

COMPANY REGISTRATION NUMBER 04901734

**EXECUTIVE TELECOMMUNICATIONS (UK)
LIMITED**

ABBREVIATED ACCOUNTS

31 OCTOBER 2007



TOPPING PARTNERSHIP

Chartered Accountants & Registered Auditors
9th Floor
8 Exchange Quay
Salford Quays
Manchester
M5 3EJ

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

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EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|--|
| The board of directors | Mr S Kelly Mr D Slattery |
| Company secretary | Mrs S Harris |
| Registered office | Incom House Waterside Business Park Manchester Greater Manchester M17 1WD |
| Auditor | Topping Partnership Chartered Accountants & Registered Auditors 9th Floor 8 Exchange Quay Salford Quays Manchester M5 3EJ |
| Bankers | Bank of Scotland 19/21 Spring Gardens Manchester M2 1FB |
| Solicitors | Laytons 22 St John Street Manchester M3 4EB |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2007

The directors present their report and the financial statements of the company for the year ended 31 October 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of supply and distribution of telecommunications equipment

FUTURE OUTLOOK

The market is expected to remain competitive in 2008, however, we remain confident that we will increase our turnover by acquisitions and pursuing new markets in Europe and on the internet

PRINCIPLE RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from national resellers

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £72,535 Particulars of dividends paid are detailed in note 7 to the financial statements

DIRECTORS

The directors who served the company during the year were as follows

Mr S Kelly
Mr D Slattery

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

DIRECTORS' RESPONSIBILITIES

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 law) The financial statements are required by law to 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 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

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2007

The directors are responsible for keeping proper accounting records that 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DONATIONS

During the year the company made the following contributions

| | 2007 | 2006 |
|------------|--------------|--------------|
| | £ | £ |
| Charitable | <u>6,788</u> | <u>1,735</u> |
| Other | <u>1,900</u> | <u>2,000</u> |

AUDITOR

A resolution to re-appoint Topping Partnership as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office
Incom House
Waterside Business Park
Manchester
Greater Manchester
M17 1WD

Signed on behalf of the directors



MR D SLATTERY
Director

Approved by the directors on

23/8/08

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts, together with the financial statements of Executive Telecommunications (UK) Limited for the year ended 31 October 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



TOPPING PARTNERSHIP
Chartered Accountants
& Registered Auditors

9th Floor
8 Exchange Quay
Salford Quays
Manchester
M5 3EJ

26/8/08

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2007

| | Note | 2007 £ | 2006 £ |
|---|----------|------------------------|-----------------------|
| GROSS PROFIT | | 2,243,045 | 2,328,309 |
| Administrative expenses | | <u>2,222,696</u> | <u>2,089,330</u> |
| OPERATING PROFIT | 2 | 20,349 | 238,979 |
| Interest receivable and similar income | | 1,580 | 1,057 |
| Interest payable and similar charges | 5 | (24,868) | (20,398) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>(2,939)</u> | <u>219,638</u> |
| Tax on (loss)/profit on ordinary activities | 6 | 69,596 | 45,714 |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | <u>(72,535)</u> | <u>173,924</u> |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 18 form part of these abbreviated accounts.

