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REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013
FOR
ACCENT TELECOM UK LIMITED



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FOR THE YEAR ENDED 30 SEPTEMBER 2013

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ACCENT TELECOM UK LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2013

DIRECTORS: D Giddens
N B T Scallan (appointed 7th March 2014)
A Bonner (resigned 26th March 2014)

SECRETARY: WJM Secretaries Limited

REGISTERED OFFICE: 93 Headlands
Kettering
Northamptonshire
NN15 6BL

REGISTERED NUMBER: 04613699 (England and Wales)

AUDITORS: Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
95 Bothwell Street
Glasgow
G2 7JZ

BANKERS: HSBC Bank Plc
5 St Clair House
Old Bedford
Northampton
NN4 1AA

SOLICITORS: Wright, Johnston & Mackenzie LLP
302 St Vincent Street
Glasgow
G2 5RZ

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

The directors report has been prepared in accordance with the special provision for small companies under Part 15 of the Companies Act 2006.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2013 (2012: Nil).

DIRECTORS

D Giddens has held office during the whole of the period from 1 October 2012 to the date of this report.

Other changes in directors holding office are as follows:

N B T Scallan was appointed as a director on 7th March 2014.

A Bonner resigned as director on 26th March 2014.

DIRECTOR'S RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Annual 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 laws). 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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 auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

RISK MANAGEMENT

The company finances its activities through equity. No speculative treasury transactions are undertaken and during the last two years no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash and investments.

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. The company policy throughout the year has been to ensure continuity of funding by a combination of equity funding and available bank facilities.

Interest rate risk

The interest rate on the company's cash at bank is determined by reference to the bank rate.

Credit risk

The company's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed regularly and significant outstanding items are brought to the attention of senior management. The credit control function follows a policy of sending statements on a monthly basis.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



D. Giddens - Director

4th August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCENT TELECOM UK LIMITED

We have audited the financial statements of Accent Telecom UK Ltd for the year ended 30th September 2013 which comprise the profit and loss account, balance sheet and the related notes. 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 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 members 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 set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 30th September 2013 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 Directors' Report 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.



Andrew Howie (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
95 Bothwell Street
Glasgow
G2 7JZ

Date: 6 August 2014

ACCENT TELECOM UK LIMITED (REGISTERED NUMBER: 04613699)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|----------------------|------------------|
| TURNOVER | 2 | 4,152,074 | 4,301,774 |
| Cost of sales | | <u>3,728,559</u> | <u>3,568,168</u> |
| GROSS PROFIT | | 423,515 | 733,606 |
| Administrative expenses | | <u>370,078</u> | <u>758,431</u> |
| OPERATING PROFIT/(LOSS) | 4 | 53,437 | (24,825) |
| Interest payable and similar charges | 5 | <u>5,171</u> | <u>3,274</u> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 48,266 | (28,099) |
| Tax on profit/(loss) on ordinary activities | 6 | <u>-</u> | <u>-</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>48,266</u> | <u>(28,099)</u> |

CONTINUING OPERATIONS

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

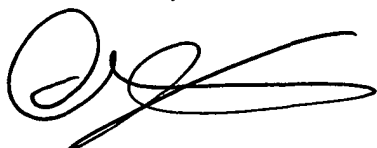
TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

BALANCE SHEET
30 SEPTEMBER 2013

| | Notes | 2013 | | 2012 | |
|--|-------|----------------|----------------|----------------|----------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 26,203 | | 41,208 |
| Investments | 8 | | <u>169,036</u> | | <u>169,036</u> |
| | | | 195,239 | | 210,244 |
| CURRENT ASSETS | | | | | |
| Stocks | 9 | 22,165 | | 40,996 | |
| Debtors | 10 | 961,607 | | 805,083 | |
| Cash at bank and in hand | | <u>293</u> | | <u>31,434</u> | |
| | | 984,065 | | 877,513 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 11 | <u>613,332</u> | | <u>558,072</u> | |
| NET CURRENT ASSETS | | | <u>370,733</u> | | <u>319,441</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 565,972 | | 529,685 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 12 | | <u>5,349</u> | | <u>17,328</u> |
| NET ASSETS | | | <u>560,623</u> | | <u>512,357</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 212,500 | | 212,500 |
| Profit and loss account | 15 | | <u>348,123</u> | | <u>299,857</u> |
| SHAREHOLDERS' FUNDS | 20 | | <u>560,623</u> | | <u>512,357</u> |

These financial statements were approved and authorised for issue by the Board of Directors on 4th August 2014 and were signed on its behalf by:



D Giddens - Director

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared on the going concern basis, this is appropriate as the company has the financial support of its ultimate parent company Pinnacle Technology Group plc.

Accounting convention

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Financial reporting standard number 1

Exemption has been taken from preparing a cashflow statement on the grounds that the company qualifies as a small company and is included in the consolidated cashflow of its parent, Pinnacle Technology Group plc.

Turnover

Turnover represents the value of work performed during the period plus the recognised value of sales in respect of maintenance and support contracts for the respective period, excluding VAT and trade discounts. Turnover from telecommunications services is based on the use of the relevant telecommunication services over the period.

