

Company Registration No. 4613736 (England and Wales)

COMMS FACTORY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2007

Carpenter Box LLP
Chartered Accountants
Grafton Lodge
15 Grafton Road
Worthing
West Sussex
BN11 1QR

FRIDAY



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25/04/2008
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COMMS FACTORY LIMITED

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COMMS FACTORY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2007

The directors present their report and financial statements for the year ended 31 July 2007

Principal activities

The principal activity of the company continued to be that of the provision of wholesale telecommunication services

Directors

The following directors have held office since 1 August 2006

Mr G M Thornley

Mr S Fletcher

(Resigned 4 April 2007)

Mr O Bloodworth

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carpenter Box LLP be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and 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 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 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

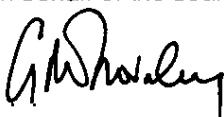
Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the board



Mr G M Thornley

Director

1/4/08

COMMS FACTORY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMS FACTORY LIMITED

We have audited the financial statements of Comms Factory Limited for the year ended 31 July 2007 set out on pages 3 to 10. 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

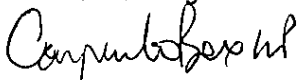
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Carpenter Box LLP
Chartered Accountants
Registered Auditor

2-4-2008

Grafton Lodge
15 Grafton Road
Worthing
West Sussex
BN11 1QR

COMMS FACTORY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2007

		Year ended 31 July 2007 £	Year ended 31 July 2006 £
	Notes		
Turnover		13,843,505	14,064,675
Cost of sales		(13,550,612)	(13,178,706)
Gross profit		292,893	885,969
Administrative expenses		(373,112)	(412,914)
Operating (loss)/profit	2	(80,219)	473,055
Other interest receivable and similar income	3	50	-
Interest payable and similar charges		(9)	(6,116)
(Loss)/profit on ordinary activities before taxation		(80,178)	466,939
Tax on (loss)/profit on ordinary activities	4	16,449	(44,300)
(Loss)/profit for the year	10	(63,729)	422,639

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

COMMS FACTORY LIMITED

PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

Note of historical cost profits and losses

	Year ended 31 July 2007 £	Year ended 31 July 2006 £
Reported (loss)/profit on ordinary activities before taxation	(80,178)	466,939
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	38,528	38,529
Historical cost (loss)/profit on ordinary activities before taxation	<u>(41,650)</u>	<u>505,468</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>(25,201)</u>	<u>461,168</u>

COMMS FACTORY LIMITED


BALANCE SHEET AS AT 31 JULY 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	5		67,199		159,814
Current assets					
Debtors	6	2,181,403		2,167,106	
Cash at bank and in hand		134,785		222,895	
		<u>2,316,188</u>		<u>2,390,001</u>	
Creditors amounts falling due within one year	7	<u>(2,324,680)</u>		<u>(2,432,079)</u>	
Net current liabilities			(8,492)		(42,078)
Total assets less current liabilities			58,707		117,736
Provisions for liabilities	8		(11,000)		(6,300)
			<u>47,707</u>		<u>111,436</u>
Capital and reserves					
Called up share capital	9		150		150
Revaluation reserve	10		-		38,528
Profit and loss account	10		47,557		72,758
Shareholders' funds	11		<u>47,707</u>		<u>111,436</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board and authorised for issue on

1/4/08


Mr G M Thornley
Director

COMMS FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets, and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises income in respect of telecommunications services net of VAT and trade discounts, recognised based on the actual time used by customers (measured to the nearest second) and includes time not yet invoiced at the year end. Line rental invoiced in advance is recognised in the month to which it relates

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

Computer equipment & software over 3 years straight line basis

1.4 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes in accordance with Financial Reporting Standard 19. The deferred tax balance has not been discounted

1.5 Client monies

The company acts as agent for a number of its clients, collecting funds from their respective individual customers. Monies collected are held in separate bank accounts designated to each client before being transferred to them on a regular basis, under the terms of the agreements in place. Monies held in these separately designated client accounts at the balance sheet date have been recognised as assets and liabilities in the financial statements in accordance with generally accepted accounting practice

2	Operating (loss)/profit	2007	2006
		£	£
	Operating (loss)/profit is stated after charging		
	Depreciation of tangible assets	135,010	114,335
	Auditors' remuneration	5,000	6,000
	Directors' emoluments	-	87,084
		<u> </u>	<u> </u>
3	Investment income	2007	2006
		£	£
	Bank interest	50	-
		<u> </u>	<u> </u>

