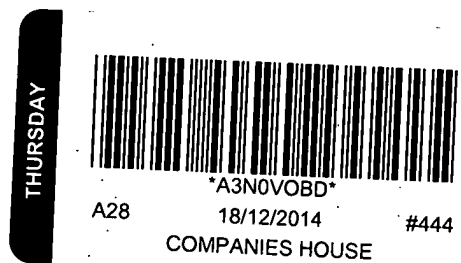


**NEW CALL TELECOM LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**



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**NEW CALL TELECOM LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Dr J P Booth - Chairman (appointed 26 June 2013)  
N A Eastwood - Chief Executive Officer  
R C Jennings - Chief Finance Officer  
G R Pestell - Group Product Director  
N J Lynch-Aird (appointed 26 June 2013)

**REGISTERED NUMBER**

07298834

**REGISTERED OFFICE**

c/o Collards Chartered Accountants  
2 High Street  
Kingston upon Thames  
Surrey  
KT1 1EY

**INDEPENDENT AUDITOR**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**BANKERS**

National Westminster Bank Plc  
501 Silbury Boulevard  
Milton Keynes  
MK9 3ER

Barclays Bank Plc  
2 Pall Mall  
Leicester  
Leicestershire  
LE87 2BB

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**NEW CALL TELECOM LIMITED**

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## NEW CALL TELECOM LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

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The directors present their strategic report for the year ended 31 March 2014.

#### BUSINESS REVIEW

New Call Telecom is a young and dynamic telecoms provider owned and managed by an experienced team of UK telecoms professionals. New Call Telecom provides telecommunication services in the UK under the following retail brands:

**FUEL Saver** (home phone, line rental, broadband and complementary services)

**FUEL Business** (a complete portfolio of telecommunications solutions for business)

**Planet Talk** (a range of discount international calling services)

**Just Dial** (a range of discount international calling services)

**Rate Buster** (a range of discount international calling services)

The year ended 31 March 2014 was a transformational year for the New Call Telecom business. The year began with the business under its previous ownership and financing structure which, although it had enabled the development of the business through its early stages, had become increasingly clear would not provide the resources needed to take it to the next level. The development of the business had slowed due to working capital constraints and the distraction of the senior management team on resolving the uncertainty over its future ownership and direction.

On 26 June 2013 the company was acquired by its current owner, New Call Telecom Holdings Limited, an acquisition vehicle formed for the purpose by Dr Jerome Booth, Chairman and principal investor through his private office, New Sparta Limited, and the senior management team of New Call Telecom.

As well as resolving the uncertainty around the future of the business the acquisition had a number of beneficial financial and operational impacts on the company including:

- the simplification of the company's financing structure;
- the waiver of historic indebtedness of approximately £2.5 million; and
- the availability of a substantial new source of development capital.

Since the change in ownership structure the management team has moved rapidly to invest in the future of the New Call Telecom business by:

- significantly increasing expenditure on the acquisition of new customers (expenditure increased from £1.0 million in 2013 to £5.2 million in 2014) and in raising the profile of the business and its rebrand in October 2014 using enhanced advertising, marketing spend and channels;
- recruiting additional headcount, primarily customer facing staff in the UK contact centre; and
- relocating, improving and significantly expanding the company's UK contact centre in Burnley to larger bespoke call centre premises in Nelson, thus continuing the company's legacy in the heart of the North West.

The programme of investment has established New Call Telecom as one of the fastest growing residential telecom service providers in the UK with a growing presence in India.

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## NEW CALL TELECOM LIMITED

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### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2014

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The results for the financial year ended 31 March 2014 reflect the significantly enhanced operational investment in the business as well as the costs associated with the change in ownership and refinancing which took place in the period. Much of the investment expenditure has been charged to profit and loss account in the period. Although the results show a substantial loss in the period as a result, and the investment process has continued after the balance sheet date, the results are in accordance with management expectations. The directors consider that the ongoing investment in the New Call Telecom business will yield considerable financial benefits in future periods.

#### PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the business and could cause actual results to differ materially from expected results. Management consider the following to be the significant risks and uncertainties attaching to the business:

##### Liquidity risk

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

External funding facilities are managed to ensure that both short-term and longer-term funding is available to provide short-term flexibility whilst providing sufficient funding to the working capital requirements of the business.

##### Credit risk

The company extends credit to customers of various durations depending on customer creditworthiness and industry custom and practice for the product or service. In the event that a customer proves unable to meet payments when they fall due, the company will suffer adverse consequences.

To manage this, the company continually monitors credit terms to ensure that no single customer is granted credit inappropriate to its credit risk. Additionally, over 90% of our customer receipts are by monthly direct debit. The risk is further reduced by the customer base being spread across all industry and service sectors.

##### Competitor risk

The company operates in a highly competitive market with rapidly changing product and pricing innovations. We are subject to the threat of our competitors launching new products in our markets (including updating product lines) before we make corresponding updates and development to our own product range. This could render our products and services out of date and could result in loss of market share.

To reduce this risk, we undertake new product development and maintain strong supplier relationships to ensure that we have products at various stages of the life cycle.

Competitor risk also manifests itself in price pressures which are usually experienced in more mature markets. This results not only in downward pressure on our gross margins but also in the risk that our products are not considered to represent value for money. The company therefore monitors market prices on an ongoing basis.

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## NEW CALL TELECOM LIMITED

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### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2014

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#### Execution and integration risks associated with acquisitions

The company has a stated strategy which includes the acquisition of businesses. The Board acknowledges that there is a risk of operational disturbance in the course of integrating acquired businesses with existing operations.

The company mitigates this risk by careful planning and rigorous due diligence.

Other risk management objectives include:

- continued focus on broadening the product range, particularly with regard to data connectivity;
- Increasing diversification of business customers are across all industries;
- trade suppliers and partners are all top-tier suppliers, providing confidence in the continuity and reliability of service to customers;
- highly fragmented telecom reseller market provides acquisition opportunities for further consolidation; and
- the company has agreed development capital facilities with its parent undertaking.

#### KEY PERFORMANCE INDICATORS

Management consider the following to be key financial and non-financial performance indicators for the business:

KPI	2014	2013
Sales growth (%)	21.4%	15.3%
Residential customer numbers (round thousands)	95	47
Routes to market via online affiliate partners	650	500

With significant growth in the monthly subscriber/customer base, New Call Telecom today is a price leader in the UK residential telecom market through its brands FUEL Saver, which offers phone and broadband packages, and Planet Talk, Just Dial and Rate Buster, the low cost international calls services. The period of unprecedented growth since the change in ownership has seen New Call Telecom increase its customer base by more than 100% while turnover has increased at roughly £20 million per annum on an annualised basis. The company was acquiring up to 12,000 customers a month in late 2013 and Q1 of 2014.

By focusing on online activity, New Call Telecom has also grown its online affiliate partners to a base of over 650 channels; an increase of 30% since the start of 2013.

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**NEW CALL TELECOM LIMITED**

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**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**STRATEGY AND FUTURE DEVELOPMENTS**

A key strategic goal of New Call Telecom is to capture the massive opportunity that its growing presence in the telecom sector in India presents surrounding data transit, usage manipulation, and streaming; wherever possible collaborating with other incumbent telecom operators efforts and generating completely new revenue streams in the sector in India by identifying synergies across a number of different existing businesses. The medium to long-term strategy involves looking at complimentary opportunities and building synergies around its different business areas involving data analytics and e-commerce, thus, developing a unified communications platform.

This report was approved by the board on 11 November 2014 and signed on its behalf.



**R C Jennings** Chief Finance Officer  
Director

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## NEW CALL TELECOM LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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The directors present their report and the financial statements for the year ended 31 March 2014.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £10,226,378 (2013 - loss £3,266,186).

The directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013 - £nil).