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

ABBREVIATED BALANCE SHEET

31 OCTOBER 2007

| | Note | 2007 £ | 2006 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 8 | 840,567 | 980,661 |
| Tangible assets | 9 | 112,214 | 133,529 |
| | | <u>952,781</u> | <u>1,114,190</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 836,386 | 422,777 |
| Debtors | 11 | 3,093,780 | 2,788,607 |
| Cash at bank and in hand | | 229,171 | 194,729 |
| | | <u>4,159,337</u> | <u>3,406,113</u> |
| CREDITORS: Amounts falling due within one year | 12 | <u>3,381,153</u> | <u>2,594,149</u> |
| NET CURRENT ASSETS | | <u>778,184</u> | <u>811,964</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,730,965</u> | <u>1,926,154</u> |
| CREDITORS: Amounts falling due after more than one year | 13 | <u>5,262</u> | <u>30,875</u> |
| | | <u>1,725,703</u> | <u>1,895,279</u> |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred taxation | 16 | <u>11,511</u> | <u>8,552</u> |
| | | <u>1,714,192</u> | <u>1,886,727</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 19 | 1,000 | 1,000 |
| Share premium account | 20 | 1,749,000 | 1,749,000 |
| Profit and loss account | 20 | (35,808) | 136,727 |
| SHAREHOLDERS' FUNDS | 21 | <u>1,714,192</u> | <u>1,886,727</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on *23/10/07*, and are signed on their behalf by



MR D SLATTERY
Director

The notes on pages 9 to 18 form part of these abbreviated accounts

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2007

| | Note | 2007 £ | 2006 £ |
|--|------|-------------------|-------------------|
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | 186,550 | (50,659) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 1,580 | 1,057 |
| Interest paid | | (22,467) | (19,616) |
| Interest element of hire purchase | | (2,401) | (782) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (23,288) | (19,341) |
| TAXATION | | (51,239) | (90,626) |
| CAPITAL EXPENDITURE | | | |
| Payments to acquire tangible fixed assets | | (15,994) | (33,104) |
| Receipts from sale of fixed assets | | 1 | 1,101 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | | (15,993) | (32,003) |
| EQUITY DIVIDENDS PAID | | (100,000) | (100,000) |
| CASH OUTFLOW BEFORE FINANCING | | (3,970) | (292,629) |
| FINANCING | | | |
| Increase in bank loans | | 67,972 | 592,639 |
| Capital element of hire purchase | | (16,164) | 17,067 |
| Repayment of directors' long-term loans | | — | (1,389) |
| NET CASH INFLOW FROM FINANCING | | 51,808 | 608,317 |
| INCREASE IN CASH | | 47,838 | 315,688 |
| RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | | |
| | | 2007 £ | 2006 £ |
| Operating profit | | 20,349 | 238,979 |
| Amortisation | | 140,094 | 70,046 |
| Depreciation | | 36,887 | 36,413 |
| Loss on disposal of fixed assets | | 421 | 665 |
| Increase in stocks | | (413,609) | (186,230) |
| (Increase)/decrease in debtors | | (305,173) | 38,537 |
| Increase/(decrease) in creditors | | 707,581 | (249,069) |
| Net cash inflow/(outflow) from operating activities | | 186,550 | (50,659) |

The notes on pages 9 to 18 form part of these abbreviated accounts.

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 OCTOBER 2007

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2007 | | 2006 | |
|--|----------|------------------|-----------|------------------|
| | £ | £ | £ | £ |
| Increase in cash in the period | 47,838 | | 315,688 | |
| Net cash (inflow) from bank loans | (67,972) | | (592,639) | |
| Cash outflow in respect of hire purchase | 16,164 | | (17,067) | |
| Cash outflow from directors' long-term loans | — | | 1,389 | |
| | | (3,970) | | (292,629) |
| Change in net debt | | (3,970) | | (292,629) |
| Net debt at 1 November 2006 | | (695,591) | | (402,962) |
| Net debt at 31 October 2007 | | <u>(699,561)</u> | | <u>(695,591)</u> |

ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Nov 2006 £ | Cash flows £ | At 31 Oct 2007 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash | | | |
| Cash in hand and at bank | 194,729 | 34,442 | 229,171 |
| Overdrafts | (112,994) | 13,396 | (99,598) |
| | <u>81,735</u> | <u>47,838</u> | <u>129,573</u> |
| Debt | | | |
| Debt due within 1 year | (730,287) | (81,602) | (811,889) |
| Debt due after 1 year | (13,630) | 13,630 | — |
| Hire purchase agreements | (33,409) | 16,164 | (17,245) |
| | <u>(777,326)</u> | <u>(51,808)</u> | <u>(829,134)</u> |
| Net debt | <u>(695,591)</u> | <u>(3,970)</u> | <u>(699,561)</u> |

The notes on pages 9 to 18 form part of these abbreviated accounts.

