

**REGISTERED NUMBER: 05332008 (England and Wales)**

**Report of the Directors and  
Financial Statements for the Year Ended 31 March 2013  
for  
Core Telecom Ltd**



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for the Year Ended 31 March 2013**

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**Core Telecom Ltd**

**Company Information  
for the Year Ended 31 March 2013**

**DIRECTORS:** M Mazhar  
P M Turner  
S Walker

**SECRETARY:** P J Rourke

**REGISTERED OFFICE:** Mazhar House  
49 Bradford Road  
Stanningley  
Leeds  
West Yorkshire  
LS28 6DF

**REGISTERED NUMBER:** 05332008 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Malcolm V Walker

**AUDITORS:** Walker Broadbent Associates Limited  
Chartered Accountants & Statutory Auditors  
Lencett House  
45 Boroughgate  
Otley  
West Yorkshire  
LS21 1AG

**Report of the Directors  
for the Year Ended 31 March 2013**

The directors present their report with the financial statements of the company for the year ended 31 March 2013

**PRINCIPAL ACTIVITY**

The company's principal activity continues to be that of telecoms provider

**REVIEW OF BUSINESS**

The directors are pleased with the results for the year in another difficult trading environment, which show an increase in activity of the company. Turnover has risen from £8,795,289 in 2012 to £9,450,172 in 2013, but operating profit has decreased from £670,389 to £665,367

The decrease in GP has arisen for a number of reasons, particularly because of a change in the business mix, which, although adversely affecting the gross margin this year, strategically will benefit the company in the long term

Regulatory changes in rates again caused a slow start to 2012/13 but new opportunities in different market places saw a record closing quarter to the year. This trend has continued into the new financial year

The company has continued to make further investments in its network infrastructure and in its IVR framework, which will future-proof ongoing growth

The brand continued to grow in 2013, which was demonstrated by the 9.7% increase in revenues. Customer numbers and sign-ups continue to grow together with more value-added additions to the brand

The balance sheet remains strong. Net current assets have increased from £976,378 in 2012 to £1,195,794 in 2013, and net assets have increased from £1,589,864 to £1,760,530

The company is well placed to take advantage of expected further growth in the telecoms industry

**DIVIDENDS**

An interim dividend of 317,525 per share was paid on 30 September 2012. The directors recommend that no final dividend be paid

The total distribution of dividends for the year ended 31 March 2013 will be £317,525

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2012 to the date of this report

M Mazhar  
P M Turner  
S Walker

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

General donations were made to various charities throughout the year totalling £4,488 (2012: £2,739)

**RISKS AND UNCERTAINTIES**

The directors believe they have taken all appropriate steps to address the principal risks and uncertainties facing the company, and that adequate insurance is in place to guard against such risks and uncertainties

**Report of the Directors  
for the Year Ended 31 March 2013**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Walker Broadbent Associates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



M Mazhar - Director

Date 20 SEPTEMBER 2013

## **Report of the Independent Auditors to the Members of Core Telecom Ltd**

We have audited the financial statements of Core Telecom Ltd for the year ended 31 March 2013 on pages five to fifteen. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 31 March 2013 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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.



Malcolm V Walker (Senior Statutory Auditor)  
for and on behalf of Walker Broadbent Associates Limited  
Chartered Accountants & Statutory Auditors  
Lencett House  
45 Boroughgate  
Otley  
West Yorkshire  
LS21 1AG

Date 23 SEP 2013

**Core Telecom Ltd (Registered number: 05332008)**

**Profit and Loss Account  
for the Year Ended 31 March 2013**

	Notes	31.3.13 £	£	31 3 12 £	£
<b>TURNOVER</b>	2		9,450,172		8,795,289
Cost of sales			7,652,613		6,685,718
<b>GROSS PROFIT</b>			1,797,559		2,109,571
Distribution costs		4,488		9,250	
Administrative expenses		1,127,736		1,429,932	
			1,132,224		1,439,182
<b>OPERATING PROFIT</b>	4		665,335		670,389
Interest receivable and similar income			32		77
			665,367		670,466
Interest payable and similar charges	5		7,706		-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			657,661		670,466
Tax on profit on ordinary activities	6		169,470		174,448
<b>PROFIT FOR THE FINANCIAL YEAR</b>			488,191		496,018