#### DIRECTORS

The directors who served during the year were:

Dr J P Booth - Chairman (appointed 26 June 2013)  
N A Eastwood - Chief Executive Officer  
R C Jennings - Chief Finance Officer  
G R Pestell - Group Product Director  
N J Lynch-Aird (appointed 26 June 2013)

A L R Morton - Former Chairman (resigned on 26 June 2013)

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**NEW CALL TELECOM LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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**MATTERS COVERED IN THE STRATEGIC REPORT**

As required by s414C(11) of the Companies Act 2006, the strategic report contains a fair review of the business; the principal risks and uncertainties faced by the business; and the key financial and non-financial performance indicators as considered by the board of directors. This information is therefore excluded from the directors' report.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**AUDITOR**

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 November 2014 and signed on its behalf.



**R C Jennings** Chief Finance Officer  
Director

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## NEW CALL TELECOM LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CALL TELECOM LIMITED

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We have audited the financial statements of New Call Telecom Limited for the year ended 31 March 2014, set out on pages 9 to 21. 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 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 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, 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 Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its loss 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**NEW CALL TELECOM LIMITED**

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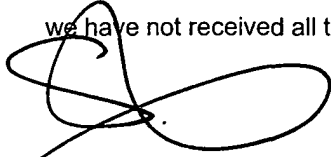
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CALL TELECOM LIMITED**

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**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.



Stephen Bullock (Senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

12 November 2014

**NEW CALL TELECOM LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	1,2	<b>18,992,239</b>	<b>15,643,234</b>
Cost of sales		<u>(15,343,065)</u>	<u>(11,444,114)</u>
<b>GROSS PROFIT</b>		<b>3,649,174</b>	<b>4,199,120</b>
Administrative expenses		<u>(8,646,009)</u>	<u>(3,936,220)</u>
<b>OPERATING (LOSS) PROFIT BEFORE AMORTISATION &amp; SAC</b>	3	<b>(4,996,835)</b>	<b>262,900</b>
Amortisation		<u>(1,522,749)</u>	<u>(1,522,749)</u>
Sales acquisition costs		<u>(5,240,576)</u>	<u>(1,027,106)</u>
<b>TOTAL OPERATING LOSS</b>		<b>(11,760,160)</b>	<b>(2,286,955)</b>
<b>EXCEPTIONAL ITEMS</b>			
Interest credit arising on restructuring	7	<u>2,487,657</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(9,272,503)</b>	<b>(2,286,955)</b>
Interest payable and similar charges	6	<u>(953,875)</u>	<u>(979,231)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(10,226,378)</b>	<b>(3,266,186)</b>
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	<b><u>(10,226,378)</u></b>	<b><u>(3,266,186)</u></b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

**NEW CALL TELECOM LIMITED**  
**REGISTERED NUMBER: 07298834**

**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	9	2,834,671	4,357,420
Tangible assets	10	3,811,636	2,769,756
		<u>6,646,307</u>	<u>7,127,176</u>
<b>CURRENT ASSETS</b>			
Debtors	11	3,923,414	2,138,213
Cash at bank		192,884	10,765
		<u>4,116,298</u>	<u>2,148,978</u>
<b>CREDITORS:</b> amounts falling due within one year	12	<u>(9,341,988)</u>	<u>(8,241,421)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(5,225,690)</u>	<u>(6,092,443)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,420,617</u>	<u>1,034,733</u>
<b>CREDITORS:</b> amounts falling due after more than one year	13	<u>(17,224,261)</u>	<u>(6,611,999)</u>
<b>NET LIABILITIES</b>		<u>(15,803,644)</u>	<u>(5,577,266)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	387,157	387,157
Share premium account	15	82,409	82,409
Profit and loss account	15	<u>(16,273,210)</u>	<u>(6,046,832)</u>
<b>SHAREHOLDERS' DEFICIT</b>	16	<u>(15,803,644)</u>	<u>(5,577,266)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 November 2014.

  
**R C Jennings - Chief Finance Officer**  
 Director

The notes on pages 11 to 21 form part of these financial statements.

