

Explore IT Limited (Registered number 4052597)

Report of the Directors and
Financial Statements for the Year Ended 30 September 2010
for
Explore IT Limited

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for the Year Ended 30 September 2010

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Explore IT Limited

Company Information
for the Year Ended 30 September 2010

DIRECTORS:	C Saunderson A Bonner D Giddens
SECRETARY:	WJM Secretaries Limited
REGISTERED OFFICE:	Brooke House 4 The Lakes Bedford Road Northampton Northamptonshire NN4 7YD
REGISTERED NUMBER:	4052597 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Registered Auditor Chartered Accountants 1-4 Atholl Crescent Edinburgh EH3 8LQ
BANKERS:	HSBC St Clair House 5 Old Bedford Road Northampton NN4 7AA
SOLICITORS:	Wright, Johnston & Mackenzie LLP 18 Charlotte Square Edinburgh EH2 4DF

Report of the Directors
for the Year Ended 30 September 2010

The directors present their report with the financial statements of the company for the year ended 30 September 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of IT support and services

REVIEW OF BUSINESS

The company's business review is included within the business review of the Group consolidated financial statements of Pinnacle Telecom Group plc. On 30 September 2010 all continuing assets, liabilities and business operations were transferred within the same Group, to Glen Communications Limited, as part of a hive-up agreement between the two companies

The company is exposed to liquidity risk, interest rate risk and credit risk. The company's risk management is managed by the executive directors in close co-operation with the board of directors, and focuses on actively securing the company's short to medium term cash flows. The company's financial risk management and objectives are set out in the notes to the accounts

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2010 (2009 Nil)

DIRECTORS

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

C Saunderson
A Bonner

Other changes in directors holding office are as follows

G J Duncan - resigned 29 March 2010
D Giddens - appointed 26 February 2010

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

Explore IT Limited (Registered number 4052597)

Report of the Directors
for the Year Ended 30 September 2010

AUDITORS

Grant Thornton UK LLP offered themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006 and a resolution was duly passed at the Annual General Meeting held on 28 March 2011

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Alan Bonner', with a stylized flourish at the end.

A Bonner - Director

Date 27 June 2011

Independent auditor's report to the members of Explore IT Ltd

We have audited the financial statements of Explore IT Ltd for the year ended 30 September 2010 which comprise of 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 on page 2, 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 APB'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 30 September 2010 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
1/4 Atholl Crescent
EDINBURGH
EH3 8LQ

Date 29 June 2011

Explore IT Limited (Registered number 4052597)

Profit and Loss Account
for the Year Ended 30 September 2010

	Notes	30 9 10 £	30 9 09 £
TURNOVER	2	114,246	104,684
Cost of sales		<u>71,691</u>	<u>90,698</u>
GROSS PROFIT		42,555	13,986
Administrative expenses		<u>45,909</u>	<u>63,672</u>
OPERATING LOSS	4	(3,354)	(49,686)
Interest receivable and similar income	5	<u>-</u>	<u>84</u>
		(3,354)	(49,602)
Interest payable and similar charges	6	<u>10</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,364)	(49,602)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(3,364)</u>	<u>(49,602)</u>

CONTINUING OPERATIONS

On 30 September 2010 all the company's activities were discontinued. All continuing operations at this date were transferred to Glen Communications Limited, a wholly owned subsidiary of the parent company, Pinnacle Telecom Group plc.

TOTAL RECOGNISED GAINS AND LOSSES

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

Explore IT Limited (Registered number 4052597)

Balance Sheet

30 September 2010

	Notes	30 9 10 £	£	30 9 09 £	£
FIXED ASSETS					
Tangible assets	8		-		2,773
CURRENT ASSETS					
Stocks	9	-		2,147	
Debtors	10	-		16,987	
Cash at bank and in hand		<u>476</u>		<u>417</u>	
		476		19,551	
CREDITORS					
Amounts falling due within one year	11	<u>242,869</u>		<u>261,353</u>	
NET CURRENT LIABILITIES			<u>(242,393)</u>		<u>(241,802)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(242,393)</u>		<u>(239,029)</u>
CAPITAL AND RESERVES					
Called up share capital	12		233		233
Capital redemption reserve	13		(100)		(100)
Profit and loss account	13		<u>(242,526)</u>		<u>(239,162)</u>
SHAREHOLDERS' DEFICT	17		<u>(242,393)</u>		<u>(239,029)</u>

The financial statements were approved by the Board of Directors on its behalf by

24 JUNE 2011 and were signed on



A Bonner - Director

Notes to the Financial Statements
for the Year Ended 30 September 2010

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared in accordance with Companies Act 2006

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies are set out below. The principal accounting policies of the company have remained unchanged from last year.