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, net of trade discounts and exclusive of Value Added Tax

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - Over 10 years straight line

Fixed assets

The cost of tangible fixed assets includes expenditure incurred in bringing the assets into working condition for their intended use

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

| | |
|-----------------------|----------------------------|
| Property Improvements | Over the life of the lease |
| Fixtures & Fittings | - 15% Reducing Balance |
| Motor Vehicles | - 25% Reducing Balance |
| Computer Costs | - 25% Reducing Balance |
| Tooling Costs | - 25% Reducing Balance |

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

1. ACCOUNTING POLICIES *(continued)*

Provisions for liabilities and charges

Provisions are set up only where it is probable that a present obligation exists as a result of an event prior to the balance sheet date and that a payment will be required in settlement that can be estimated reliably

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

2. OPERATING PROFIT

Operating profit is stated after charging

| | 2007 | 2006 |
|--|----------------|----------------|
| | £ | £ |
| Amortisation | 140,094 | 70,046 |
| Depreciation of owned fixed assets | 30,308 | 29,172 |
| Depreciation of assets held under hire purchase agreements | 6,579 | 7,241 |
| Loss on disposal of fixed assets | 421 | 665 |
| Auditor's remuneration | | |
| - as auditor | 6,000 | 6,000 |
| Operating lease costs | | |
| Plant and equipment | 11,594 | 11,729 |
| Other | <u>129,336</u> | <u>128,986</u> |

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

| | 2007 | 2006 |
|--------------------------------|-----------|-----------|
| | No | No |
| Number of sales staff | 10 | 10 |
| Number of marketing staff | 2 | 2 |
| Number of administrative staff | 10 | 5 |
| Number of management staff | 7 | 6 |
| Number of warehouse staff | 4 | 7 |
| | <u>33</u> | <u>30</u> |

The aggregate payroll costs of the above were

| | 2007 | 2006 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,256,472 | 1,265,299 |
| Social security costs | 138,254 | 136,734 |
| Other pension costs | 14,980 | 13,030 |
| | <u>1,409,706</u> | <u>1,415,063</u> |

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

| | 2007 | 2006 |
|--|----------------|----------------|
| | £ | £ |
| Emoluments receivable | 453,388 | 519,338 |
| Value of company pension contributions to money purchase schemes | 3,600 | 821 |
| | <u>456,988</u> | <u>520,159</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

4. DIRECTORS' EMOLUMENTS *(continued)*

Emoluments of highest paid director:

| | 2007 | 2006 |
|--|----------------|----------------|
| | £ | £ |
| Total emoluments (excluding pension contributions) | 268,528 | 311,275 |
| Value of company pension contributions to money purchase schemes | 1,800 | 821 |
| | <u>270,328</u> | <u>312,096</u> |

The number of directors who accrued benefits under company pension schemes was as follows

| | 2007 | 2006 |
|------------------------|----------|----------|
| | No | No |
| Money purchase schemes | <u>2</u> | <u>1</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2007 | 2006 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | 1,343 | 978 |
| Finance charges | 2,401 | 782 |
| Other similar charges payable | 21,124 | 18,638 |
| | <u>24,868</u> | <u>20,398</u> |