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## NEW CALL TELECOM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

During the accounting period New Call Telecom Limited secured new financial backing enabling the company to repay its existing loans and deep discounted bonds. Further working capital loans have been made available to the company from its new parent company, New Call Telecom Holdings Limited, and its new owners to enable the company to meet the short term cash requirements of the business as it undertakes a period of growth. The directors have been informed that sufficient working capital will be made available by the new parent company to enable New Call Telecom Limited to fund its continuing development for a period of at least twelve months from the date of approval of the financial statements.

The directors therefore feel it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Net revenue is derived from carrying a mix of business, residential and carrier long distance traffic, data and internet traffic.

For certain voice services, net revenue is earned based on the number of minutes during a call and are recorded upon completion of a call. Revenue for a period is calculated from information received through the network switches. The company's systems allow it to track the information from the switch and analyse the call detail records against stored detailed information about revenue rates. This system provides the company with the ability to carry out a timely and accurate analysis of revenue earned in a period. Separate prepaid services software is used to track additional information related to prepaid service usage such as activation date, monthly usage amounts and expiration date.

Net revenue is also earned on a fixed monthly fee basis for certain products. Data/internet services include monthly fees collected for the provision of a number of plans. These fees are recognised as access is provided on a monthly basis. Additionally, service activation and installation fees are deferred and amortised over the contract term. The company records payments received in advance for services and services to be provided under contractual agreements, such as Internet broadband as deferred revenue until such related services are provided.

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## NEW CALL TELECOM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

On acquisition the company also seeks to identify other intangible assets such as customer contracts. Acquired intangible assets such as customer contracts acquired through a business combination are capitalised separately from goodwill and amortised over their expected useful lives of up to five years on a straight line basis. The value attributed to such assets is based on the future economic benefit that is expected to be derived from them. The method of amortisation reflects the pattern in which the assets are expected to be consumed.

##### 1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	12.5 - 33% straight line
Fixtures & fittings - Customer premises equipment	-	Initial customer contract length
Computer equipment	-	33% straight line
Computer software	-	10% straight line

##### 1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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**NEW CALL TELECOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.10 Sales acquisition costs**

Expenses incurred to acquire new customers in the form of commissions paid to third parties are charged to the profit and loss account as they are incurred.

**2. TURNOVER**

The whole of the turnover is attributable to the provision of telecommunications services to both residential and commercial customers.

All turnover arose within the United Kingdom.

**3. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amortisation - intangible fixed assets	<b>1,522,749</b>	<b>1,522,749</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>1,877,750</b>	<b>420,834</b>
Auditor's remuneration	<b>20,000</b>	<b>21,000</b>
Auditor's remuneration - non-audit	<b>5,700</b>	<b>2,400</b>
Operating lease rentals:		
- other operating leases	<b>202,260</b>	<b>176,976</b>
	<b><u>202,260</u></b>	<b><u>176,976</u></b>

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NEW CALL TELECOM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

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4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	2,120,316	1,446,032
Social security costs	169,435	132,846
	<u>2,289,751</u>	<u>1,578,878</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Senior executives	6	6
Professional roles	21	11
Administration and customer services	78	37
Apprentices	8	5
	<u>113</u>	<u>59</u>

5. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>529,834</u>	<u>257,582</u>

The highest paid director received remuneration of £299,070 (2013 - £94,000).

The emoluments of Dr Jerome Booth were paid through his company, New Sparta Limited.

6. INTEREST PAYABLE

	2014 £	2013 £
On other loans and finance charges	<u>953,875</u>	<u>979,231</u>

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**NEW CALL TELECOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**7. EXCEPTIONAL ITEMS**

	2014 £	2013 £
Interest credit arising on restructuring	<u>2,487,657</u>	<u>-</u>

The exceptional item of interest credit amounting to £2,487,657 arose when previously accrued interest arising on Deep Discounted Bonds was reversed in a refinancing arrangement. Further information on this refinancing arrangement can be found in note 19.