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

Core Telecom Ltd (Registered number: 05332008)

Balance Sheet  
31 March 2013

	Notes	31.3 13 £	£	31 3 12 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		296,038		359,707
Investment property	9		310,858		310,858
			<u>606,896</u>		<u>670,565</u>
<b>CURRENT ASSETS</b>					
Debtors	10	2,692,803		2,870,719	
Cash at bank		<u>1,228,066</u>		<u>587,555</u>	
		3,920,869		3,458,274	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>2,725,065</u>		<u>2,481,886</u>	
<b>NET CURRENT ASSETS</b>			<u>1,195,804</u>		<u>976,388</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,802,700</u>		<u>1,646,953</u>
<b>PROVISIONS FOR LIABILITIES</b>	13		<u>42,160</u>		<u>57,079</u>
<b>NET ASSETS</b>			<u><u>1,760,540</u></u>		<u><u>1,589,874</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		110		110
Profit and loss account	15		<u>1,760,430</u>		<u>1,589,764</u>
<b>SHAREHOLDERS' FUNDS</b>	19		<u><u>1,760,540</u></u>		<u><u>1,589,874</u></u>

The financial statements were approved by the Board of Directors on 20 Sep 2013 and were signed on its behalf by



M Mazhar - Director

The notes form part of these financial statements



**Core Telecom Ltd (Registered number: 05332008)**

**Cash Flow Statement  
for the Year Ended 31 March 2013**

	Notes	31.3.13 £	31 3 12 £
<b>Net cash inflow from operating activities</b>	1	<b>1,250,860</b>	<b>527,311</b>
<b>Returns on investments and servicing of finance</b>	2	<b>(7,674)</b>	<b>77</b>
<b>Taxation</b>		<b>(267,111)</b>	<b>(2,369)</b>
<b>Capital expenditure and financial investment</b>	2	<b>(22,592)</b>	<b>(288,754)</b>
<b>Equity dividends paid</b>		<b>(317,525)</b>	<b>(328,947)</b>
		<b>635,958</b>	<b>(92,682)</b>
<b>Financing</b>	2	<b>4,553</b>	<b>-</b>
<b>Increase/(decrease) in cash in the period</b>		<b>640,511</b>	<b>(92,682)</b>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
<b>Increase/(decrease) in cash in the period</b>		<b>640,511</b>	<b>(92,682)</b>
<b>Change in net funds resulting from cash flows</b>		<b>640,511</b>	<b>(92,682)</b>
<b>Movement in net funds in the period</b>		<b>640,511</b>	<b>(92,682)</b>
<b>Net funds at 1 April</b>		<b>587,555</b>	<b>680,237</b>
<b>Net funds at 31 March</b>		<b>1,228,066</b>	<b>587,555</b>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 March 2013

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.13 £	31 3 12 £
Operating profit	665,335	670,389
Depreciation charges	86,261	89,351
Decrease/(increase) in debtors	206,363	(550,085)
Increase in creditors	292,901	317,656
<b>Net cash inflow from operating activities</b>	<b>1,250,860</b>	<b>527,311</b>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.13 £	31 3 12 £
<b>Returns on investments and servicing of finance</b>		
Interest received	32	77
Interest paid	(7,706)	-
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b>(7,674)</b>	<b>77</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(22,592)	(137,187)
Purchase of investment property	-	(151,567)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(22,592)</b>	<b>(288,754)</b>
<b>Financing</b>		
Amount introduced by directors	317,525	-
Amount withdrawn by directors	(312,972)	-
<b>Net cash inflow from financing</b>	<b>4,553</b>	<b>-</b>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.12 £	Cash flow £	At 31.3.13 £
Net cash			
Cash at bank	587,555	640,511	1,228,066
	587,555	640,511	1,228,066
<b>Total</b>	<b>587,555</b>	<b>640,511</b>	<b>1,228,066</b>