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2007 | 2006 |
|--|---------------|---------------|
| | £ | £ |
| Current tax. | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 30% (2006 - 19%) | 66,640 | 51,242 |
| Over/under provision in prior year | (3) | (530) |
| Total current tax | <u>66,637</u> | <u>50,712</u> |
| Deferred tax | | |
| Origination and reversal of timing differences (note 16) | | |
| Capital allowances | 2,959 | (4,998) |
| Tax on (loss)/profit on ordinary activities | <u>69,596</u> | <u>45,714</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 19%)

| | 2007 £ | 2006 £ |
|--|-----------------|----------------|
| (Loss)/profit on ordinary activities before taxation | <u>(2,939)</u> | <u>219,638</u> |
| (Loss)/profit on ordinary activities by rate of tax | (882) | 41,731 |
| Depreciation in excess of capital allowances | 2,849 | 361 |
| Expenses not deductible for tax purposes | 95,285 | 9,150 |
| Over/under provision in prior year | (3) | (530) |
| Marginal relief | <u>(30,612)</u> | <u>-</u> |
| Total current tax (note 6(a)) | <u>66,637</u> | <u>50,712</u> |

7. DIVIDENDS

Equity dividends

| | 2007 £ | 2006 £ |
|-------------------------------------|----------------|----------------|
| Paid | | |
| Equity dividends on ordinary shares | <u>100,000</u> | <u>100,000</u> |

During the year the company unknowingly paid dividends amounting to £100,000, of which £35,808 is deemed to have been paid out of capital

Subsequent to the year end, sufficient reserves have been generated to rectify the position

8. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|--|------------------|
| COST | |
| At 1 November 2006 and 31 October 2007 | <u>1,400,943</u> |
| AMORTISATION | |
| At 1 November 2006 | 420,282 |
| Charge for the year | <u>140,094</u> |
| At 31 October 2007 | <u>560,376</u> |
| NET BOOK VALUE | |
| At 31 October 2007 | <u>840,567</u> |
| At 31 October 2006 | <u>980,661</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

9. TANGIBLE FIXED ASSETS

| | Property Improvements £ | Fixtures & Fittings £ | Computer Costs £ | Tooling Costs £ | Total £ |
|---------------------------|-------------------------------|-----------------------------|------------------------|--------------------|----------------|
| COST | | | | | |
| At 1 November 2006 | 11,405 | 39,793 | 191,595 | 18,483 | 261,276 |
| Additions | — | — | 15,994 | — | 15,994 |
| Disposals | — | — | (750) | — | (750) |
| At 31 October 2007 | 11,405 | 39,793 | 206,839 | 18,483 | 276,520 |
| DEPRECIATION | | | | | |
| At 1 November 2006 | 8,553 | 14,534 | 93,974 | 10,686 | 127,747 |
| Charge for the year | 2,851 | 3,789 | 28,298 | 1,949 | 36,887 |
| On disposals | — | — | (328) | — | (328) |
| At 31 October 2007 | 11,404 | 18,323 | 121,944 | 12,635 | 164,306 |
| NET BOOK VALUE | | | | | |
| At 31 October 2007 | 1 | 21,470 | 84,895 | 5,848 | 112,214 |
| At 31 October 2006 | 2,852 | 25,259 | 97,621 | 7,797 | 133,529 |

Hire purchase agreements

Included within the net book value of £112,214 is £19,886 (2006 - £38,936) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £6,579 (2006 - £7,241).

10. STOCKS

| | 2007 £ | 2006 £ |
|-------|-----------|-----------|
| Stock | 836,386 | 422,777 |

11. DEBTORS

| | 2007 £ | 2006 £ |
|--|------------------|------------------|
| Trade debtors | 1,373,795 | 1,065,646 |
| Amounts owed by undertakings in which the company has a participating interest | 1,600,000 | 1,600,000 |
| Other debtors | 22,175 | 21,250 |
| Prepayments and accrued income | 97,810 | 101,711 |
| | 3,093,780 | 2,788,607 |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