**8. TAXATION**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(10,226,378)</u>	<u>(3,266,186)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	<u>(2,352,067)</u>	<u>(783,885)</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,218	67,582
Capital allowances for year in excess of depreciation	374,382	81,500
Short term timing difference leading to an increase (decrease) in taxation	(233,538)	-
Unrelieved tax losses carried forward	<u>2,210,005</u>	<u>634,803</u>
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The company has unutilised trading losses carried forward of £14,353,000 (2013: £4,744,000). In accordance with FRS 19, no deferred tax asset has been recognised in respect of these amounts. The directors will continue to assess in the future whether a deferred tax asset should be recognised in respect of this item.

NEW CALL TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

9. INTANGIBLE FIXED ASSETS

	Customer contracts £	Goodwill £	Total £
<b>Cost</b>			
At 1 April 2013 and 31 March 2014	4,005,423	3,608,323	7,613,746
<b>Amortisation</b>			
At 1 April 2013	2,007,161	1,249,165	3,256,326
Charge for the year	801,085	721,664	1,522,749
At 31 March 2014	2,808,246	1,970,829	4,779,075
<b>Net book value</b>			
At 31 March 2014	1,197,177	1,637,494	2,834,671
At 31 March 2013	1,998,262	2,359,158	4,357,420

10. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Computer equipment £	Computer software £	Total £
<b>Cost</b>				
At 1 April 2013	1,008,601	350,000	1,892,229	3,250,830
Additions	2,859,046	-	60,584	2,919,630
At 31 March 2014	3,867,647	350,000	1,952,813	6,170,460
<b>Depreciation</b>				
At 1 April 2013	272,688	145,834	62,552	481,074
Charge for the year	1,568,128	116,667	192,955	1,877,750
At 31 March 2014	1,840,816	262,501	255,507	2,358,824
<b>Net book value</b>				
At 31 March 2014	2,026,831	87,499	1,697,306	3,811,636
At 31 March 2013	735,913	204,166	1,829,677	2,769,756

**NEW CALL TELECOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**11. DEBTORS**

	2014 £	2013 £
Trade debtors	1,863,718	1,249,662
Other debtors	873,761	62,239
Called up share capital not paid	-	86,573
Prepayments and accrued income	1,185,935	739,739
	<u>3,923,414</u>	<u>2,138,213</u>

**12. CREDITORS:  
Amounts falling due within one year**

	2014 £	2013 £
Other loans	3,500,000	4,556,784
Deep discounted bonds - net of expenses (note 13 refers)	-	750,000
Trade creditors	4,093,437	1,764,830
Amounts owed to related parties	85,000	1,037
Other taxation and social security	53,215	95,525
Accruals and deferred income	1,610,336	1,073,245
	<u>9,341,988</u>	<u>8,241,421</u>

Other loans of £3,500,000 represent deferred amounts due to Hawk Investment Holdings Limited payable on 1 September 2014 and secured by way of a guarantee and debenture over the assets of New Call Telecom Holdings Limited.

The loans were fully repaid by the due date.

**13. CREDITORS:  
Amounts falling due after more than one year**

	2014 £	2013 £
Deep discounted bonds - net of expenses	-	4,721,999
Amounts owed to parent undertaking	15,550,261	-
Trade creditors	1,674,000	1,890,000
	<u>17,224,261</u>	<u>6,611,999</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>810,000</u>	<u>1,026,000</u>

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**NEW CALL TELECOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. CREDITORS:**

**Amounts falling due after more than one year (continued)**

The deep discount bonds were issued in two tranches, as follows:

On 1 October 2010 and 30 June 2011, bonds of £3,000,000 and £2,950,000 respectively were issued to Hawk Investment Holdings Limited, repayable by installments. The deep discount bonds were secured by a debenture dated 1 October 2010 comprising a first legal mortgage and the first fixed charge over all the undertakings of New Call Telecom Limited. As set out in note 19, during the year the deep discounted bonds and other loans then outstanding were renegotiated, partially waived and subject to new security arrangements and repayment terms.

Amounts owed to parent undertaking totalling £15,550,261 are secured by way of a debenture in favour of Dr Jerome Booth over all the assets of New Call Telecom Limited and its parent undertaking, New Call Telecom Holdings Limited.