**Notes to the Financial Statements  
for the Year Ended 31 March 2013**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts

Revenue is recognised in the period in which the call traffic takes place. This policy is also applied in respect of disputed call traffic which is subsequently agreed

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

**Investment property**

Investment properties, in accordance with SSAP19 "Investment Properties", are stated at their open market value

Investment properties are not subjected to depreciation, but are revalued annually, any surplus or deficit being taken to the Revaluation Reserve

This accounting treatment is a departure from the Companies Act 2006, which requires a surplus or deficit to be taken to the profit or loss account. The directors consider, however, that this treatment is necessary for the accounts to show a true and fair view

**Deferred tax**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by 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 transaction. Exchange differences are taken into account in arriving at the operating profit

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

**2 TURNOVER**

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

Turnover derives from the single class of business carried on wholly within the UK

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013

3 STAFF COSTS

	31.3.13	31 3 12
	£	£
Wages and salaries	400,421	411,571
Social security costs	38,543	43,378
	<u>438,964</u>	<u>454,949</u>

The average monthly number of employees during the year was as follows

	31.3.13	31 3 12
Management	4	3
Sales and technical	9	8
Administration	4	3
	<u>17</u>	<u>14</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31.3.13	31 3 12
	£	£
Hire of plant and machinery	50,400	63,131
Other operating leases	93,788	109,927
Depreciation - owned assets	86,261	89,351
Auditors' remuneration	7,500	7,500
Foreign exchange differences	(953)	7,256
	<u>83,718</u>	<u>120,333</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.13	31 3 12
	£	£
Late corporation tax	7,706	-
	<u>7,706</u>	<u>-</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31.3.13	31 3 12
	£	£
Current tax		
UK corporation tax	176,402	171,690
Prior year adjustment	7,987	-
Total current tax	<u>184,389</u>	<u>171,690</u>
Deferred tax	(14,919)	2,758
Tax on profit on ordinary activities	<u>169,470</u>	<u>174,448</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31.3.13 £	31.3.12 £
Profit on ordinary activities before tax	<u>657,661</u>	<u>670,466</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	157,839	174,321
Effects of		
Expenses not deductible for tax purposes	8,035	1,272
Capital allowances in excess of depreciation	-	(3,903)
Depreciation in excess of capital allowances	10,529	-
Adjustments to tax charge in respect of previous periods	7,986	-
	<u>184,389</u>	<u>171,690</u>
Current tax charge		

7 DIVIDENDS

	31.3.13 £	31.3.12 £
Ordinary shares of 1 each		
Interim	<u>317,525</u>	<u>328,947</u>

8 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 April 2012	332,940	84,922	94,312	102,497	614,671
Additions	16,025	4,459	-	2,108	22,592
At 31 March 2013	<u>348,965</u>	<u>89,381</u>	<u>94,312</u>	<u>104,605</u>	<u>637,263</u>
<b>DEPRECIATION</b>					
At 1 April 2012	165,410	22,261	23,244	44,049	254,964
Charge for year	43,885	9,734	17,767	14,875	86,261
At 31 March 2013	<u>209,295</u>	<u>31,995</u>	<u>41,011</u>	<u>58,924</u>	<u>341,225</u>
<b>NET BOOK VALUE</b>					
At 31 March 2013	<u>139,670</u>	<u>57,386</u>	<u>53,301</u>	<u>45,681</u>	<u>296,038</u>
At 31 March 2012	<u>167,530</u>	<u>62,661</u>	<u>71,068</u>	<u>58,448</u>	<u>359,707</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013

9 INVESTMENT PROPERTY

	Total £
<b>COST</b>	
At 1 April 2012 and 31 March 2013	<u>310,858</u>
<b>NET BOOK VALUE</b>	
At 31 March 2013	<u>310,858</u>
At 31 March 2012	<u>310,858</u>

The properties are stated at their original costs. In the opinion of the directors, this is not materially different from their current market value.

