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IDN TELECOM LIMITED

REPORT AND ACCOUNTS

PERIOD ENDED 31ST MARCH 2000



SMITH, HODGE & BAXTER

Chartered Accountants

**IDN TELECOM LIMITED**

**DIRECTORS**

S Dronfield (appointed 22.12.98)  
M J Wilmott (appointed 30.06.99)

**SECRETARY**

D Giddens (appointed 22.12.98)

**REGISTERED OFFICE**

Suite 1  
1 Westgate House  
Market Street  
Warwick

**REGISTERED NUMBER**

3687127 England and Wales

**REPORT AND ACCOUNTS  
31ST MARCH 2000**

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The following page does not form part of the statutory accounts

10	Detailed trading and profit and loss account.
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**PARENT UNDERTAKING**

Independent Digital Networks Limited

**IDN TELECOM LIMITED****REPORT OF THE DIRECTORS**

The directors present their report with the first accounts of the company for the period ended 31st March 2000.

**PRINCIPAL ACTIVITY**

The company is principally engaged in providing the service of independent telecommunication services. The company was incorporated on 22nd December 1998 and commenced trading on the 1st January 1999.

**DIRECTORS**

The directors in office in the period and their beneficial interests in the issued share capital of the company were as follows:

		<u>31st March 2000</u> <u>'A' Ordinary</u>	<u>Date of appointment</u> <u>'A' Ordinary</u>
S Dronfield	(appointed 22.12.98)	16,759	1
M J Wilmott	(appointed 30.06.99)	11,759	1

In accordance with the articles of association the directors are not required to retire by rotation.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial period 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 accounts 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 accounts 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 to enable them to ensure that the accounts 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.

**AUDITORS**

The auditors, Messrs Smith, Hodge & Baxter, will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

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

Suite 1  
1 Westgate House  
Market Street  
Warwick  
10th August 2000

By order of the Board

D Giddens

Secretary



**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
IDN TELECOM LIMITED**

We have audited the accounts on pages 3 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 5.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

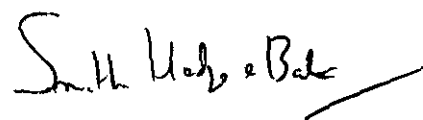
**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**OPINION**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2000 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Rowan House  
Medlicott Close  
Oakley Hay  
Corby  
NN18 9NF

SMITH, HODGE & BAXTER  
Chartered Accountants and  
Registered Auditors

10th August 2000

**IDN TELECOM LIMITED****PROFIT AND LOSS ACCOUNT - PERIOD ENDED 31ST MARCH 2000**


	<u>Notes</u>	<u>Period from 1st January 1999 to 31st March 2000</u>
<b>TURNOVER</b>	2	707,107
Cost of sales		573,876
		<hr/>
<b>GROSS PROFIT</b>		133,231
Administrative expenses		109,739
		<hr/>
<b>OPERATING PROFIT</b>	3	23,492
Interest receivable		867
		<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		24,359
Taxation	4	5,431
		<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	5	£18,928
		<hr/> <hr/>

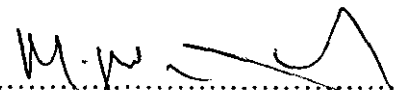
**IDN TELECOM LIMITED****BALANCE SHEET AS AT 31ST MARCH 2000**

	<u>Notes</u>	<u>31st March 2000</u>
<b>FIXED ASSETS</b>		
Tangible	6	1,237
<b>CURRENT ASSETS</b>		
Debtors	7	203,657
Cash at bank and in hand		173,694
		<u>377,351</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade and other creditors	8	271,327
		<u>          </u>
<b>NET CURRENT ASSETS</b>		106,024
		<u>          </u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		£107,261
		<u>          </u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	9	88,333
Profit and loss account	5	18,928
		<u>          </u>
		£107,261
		<u>          </u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The accounts were approved by  
the Board of Directors on 10th August 2000

  
.....  
S DRONFIELD - DIRECTOR

  
.....  
M J WILMOTT - DIRECTOR

**IDN TELECOM LIMITED****NOTES TO THE ACCOUNTS - 31ST MARCH 2000****1. ACCOUNTING POLICIES****a) Accounting convention**

The accounts for the period ended 31st March 2000 have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

**b) Tangible fixed assets**

Depreciation has been provided at the following annual rates in order to reduce each asset to its estimated residual value at the end of its period of use:

Computer equipment	-	33 $\frac{1}{3}$ % of cost
Furniture and fittings	-	33 $\frac{1}{3}$ % of cost

**c) Turnover**

Turnover represents commission received plus net sales of goods and services at invoiced value, excluding value added tax.