**14. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
3,871,565 (2013 - 91,565) Ordinary shares of £0.10 each	387,157	9,157
378,000 A Ordinary shares of £1 each	-	378,000
	<u>387,157</u>	<u>387,157</u>

On 26 June 2013 the company passed a special resolution so that each of the 378,000 'A' shares of £1 each are subdivided into 3,780,000 A shares of £0.10 each. The 3,780,000 'A' shares have been redesignated 'Ordinary' shares.

**15. RESERVES**

	Share premium account £	Profit and loss account £
At 1 April 2013	82,409	(6,046,832)
Loss for the financial year		(10,226,378)
At 31 March 2014	<u>82,409</u>	<u>(16,273,210)</u>

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NEW CALL TELECOM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(5,577,266)	(2,311,080)
Loss for the financial year	(10,226,378)	(3,266,186)
Closing shareholders' deficit	<u>(15,803,644)</u>	<u>(5,577,266)</u>

17. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014 £	2013 £
Expiry date:		
Within 1 year	158,801	64,000
Between 2 and 5 years	-	162,255

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## NEW CALL TELECOM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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#### 18. RELATED PARTY TRANSACTIONS

At the balance sheet date New Call Telecom Limited was a subsidiary of New Call Telecom Holdings Limited. The group has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has not reported transactions with wholly owned group undertakings.

In a refinancing transaction which completed on the 26 June 2013, the entire issued share capital of the company was purchased by New Call Telecom Holdings Limited, the new ultimate parent undertaking.

As part of the refinancing transaction:

- The deep discounted bonds and other loans then outstanding were renegotiated, partially waived and subject to new security arrangements and repayment terms over a period ending on 1 September 2014;
- The repayment of the renegotiated liabilities under the deep discounted bonds and other loans in the period ending 1 September 2014 was financed by the provision of new loan facilities to the company by its new parent undertaking, New Call Telecom Holdings Limited, such loan arrangements extending at least 12 months from the date of approval of these financial statements; and
- Additional working capital facilities were extended to the company by its new parent undertaking.

This refinancing arrangement resulted in an interest credit arising from the reversal of accrued interest charges no longer payable. The total credit amounted to £2.4m and has been disclosed as an exceptional item.

New Call Telecom India Private Limited is a related party due to common directorships with New Call Telecom Limited. During the year New Call Telecom India Private Limited made recharges for staff and other operating expenses amounting to £420,000 to the company. At the year end, included within creditors are amounts owed to New Call Telecom India Private Limited amounting to £31,637 (2013 - £1,037).

Lynch Aird Consulting LLP is a related party through common director/member. During the year Lynch Aird Consulting LLP invoiced the company amounts totalling £7,429 for consultancy work. At the year end, included within creditors, are amounts owed to Lynch Aird Consulting LLP amounting to £7,429.

New Sparta Limited is a related party through common directors/shareholders. During the year New Sparta Limited invoiced the company amounts totalling £45,934 in relation to emoluments and expenses incurred by the Director of the company, Dr Jerome Booth. At the year end, included within creditors, are amounts owed to New Sparta Limited amounting to £45,934.

Hawk Investment Holdings Limited is a former related party through common ownership. At the balance sheet date, included within creditors due less than one year are amounts of £3,500,000 (2012 - £2,300,000) of loans due to Hawk Investment Holdings Limited. Interest is being accrued at 0% (2013: 10%) per annum on these amounts.

Included within creditors are the following amounts owed to Hawk Investment Holdings Limited in respect of deep discounted bonds at the balance sheet date:

Creditors due within one year £nil (2013 - £750,000).

Creditors due greater than one year £nil (2012 - £4,721,999).

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**NEW CALL TELECOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The parent undertaking of the smallest and largest group for which consolidated financial statements are prepared is New Call Telecom Holdings Limited. A copy of this company's consolidated financial statements is available from Companies House, Cardiff.

The ultimate controlling party at the balance sheet date was Dr Jerome Booth by virtue of his controlling interest in New Call Telecom Holdings Limited.