10 DEBTORS

	31.3.13 £	31.3.12 £
Amounts falling due within one year		
Trade debtors	1,599,516	2,122,494
Other debtors	-	364,527
Directors' current accounts	379,145	383,698
Prepayments	34,470	-
	<u>2,013,131</u>	<u>2,870,719</u>
Amounts falling due after more than one year		
S 455 tax recoverable	59,178	-
Other debtors	620,494	-
	<u>679,672</u>	<u>-</u>
Aggregate amounts	<u>2,692,803</u>	<u>2,870,719</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.13 £	31.3.12 £
Trade creditors	1,961,840	1,791,028
Tax	364,062	505,962
S 455 tax payable	59,178	-
Social security and other taxes	8,869	13,020
VAT	61,677	162,631
Other creditors	39,958	9,245
Accrued expenses	229,481	-
	<u>2,725,065</u>	<u>2,481,886</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013

12 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	31.3.13	31 3 12
	£	£
Expiring In more than five years	36,000	36,000

13 PROVISIONS FOR LIABILITIES

	31.3.13	31 3 12
	£	£
Deferred tax	42,160	57,079
		Deferred tax £
Balance at 1 April 2012		57,079
Credit to profit and loss account during year		(14,919)
Balance at 31 March 2013		42,160

The provision for deferred taxation is made up of accelerated capital allowances

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	31.3.13	31 3 12
			£	£
100	Ordinary	1	100	100
10	B Ordinary	1	10	10
			110	110

15 RESERVES

	Profit and loss account £
At 1 April 2012	1,589,764
Profit for the year	488,191
Dividends	(317,525)
At 31 March 2013	1,760,430

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**16 TRANSACTIONS WITH DIRECTORS**

The following loans to directors subsisted during the years ended 31 March 2013 and 31 March 2012

	<b>31.3.13</b>	31 3 12
	<b>£</b>	<b>£</b>
<b>M Mazhar</b>		
Balance outstanding at start of year	117,525	217,664
Amounts advanced	184,000	-
Amounts repaid	(117,525)	(100,139)
Balance outstanding at end of year	<u>184,000</u>	<u>117,525</u>
 <b>P M Turner</b>		
Balance outstanding at start of year	266,163	223,717
Amounts advanced	128,972	42,446
Amounts repaid	(200,000)	-
Balance outstanding at end of year	<u>195,135</u>	<u>266,163</u>

There are no specific terms for repayment of these loans and the loans carry no interest

The loans will be repaid by means of dividends declared within 9 months of the year end

**17 RELATED PARTY DISCLOSURES**

During the year, total dividends of £317,525 were paid to the directors

During the year the company paid rent of £36,000 (2012 £36,000) to Adams Properties Limited, a company of which M Mazhar is a member and director

At 31 March 2013, Norman Bar Limited, a company controlled by M Mazhar, owed the company £620,494 (2012 £336,729) Funds have been lent to Norman Bar Limited to assist that company to refurbish office accommodation above the bar The value of the building is considerably in excess of the amount lent to Norman Bar Limited

During the year, the company received a management charge of £200,000 (2012 £150,000) from 08 Direct, a partnership between M Mahmood and P Turner, both of whom are directors of the company

During the year, the company paid accountancy fees of £36,000 (2012 £40,550) to M Proudlock & Co, a partnership of which M Mahmood is a partner

The company owns two residential properties, which are occupied rent-free by members of the directors' extended families

**18 ULTIMATE CONTROLLING PARTY**

The company is controlled by Mr Mahmood Mazhar, a director and the majority shareholder



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 13	31 3 12
	£	£
Profit for the financial year	488,191	496,018
Dividends	(317,525)	(328,947)
Dividends		
Net addition to shareholders' funds	170,666	167,071
Opening shareholders' funds	1,589,874	1,422,803
Closing shareholders' funds	1,760,540	1,589,874