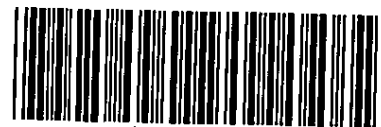


3254784

TELEDESIGN PLC
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD
1ST OCTOBER 2009 TO 29TH MARCH 2011

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**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

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TELEDESIGN PLC

**COMPANY INFORMATION
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

DIRECTORS

A J Baker
P E Travers

SECRETARY:

P E Travers

REGISTERED OFFICE

Broad House
The Broadway
Old Hatfield
Hertfordshire
AL9 5BG

REGISTERED NUMBER

3254784 (England and Wales)

**SENIOR STATUTORY
AUDITOR.**

Christopher Wright

AUDITORS:

Keelings Limited (Statutory Auditor)
Chartered Accountants
Broad House, 1 The Broadway
Old Hatfield
Hertfordshire
AL9 5BG

TELEDESIGN PLC (REGISTERED NUMBER: 3254784)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

The directors present their report with the financial statements of the company for the period 1st October 2009 to 29th March 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the provision of telecomms and related software services

REVIEW OF BUSINESS

During the course of the period the company made further progress in diversifying with other customers and acquired a number of major new accounts

The results for the period were initially, adversely affected by the loss of one of Teledesign's monthly customers, however, work continues on an 'ad Hoc' basis, which together with new and existing business has contributed towards overheads, at a more nearly economic rate

RISKS AND UNCERTAINTIES

We continue to develop our knowledge and understanding of our corporate responsibility risks. Our most significant risks continue to be -

- * breach of our code of business ethics,
- * supply chain working conditions

These risks are not regarded as material in relation to the company

DIVIDENDS

No dividends will be distributed for the period ended 29th March 2011

FIXED ASSETS

There were no changes in fixed assets in the period

FUTURE DEVELOPMENTS

Teledesign has the following active plans for the coming year 2011/12

- a) To further increase capacity and diversity
- b) To make improvements in geographic diversity
- c) To further diversify our services over other types and classes of business
- d) Further improvements and various developments - with special emphasis on reducing overheads as a proportion of capacity, thus increasing our margins to a more commercial rate
- e) To sign up additional customers

DIRECTORS

The directors shown below have held office during the whole of the period from 1st October 2009 to the date of this report

A J Baker
P E Travers

Other changes in directors holding office are as follows

N Couchman - resigned 1st April 2010

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's nominal policy on payment of creditors is to pay all agreed monthly balances at the end of the month following the month in which the invoice is dated (i.e. 30-60 days), unless such longer terms of credit have been agreed at the outset or are required by "Phone pay plus" (formerly known as ICSTIS)

Trade creditor days are 203 at the period end (2009 - 112 days), which increase was due to the significant movement in the current assets ratio by the period end of -88% from -38% previously. This represents the build up of costs by the period end, in developing sites and systems for clients, which 'logjam' can't be released until other 'Telcos', currently in dispute with BT, can complete their work.

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.

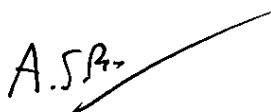
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Keelings Limited (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD.



A J Baker - Director

28th October 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TELEDESIGN PLC

We were engaged to audit the financial statements of Teledesign PLC for the period ended 29th March 2011 on pages 6 to 13. 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 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 described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

The standards also require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (revised)", in the circumstances set out in note fourteen to the financial statements.

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 financial statements 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.

Basis for disclaimer of opinion

In seeking to form an opinion on the financial statements we considered the implications of the significant uncertainties disclosed in the financial statements concerning the following matters:

- Adequate accounting records have not been kept by the Company in relation to the Company's trade debtors, which have a carrying amount of £141,674, so to enable us to obtain sufficient appropriate audit evidence concerning trade debtors.
- Adequate accounting records have not been kept by the Company in relation to the Company's trade creditors, which have a carrying amount of £271,374, so to enable us to obtain sufficient appropriate audit evidence concerning trade creditors.

There is potential for the uncertainties to interact with one another such that we have been unable to obtain sufficient appropriate audit evidence regarding the possible effect of the uncertainties taken together.