Turnover attributable to the maintenance and support of systems is invoiced in accordance with the contract and is recognised on a straight-line basis over the support period. Deferred income arises where services are invoiced in advance of performance. The amount is released to the income statement in subsequent periods with reference to the stage of completion of the transaction at the balance sheet date.

Tangible fixed assets

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

| | |
|------------------|---|
| IT Equipment | - 25% on cost |
| Office equipment | - 33% on cost and equal instalments over the lease term |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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. STAFF COSTS

| | 2013 | 2012 |
|-----------------------|-----------------------|-----------------------|
| | £ | £ |
| Wages and salaries | 122,173 | 147,275 |
| Social security costs | <u>8,390</u> | <u>11,086</u> |
| | <u><u>130,563</u></u> | <u><u>158,361</u></u> |

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

| | 2013 | 2012 |
|-------------------|----------|----------|
| Operational staff | <u>7</u> | <u>8</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

4. OPERATING PROFIT/(LOSS)

The operating profit (2012 - operating loss) is stated after charging:

| | 2013 £ | 2012 £ |
|-----------------------------|---------------|---------------|
| Depreciation - owned assets | <u>16,775</u> | <u>14,353</u> |
| Directors' remuneration | <u>-</u> | <u>-</u> |

Auditors fees for both the current and the prior year periods were paid by the parent Pinnacle Technology Group plc.

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2013 £ | 2012 £ |
|---------------|--------------|--------------|
| Bank interest | 2,433 | 1,351 |
| Hire purchase | <u>2,738</u> | <u>1,923</u> |
| | <u>5,171</u> | <u>3,274</u> |

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2013 nor for the year ended 30 September 2012.

Factors affecting the tax charge

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

| | 2013 £ | 2012 £ |
|---|---------------|-----------------|
| Profit/(loss) on ordinary activities before tax | <u>48,266</u> | <u>(28,099)</u> |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 - 25%) | 9,653 | (7,025) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 237 | 660 |
| Depreciation in excess of capital allowances of depreciation | 1,981 | - |
| Tax losses | (11,871) | 6,365 |
| | <u>-</u> | <u>-</u> |
| Current tax charge | <u>-</u> | <u>-</u> |

The company has unrelieved losses of £1,652 as at 30th September 2013 (2012: £61,005).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

7. TANGIBLE FIXED ASSETS

| | IT Equipment £ | Office equipment £ | Totals £ |
|-----------------------|----------------------|--------------------------|----------------|
| COST | | | |
| At 1 October 2012 | 106,866 | 40,015 | 146,881 |
| Additions | <u>1,770</u> | <u>-</u> | <u>1,770</u> |
| At 30 September 2013 | <u>108,636</u> | <u>40,015</u> | <u>148,651</u> |
| DEPRECIATION | | | |
| At 1 October 2012 | 66,758 | 38,915 | 105,673 |
| Charge for year | <u>15,998</u> | <u>777</u> | <u>16,775</u> |
| At 30 September 2013 | <u>82,756</u> | <u>39,692</u> | <u>122,448</u> |
| NET BOOK VALUE | | | |
| At 30 September 2013 | <u>25,880</u> | <u>323</u> | <u>26,203</u> |
| At 30 September 2012 | <u>40,108</u> | <u>1,100</u> | <u>41,208</u> |

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful economic lives. Those held under finance leases are depreciated over their estimated useful economic lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

The cost of assets held under hire purchase agreements was £58,721 and total depreciation charged against these assets as at 30th September 2013 is £39,721

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

8. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ | Interest in associate £ | Totals £ |
|--|---|----------------------------------|----------------|
| COST | | | |
| At 1 October 2012 and 30 September 2013 | <u>10</u> | <u>169,026</u> | <u>169,036</u> |
| NET BOOK VALUE | | | |
| At 30 September 2013 | <u>10</u> | <u>169,026</u> | <u>169,036</u> |
| At 30 September 2012 | <u>10</u> | <u>169,026</u> | <u>169,036</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013

8. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Associated companies

Accent Telecom South Limited

Nature of business: Telecommunications services

| | | | |
|--------------------------------|---------|-----------------------|----------------|
| Class of shares: | % | | |
| Ordinary £1 | holding | | |
| | 30.00 | 30.09.13 | 30.09.12 |
| | | £ | £ |
| Aggregate capital and reserves | | 335,911 | 223,198 |
| Profit for the year | | <u>112,613</u> | <u>214,788</u> |

Accent Telecom North Ltd

Nature of business: Telecommunications services

| | | | |
|--------------------------------|---------|----------------------|---------------|
| Class of shares: | % | | |
| Ordinary £1 | holding | | |
| | 30.00 | 30.09.13 | 30.09.12 |
| | | £ | £ |
| Aggregate capital and reserves | | 21,898 | 7,261 |
| Profit for the year | | <u>14,637</u> | <u>21,683</u> |

