecom Centers sprl	4,382	8,842
Telecom Centers ApSG	10,533	26,882
Telecom Centers ApS	(107,600)	(113,369)
Telecom Centers AS	191,381	5,531
Telecom Centers Espana S.L.	(615,410)	(602,286)
Telecom Centers S.A.R.L.	(925,381)	112,529
Telecom Centers GmbH	22,179	358,025
Telecom Centers srl	8,099	206
Telecom Centers	(188,498)	(13,708)
Telecom Centers B.V	27,529	113,926
Telecom Centers Europe Limited	(24,250)	(25,250)
Gnanam Telecom Centers Inc	(163,207)	(163,207)
Gnanam Telecom Centers Inc	1,207	1,165

# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

<b>7</b>	<b>Fixed asset investments</b>	<b>(continued)</b>	
	Telecom Centers Scandinavia AS	13,438	4,768
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Debtors</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Trade debtors	-	113,077
	Amounts owed by parent and fellow subsidiary undertakings	10,000	10,000
	Amounts owed by subsidiary undertakings	365,009	588,563
	Other debtors	25,414	5,513
	Prepayments and accrued income	-	28,995
		<u>          </u>	<u>          </u>
		400,423	746,148
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	135,939	489,108
	Amounts owed to subsidiary undertakings	2,174,274	925,375
	Taxes and social security costs	249,632	28,249
	Other creditors	28,734	9,322
	Accruals and deferred income	8,752	8,114
		<u>          </u>	<u>          </u>
		2,597,331	1,460,168
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Share capital</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	100,000 Ordinary shares of £ 1 each	100,000	100,000
		<u>          </u>	<u>          </u>
	<b>Allotted, called up and fully paid</b>		
	10,000 Ordinary shares of £ 1 each	10,000	10,000
		<u>          </u>	<u>          </u>

# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

### 11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2000	(711,374)
Retained loss for the year	(1,452,967)
	<u>          </u>
Balance at 31 December 2000	<u>(2,164,341)</u>

### 12 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the financial year	(1,452,967)	(711,374)
Proceeds from issue of shares	-	10,000
	<u>          </u>	<u>          </u>
Net depletion in shareholders' funds	(1,452,967)	(701,374)
Opening shareholders' funds	(701,374)	-
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>(2,154,341)</u>	<u>(701,374)</u>

### 13 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	<u>252,309</u>	<u>-</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>208,064</u>	<u>-</u>

# VECTONE DISTRIBUTION HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

### 14 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Management and administration	33	8

#### Employment costs

	£	£
Wages and salaries	987,721	155,840
Social security costs	77,711	6,445
	1,065,432	162,285

### 15 Control

The ultimate parent company is Vectone Group Holding plc, a company registered in England and Wales.

Vectone Group Holding plc prepares group financial statements and copies can be obtained from - Regatta House, 58 Marsh Wall, London E14 9TP.

### 16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.