**d) Deferred taxation**

The company accounts for deferred taxation by the liability method.  
No provision is required at the balance sheet date.

**2. TURNOVER**

The turnover is attributable to the company's principal activity wholly within the United Kingdom.

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after taking account of the following:

Directors' emoluments	63,211
Depreciation (notes 6 and 1b)	884
Auditors' remuneration	1,000
	<hr/>

**4. TAXATION**

Corporation tax at 20.2% of the adjusted profit	£ 5,431
	<hr/>

**IDN TELECOM LIMITED****NOTES TO THE ACCOUNTS - 31ST MARCH 2000****5. PROFIT AND LOSS ACCOUNT**

Retained profit for the period	18,928
At 31st March 2000	<u>£18,928</u>

**6. TANGIBLE FIXED ASSETS**

	<u>Computer equipment</u>	<u>Furniture and fittings</u>	<u>Total</u>
<b>COST</b>			
Additions	1,243	878	2,121
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March 2000	£ 1,243	£ 878	£ 2,121
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ACCUMULATED DEPRECIATION</b>			
Charge for period	518	366	884
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March 2000	£ 518	£ 366	£ 884
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUES</b>			
At 31st March 2000	£ 725	£ 512	£ 1,237
	<u>          </u>	<u>          </u>	<u>          </u>

**7. DEBTORS**

Trade debtors	151,319
Amount due from group undertakings	34,325
Other debtors	18,013
	<u>£203,657</u>

**IDN TELECOM LIMITED****NOTES TO THE ACCOUNTS - 31ST MARCH 2000****8. TRADE AND OTHER CREDITORS**

	<b><u>Within One year</u></b>
Trade creditors	260,513
Social security and other taxes	9,414
Accruals and deferred income	1,400
	<hr/>
	£271,327
	<hr/>

**9. CALLED UP SHARE CAPITAL**

Authorised	
Ordinary shares of £1 each	161,667
'A' Ordinary shares of £1 each	71,666
'B' Ordinary shares of £1 each	16,667
	<hr/>
	£250,000
	<hr/>
Issued and fully paid (at par in the period)	
'A' Ordinary shares of £1 each	71,666
'B' Ordinary shares of £1 each	16,667
	<hr/>
	£ 88,333
	<hr/>

The ordinary £1 shares were issued at par during the period.

**13. PARENT UNDERTAKING**

The company is a subsidiary of Independent Digital Networks Limited, a company registered in England and Wales, who is the holder of the 'B' Ordinary shares which control the majority of the voting rights. This company is the ultimate parent undertaking.

**14. ULTIMATE CONTROLLING PARTY**

Throughout the period the company was under the control of M J Wilmott who owns 65% of the issued share capital of the parent undertaking.

**IDN TELECOM LIMITED**

**NOTES TO THE ACCOUNTS - 31ST MARCH 2000**

**12. TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS**

- a) The following transactions with group undertakings took place during the period:

Sales of services to:	<u>31st March 2000</u>
IDN International Limited	689
IDN Manchester Limited	238
IDN Newcastle Limited	4,649
	<u>£ 5,576</u>
Management recharges in respect of S Dronfield to:	
IDN Newcastle Limited	£15,000
Purchases of services to:	
Independent Digital Networks Limited	25,790
IDN Associates Limited	13,722
IDN International Limited	274
IDN London Limited	140
IDN Manchester Limited	2,592
IDN Newcastle Limited	21,930
IDN Southern Limited	1,105
	<u>£65,553</u>

- b) The following transactions took place with Elle Jarkelenitz, a shareholder, and Simon Dronfield, a director, during the period:

	<u>£</u>
Sales to E Jarkelenitz	2,836
Recharged expenses from S Dronfield	460

- c) At the period end debtors includes the following:

<u>Shareholders</u>	<u>£</u>
E Jarkelenitz	859

IDN TELECOM LIMITEDNOTES TO THE ACCOUNTS - 31ST MARCH 2000**12. TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS (continued)**Fellow group undertakingsTrade debtors£

IDN International Limited

743

IDN Manchester Limited

249

Loan£

IDN Newcastle Limited

10,833

Parent undertaking

International Digital Networks Limited

22,500

**13. CONTINGENCIES AND CAPITAL COMMITMENTS**

The company has at 31st March 2000 annual commitments under operating leases which expire as follows:

Due between one and five years

Land and buildings

16,000

Equipment

1,882

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£ 17,882

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