Disclaimer of opinion on financial statements

Because of the significance of the possible impact of the uncertainties, described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, to the financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TELEDESIGN PLC**

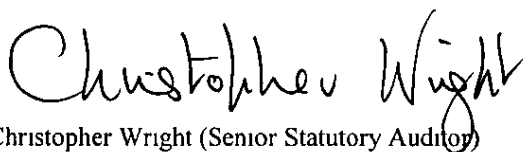
Matters on which we are required to report by exception

Arising from the limitation of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and,
- adequate accounting records have not been kept by the Company

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

- 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



Christopher Wright (Senior Statutory Auditor)
for and on behalf of Keelings Limited (Statutory Auditor)
Chartered Accountants
Broad House, 1 The Broadway
Old Hatfield
Hertfordshire
AL9 5BG

28th October 2011

TELEDESIGN PLC (REGISTERED NUMBER: 3254784)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

	Notes	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
TURNOVER	2	496,024	854,557
Cost of sales		300,286	672,644
GROSS PROFIT		195,738	181,913
Administrative expenses		296,741	274,439
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(101,003)	(92,526)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL PERIOD		(101,003)	(92,526)
Deficit brought forward		(383,837)	(291,311)
DEFICIT CARRIED FORWARD		(484,840)	(383,837)

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

TELEDESIGN PLC (REGISTERED NUMBER: 3254784)

**BALANCE SHEET
29TH MARCH 2011**

	Notes	2011 £	2009 £
FIXED ASSETS			
Tangible assets	6	163,113	233,018
CURRENT ASSETS			
Debtors	7	160,052	188,868
Cash at bank		8,402	17,522
		<u>168,454</u>	<u>206,390</u>
CREDITORS			
Amounts falling due within one year	8	<u>316,407</u>	<u>284,332</u>
NET CURRENT LIABILITIES		<u>(147,953)</u>	<u>(77,942)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,160	155,076
CREDITORS			
Amounts falling due after more than one year	9	-	<u>38,913</u>
NET ASSETS		<u>15,160</u>	<u>116,163</u>
CAPITAL AND RESERVES			
Called up share capital	11	500,000	500,000
Profit and loss account		<u>(484,840)</u>	<u>(383,837)</u>
SHAREHOLDERS' FUNDS	16	<u>15,160</u>	<u>116,163</u>

The financial statements were approved by the Board of Directors on 28th October 2011 and were signed on its behalf by



A J Baker - Director

**CASH FLOW STATEMENT
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

		Period 1 10 09 to 29 3 11		Year Ended 30 9 09	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	17		29,135		(47,075)
			<u>29,135</u>		<u>(47,075)</u>
Financing	18		(38,255)		3,024
Decrease in cash in the period			<u>(9,120)</u>		<u>(44,051)</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	19				
Decrease in cash in the period		(9,120)		(44,051)	
Cash outflow from decrease in debt		<u>-</u>		<u>25,163</u>	
Change in net funds resulting from cash flows			<u>(9,120)</u>		<u>(18,888)</u>
Movement in net funds in the period			<u>(9,120)</u>		<u>(18,888)</u>
Net funds at 1st October			<u>17,522</u>		<u>36,410</u>
Net funds at 29th March			<u>8,402</u>		<u>17,522</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of services, where contracts have become payable, excluding value added tax

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 - 20% on reducing balance

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 loss before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
Sri Lanka	8,672	2,701
United Kingdom	487,352	851,856
	<u>496,024</u>	<u>854,557</u>

3 STAFF COSTS

	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
Wages and salaries	<u>46,775</u>	<u>-</u>

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

	Period 1 10 09 to 29 3 11	Year Ended 30 9 09
Management & admin (inc directors)	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011

4 OPERATING LOSS

The operating loss is stated after charging

	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
Other operating leases	49,097	33,226
Depreciation - owned assets	69,905	58,254
Auditors' remuneration	2,000	2,000
Auditors' non-audit fees - other services relating to taxation	1,250	1,250
Auditors' non-audit fees - all other services	1,250	1,250
	<u>11,400</u>	<u>-</u>

5 TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period ended 29th March 2011 nor for the year ended 30th September 2009