Stripe 21 Limited

Nature of business: Telecommunications services

| | | | |
|--------------------------------|---------|----------------------|---------------|
| Class of shares: | % | | |
| Ordinary £1 | holding | | |
| | 40.00 | 30.09.13 | 30.09.12 |
| | | £ | £ |
| Aggregate capital and reserves | | (150,467) | (197,676) |
| Profit for the year | | <u>47,209</u> | <u>45,822</u> |

Pinnacle Midlands Limited (formerly CityX Limited)

Nature of business: Telecommunications services
(Dissolved 30 July 2013)

| | | | |
|--------------------------------|---------|-----------------|----------|
| Class of shares: | % | | |
| Ordinary £1 | holding | | |
| | 33.00 | 30.09.13 | 30.09.12 |
| | | £ | £ |
| Aggregate capital and reserves | | 1,000 | 1,000 |
| Profit / (loss) for the year | | <u>-</u> | <u>-</u> |

9. STOCKS

| | | |
|--------|----------------------|---------------|
| | 2013 | 2012 |
| | £ | £ |
| Stocks | <u>22,165</u> | <u>40,996</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Trade debtors | 233,763 | 165,931 |
| Amounts owed by group undertakings | 385,681 | 228,916 |
| Amounts owed by participating interests | - | 44,247 |
| Other debtors | 203,628 | 162,473 |
| VAT | 3,508 | 2,946 |
| Prepayments and accrued income | <u>135,027</u> | <u>200,570</u> |
| | <u>961,607</u> | <u>805,083</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Bank loans and overdrafts | 50,912 | - |
| Hire purchase contracts | 13,651 | 10,705 |
| Trade creditors | 273,167 | 287,894 |
| Amounts owed to participating interests | - | 22,629 |
| Tax | 2,470 | 2,470 |
| Social security and other taxes | 5,944 | 7,246 |
| Other creditors | 39,058 | 15,140 |
| Effective repayment to acquire investment | 3,123 | 3,123 |
| Accruals and deferred income | <u>225,007</u> | <u>208,865</u> |
| | <u>613,332</u> | <u>558,072</u> |

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2013 | 2012 |
|-------------------------|--------------|---------------|
| | £ | £ |
| Hire purchase contracts | <u>5,349</u> | <u>17,328</u> |

Amounts held under hire purchase agreements are secured on the asset concerned.

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | Hire purchase contracts | |
|----------------------------|--------------------------------|----------------------|
| | 2013 | 2012 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 13,651 | 10,705 |
| Between one and five years | <u>5,349</u> | <u>17,328</u> |
| | <u>19,000</u> | <u>28,033</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

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

| | Land and buildings | |
|-----------------|---------------------------|-------------|
| | 2013 | 2012 |
| | £ | £ |
| Expiring: | | |
| Within one year | - | 21,513 |

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2013 | 2012 |
|-----------|----------|----------------|-----------------------|-----------------------|
| | | | £ | £ |
| 2,125,000 | Ordinary | 10p | <u>212,500</u> | <u>212,500</u> |

15. RESERVES

| | Profit and loss account |
|----------------------|--------------------------------|
| | £ |
| At 1 October 2012 | 299,857 |
| Profit for the year | <u>48,266</u> |
| At 30 September 2013 | <u>348,123</u> |

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Pinnacle Technology Group plc, a company registered in England and Wales.

Pinnacle Technology Group plc prepares group financial statements and copies can be obtained from its registered office at 5 Fleet Place, London, EC4M 7RD or via the website at www.pinn.uk.com

17. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or commitments not already provided for in the financial statements of the business. (2012: Nil)

18. CAPITAL COMMITMENTS

The company had no capital commitments at 30 September 2013 or at 30 September 2012.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2013

19. RELATED PARTY DISCLOSURES

During the year the company incurred costs of £3,853 (2012: £3,333) in respect of purchases, accounting and consultancy services and other expenses provided by Plan 4 Profit Limited, a company controlled by D Giddens, director. The company also made sales of £324 (2012: £Nil) to Plan 4 Profit Limited during the year. The company also made sales of £1557 (2012: £7,474) to Stripe 21 Ltd, and incurred costs relating to telecom calls and rentals from Stripe 21 Ltd of £244,540 (2012: £263,567).

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 with regards to the non-disclosure of transactions between wholly owned group companies which are eliminated in the ultimate parent company's consolidated financial statements.

Creditors include £50,745 (2012: £22,629) in respect of amounts due to Accent Telecom North Ltd, an associated company.

Sales include £4,175 (2012: £3,383) in respect of billing to Accent Telecom North Limited and £934 (2012: £925) in respect of billing to Accent Telecom South Limited.

Purchases includes £277,824 (2012: £263,567) in respect of billing from Accent Telecom North Limited and £262,217 (2012: £279,853) in respect of billing from Accent Telecom South Limited, an associated company.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2013 | 2012 |
|---|-----------------------|-----------------|
| | £ | £ |
| Profit/(loss) for the financial year | <u>48,266</u> | <u>(28,099)</u> |
| Net addition/(reduction) to shareholders' funds | 48,266 | (28,099) |
| Opening shareholders' funds | <u>512,357</u> | <u>540,456</u> |
| Closing shareholders' funds | <u>560,623</u> | <u>512,357</u> |