COMMS FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

4	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	-	38,000
	Adjustment for prior years	(21,149)	-
	Current tax charge	(21,149)	38,000
	Deferred tax		
	Deferred tax charge/credit current year	4,700	6,300
		(16,449)	44,300
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(80,178)	466,939
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	(24,053)	140,082
	Effects of		
	Non deductible expenses	77	32
	Depreciation add back	40,500	34,300
	Capital allowances	(16,733)	(15,822)
	Tax losses utilised/carried forward	209	(118,317)
	Adjustments to previous periods	(21,149)	-
	Marginal rate relief	-	(2,275)
		2,904	(102,082)
	Current tax charge	(21,149)	38,000

No deferred tax liability has been provided on revalued fixed assets to recognise the gain that would arise if they were sold at their carrying value at the balance sheet. This is because there are no binding commitments or any intentions to dispose of these assets in the foreseeable future. The potential liability that has not been recognised is £Nil (2006 - £10,100).

COMMS FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

5 Tangible fixed assets

	Computer equipment & software £
Cost	
At 1 August 2006	473,161
Additions	42,395
	<hr/>
At 31 July 2007	515,556
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Depreciation	
At 1 August 2006	313,347
Charge for the year	135,010
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At 31 July 2007	448,357
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Net book value	
At 31 July 2007	67,199
	<hr/>
At 31 July 2006	159,814
	<hr/>

Certain specialised computer software is included in the financial statements at its valuation of £250,000 on 31 July 2004. This valuation was carried out by the directors on a prudent basis having regard to its market value. The depreciation charge for the year relating to this software is £62,500 (2006 - £62,500).

On an historical cost basis the software would have been included at a cost of £115,063 (2006 - £115,063) and accumulated depreciation of £115,063 (2006 - £86,298).

6 Debtors	2007 £	2006 £
Trade debtors	2,064,473	2,157,395
Amounts owed by group undertakings and undertakings in which the company has a participating interest	72,772	6,706
Other debtors	44,158	3,005
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	2,181,403	2,167,106
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COMMS FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

7	Creditors amounts falling due within one year	2007 £	2006 £
	Bank loans and overdrafts	729,906	-
	Trade creditors	988,053	1,759,448
	Amounts owed to parent and fellow subsidiary undertakings	546,931	496,487
	Corporation tax	8,351	38,000
	Other taxes and social security costs	-	103,498
	Accruals and deferred income	1,000	12,466
	Client monies	50,439	22,180
		<u>2,324,680</u>	<u>2,432,079</u>

The company is included in a joint security arrangement whereby all present and future indebtedness and liabilities owing to the bank are secured by a composite unlimited multilateral guarantee and a debenture given by all companies in the OneBill group. At the balance sheet date the liability due under this arrangement amounted to £697,759 (2006 - £nil)

8	Provisions for liabilities	Deferred tax liability £
	Balance at 1 August 2006	6,300
	Profit and loss account	4,700
	Balance at 31 July 2007	<u>11,000</u>

The deferred tax liability is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	<u>11,000</u>	<u>6,300</u>
9 Share capital	2007 £	2006 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
150 ordinary shares of £1 each	<u>150</u>	<u>150</u>

COMMS FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

10 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 August 2006	38,528	72,758
Loss for the period	-	(63,729)
Depreciation written back	(38,528)	38,528
Balance at 31 July 2007	-	47,557

11 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss)/Profit for the financial year	(63,729)	422,639
Opening shareholders' funds	111,436	(311,203)
Closing shareholders' funds	47,707	111,436

12 Control

The ultimate parent company is OneBill Group Limited, a company registered in England and Wales, of which Mr G M Thornley is the sole shareholder. The immediate parent company is OneBill Limited.

13 Related party transactions

During the year the company made sales totalling £11,359,093 to OneBill Telecom Limited, a fellow subsidiary of OneBill Group Limited. The company was also charged £125,275 by OneBill Telecom Limited for wages and salaries costs incurred by OneBill Telecom Limited on behalf of the company. At the balance sheet date an amount of £465,603 was due to OneBill Telecom Limited.

At the balance sheet date the company was owed £72,772 by OneBill Limited, its immediate parent company.

During the year the company purchased goods and services totalling £509,958 from IZR Solutions Limited, and sold goods and services totalling £70,939 to that company. At the balance sheet date the company owed £81,328 to IZR Solutions Limited. IZR Solutions Limited is under the ultimate control of Mr G M Thornley.

During the year the company was charged a total of £175,372 in respect of billing provisioning services by Symbiant Technologies Limited, a company in which Mr G M Thornley, director and sole shareholder of OneBill Group Limited, the ultimate parent company, has a significant minority shareholding.