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 Telecom Group plc.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom 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 Telecom 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.

Fixtures and fittings	- 20% on cost
Plant and Machinery	- 33% on cost

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.

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 total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2010

3 STAFF COSTS

	30 9 10	30 9 09
	£	£
Wages and salaries	33,000	48,760
Social security costs	<u>3,527</u>	<u>4,705</u>
	<u>36,527</u>	<u>53,465</u>

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

	30 9 10	30 9 09
Operational staff	<u>1</u>	<u>2</u>

4 OPERATING LOSS

The operating loss is stated after charging

	30 9 10	30 9 09
	£	£
Other operating leases	10,935	27,066
Depreciation - owned assets	<u>2,279</u>	<u>4,305</u>
Directors' remuneration	<u>-</u>	<u>-</u>

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

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	30 9 10	30 9 09
	£	£
Deposit account interest	<u>-</u>	<u>84</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	30 9 10	30 9 09
	£	£
Bank interest	<u>10</u>	<u>-</u>

7 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2010 nor for the year ended 30 September 2009

Notes to the Financial Statements - continued
for the Year Ended 30 September 2010

7 TAXATION - continued

Factors affecting the tax charge

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

	30 9 10	30 9 09
	£	£
Loss on ordinary activities before tax	<u>(3,364)</u>	<u>(49,602)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(942)	(13,889)
Effects of		
Non deductible expenses	-	2
Depreciation in excess of capital allowances forward	147	592
Chargeable gains differences	-	13,295
Group relieved losses	<u>795</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Fixtures and Fittings	Office Equipment	Software	Total
	£	£	£	£
COST				
As at 1 October 2009	2,715	22,734	5,643	31,092
Additions	-	-	-	-
Disposals	<u>(2,715)</u>	<u>(22,734)</u>	<u>(5,643)</u>	<u>(31,092)</u>
As at 30 September 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION				
As at 1 October 2009	2,148	20,528	5,643	28,319
Disposals	(2,555)	(22,400)	(5,643)	(30,598)
Charge for the year	<u>407</u>	<u>1,872</u>	<u>-</u>	<u>2,279</u>
As at 30 September 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
As at 30 September 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
As at 30 September 2009	<u>567</u>	<u>2,206</u>	<u>-</u>	<u>2,773</u>

9 STOCKS

	30 9 10	30 9 09
	£	£
Finished goods	<u>-</u>	<u>2,147</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2010

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 9 10	30 9 09
	£	£
Trade debtors	-	13,140
Prepayments and accrued income	-	3,847
	<u>-</u>	<u>16,987</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 9 10	30 9 09
	£	£
Trade creditors	-	19,114
Amounts owed to group undertakings	242,869	228,725
Social security and other taxes	-	1,966
VAT	-	984
Accruals and deferred income	-	10,564
	<u>242,869</u>	<u>261,353</u>

12 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			30 9 10	30 9 09
Number	Class	Nominal value	£	£
233	Ordinary	£1	<u>233</u>	<u>233</u>

13 RESERVES

	Profit and loss account	Capital redemption reserve	Totals
	£	£	£
At 1 October 2009	(239,162)	(100)	(239,262)
Deficit for the year	<u>(3,364)</u>	<u>-</u>	<u>(3,364)</u>
At 30 September 2010	<u>(242,526)</u>	<u>(100)</u>	<u>(242,626)</u>

14 ULTIMATE PARENT COMPANY

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

Pinnacle Telecom 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.pinnacletelecomgroup.co.uk

15 CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or commitments not already provided for in the financial statements of the business (2009 Nil)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2010

16 RELATED PARTY DISCLOSURES

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

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 9 10	30 9 09
	£	£
Loss for the financial year	<u>(3,364)</u>	<u>(49,602)</u>
Net reduction of shareholders' funds	(3,364)	(49,602)
Opening shareholders' deficit	<u>(239,029)</u>	<u>(189,427)</u>
Closing shareholders' deficit	<u>(242,393)</u>	<u>(239,029)</u>

18 RISK MANAGEMENT

The company finances its activities through equity and bank borrowings. 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 and borrowings.

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.