Factors that may affect future tax charges

There are losses available to carry forward for tax purposes, amounting to £518,700 at the period end, (2009 - £431,500)

6 TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1st October 2009 and 29th March 2011	565,124
DEPRECIATION	
At 1st October 2009	332,106
Charge for period	69,905
At 29th March 2011	402,011
NET BOOK VALUE	
At 29th March 2011	163,113
At 30th September 2009	233,018

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2009 £
Trade debtors	141,674	133,217
Other debtors	8,633	44,869
Prepayments	9,745	10,782
	<u>160,052</u>	<u>188,868</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2009
	£	£
Trade creditors	271,374	219,713
Social security and other taxes	37,545	12,919
Other creditors	330	-
Directors' loan accounts	658	-
Accrued expenses	6,500	51,700
	<u>316,407</u>	<u>284,332</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2009
	£	£
Directors' loan account	-	38,913
	<u>-</u>	<u>38,913</u>

10 OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2011	2009
	£	£
Expiring		
Between one and five years	<u>15,723</u>	<u>30,169</u>

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2009
Number	Class	Nominal value	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

12 OTHER FINANCIAL COMMITMENTS

During 2007, the company entered into an agreement with one of its suppliers (since disputed) for the supply of goods and services at an annual cost of £24,000 over three years. This agreement has not been actioned or enforced in the above year or during the period since, up to the date of signing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011

13 RELATED PARTY DISCLOSURES

Included in administrative expenses are fees and expenses paid to N Couchman's company, Couchman Communications Limited, totalling £1,667, (2009 - £nil) for public relations services provided. The amount outstanding at the period end was £(1,794), (2009 - £1,966)

A J Baker and P E Travers are directors of Teledesign Media Limited, which provided this company with office accommodation, staff and other services up to 30th September, 2010. Included in administrative expenses are fees and expenses charged by the above company of £120,000, (2009 - £112,308). The amount due from Teledesign Media Limited at the period end was £8,633 (2009 - £44,869). The amount due to A J Baker at the period end was £658, (2009 - £38,913) on his director's loan account (note 9). Administrative expenses includes rent of £6,000, (2009 - £nil) paid to A J Baker in respect of the company's use, since 1st October, 2010 of premises owned by him.

P G Courtney, a major shareholder (& a director up to 16th March, 2009) is a director of Teledesign Solutions Limited and included in turnover was a charge totalling £6,450, (2009 - £nil) for services provided and other charges rendered to it. Included in administrative expenses are fees and expenses charged by this company of £nil, (2009 - £18,243). The amount outstanding from this company at the period end was £4,181, (2009 - £3,405), due to the above company.

Continued financial support to the company has been confirmed by the directors, who believe that the company has sufficient financial resources to meet its requirements, for the foreseeable future.

14 APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

15 ULTIMATE CONTROLLING PARTY

A J Baker is the ultimate controlling party of the company, in his capacity as director & chairman.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2009 £
Loss for the financial period	(101,003)	(92,526)
Other movements in year		
Net reduction of shareholders' funds	(101,003)	(92,526)
Opening shareholders' funds	116,163	208,689
Closing shareholders' funds	15,160	116,163

17 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
Operating loss	(101,003)	(92,526)
Depreciation charges	69,905	58,254
Decrease/(Increase) in debtors	28,816	(111,403)
Increase in creditors	31,417	98,600
Net cash inflow/(outflow) from operating activities	29,135	(47,075)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST OCTOBER 2009 TO 29TH MARCH 2011

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

	Period 1 10 09 to 29 3 11 £	Year Ended 30 9 09 £
Financing		
Loan repayments in year	-	(25,163)
Amount introduced by directors	-	28,473
Amount withdrawn by directors	(38,255)	(286)
Net cash (outflow)/inflow from financing	<u>(38,255)</u>	<u>3,024</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 10 09 £	Cash flow £	At 29 3 11 £
Net cash			
Cash at bank	17,522	(9,120)	8,402
	<u>17,522</u>	<u>(9,120)</u>	<u>8,402</u>
Total	<u>17,522</u>	<u>(9,120)</u>	<u>8,402</u>