12. CREDITORS: Amounts falling due within one year

| | 2007 | 2006 |
|--|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 911,487 | 843,281 |
| Trade creditors | 1,572,226 | 1,457,856 |
| Other creditors including taxation and social security | | |
| Corporation tax | 66,640 | 51,242 |
| PAYE and social security | 45,536 | 40,311 |
| VAT | 77,337 | 57,382 |
| Hire purchase agreements | 11,983 | 16,164 |
| Other creditors | 315,791 | 7,718 |
| Directors current accounts | 29,929 | 19,515 |
| | <u>3,030,929</u> | <u>2,493,469</u> |
| Accruals and deferred income | 350,224 | 100,680 |
| | <u>3,381,153</u> | <u>2,594,149</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company

| | 2007 | 2006 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 911,487 | 843,281 |
| Hire Purchase contracts | 11,983 | 16,164 |
| | <u>923,470</u> | <u>859,445</u> |

The cashflow finance is secured on the book debts of the company

The bank loans and overdrafts are secured by a debenture dated 12 November 2003 over the whole assets of the company

The hire purchase liabilities are secured on the assets to which they relate

13. CREDITORS Amounts falling due after more than one year

| | 2007 | 2006 |
|---------------------------|--------------|---------------|
| | £ | £ |
| Bank loans and overdrafts | — | 13,630 |
| Other creditors | | |
| Hire purchase agreements | 5,262 | 17,245 |
| | <u>5,262</u> | <u>30,875</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

13. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

| | 2007 | 2006 |
|---------------------------|--------------|---------------|
| | £ | £ |
| Bank loans and overdrafts | — | 13,630 |
| Hire Purchase contracts | 5,262 | 17,245 |
| | <u>5,262</u> | <u>30,875</u> |

The bank loans and overdrafts are secured by a debenture dated 12 November 2003 over the whole assets of the company

The hire purchase liabilities are secured on the assets to which they relate

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

| | 2007 | 2006 |
|---------------------------------------|---------------|---------------|
| | £ | £ |
| Amounts payable within 1 year | 11,983 | 16,164 |
| Amounts payable between 1 and 2 years | 5,262 | 17,245 |
| | <u>17,245</u> | <u>33,409</u> |

15. PENSIONS

The company operates a defined contribution pension scheme. Amounts charged to the profit and loss account in the year total as follows

| | 2007 | 2006 |
|--|---------------|---------------|
| | £ | £ |
| | <u>14,980</u> | <u>13,030</u> |

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

| | 2007 | 2006 |
|--|---------------|--------------|
| | £ | £ |
| Provision brought forward | 8,552 | 13,550 |
| Profit and loss account movement arising during the year | 2,959 | (4,998) |
| Provision carried forward | <u>11,511</u> | <u>8,552</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of

| | 2007 | 2006 |
|---|---------------|--------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | 11,511 | 8,552 |
| | <u>11,511</u> | <u>8,552</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

17 COMMITMENTS UNDER OPERATING LEASES

At 31 October 2007 the company had annual commitments under non-cancellable operating leases as set out below

| | 2007 | | 2006 | |
|-------------------------------|-----------------------|------------------|-----------------------|------------------|
| | Land & Buildings £ | Other Items £ | Land & Buildings £ | Other Items £ |
| Operating leases which expire | | | | |
| Within 1 year | - | 12,727 | 85,000 | 4,580 |
| Within 2 to 5 years | - | 43,937 | - | 38,711 |
| | <u>-</u> | <u>56,664</u> | <u>85,000</u> | <u>43,291</u> |

18. TRANSACTIONS WITH THE DIRECTORS

During the period the company received loans from directors

The amount owing from D Slattery to the company at 31 October 2007 was £1,328 (2006 owed to D Slattery £16,142)

The amount owing to S Kelly from the company at 31 October 2007 was £31,257 (2006 £3,373)

19. SHARE CAPITAL

Authorised share capital:

| | 2007 £ | 2006 £ |
|----------------------------------|--------------|--------------|
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2007 | | 2006 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

20. RESERVES

| | Share premium account £ | Profit and loss account £ |
|-------------------------|----------------------------|------------------------------|
| Balance brought forward | 1,749,000 | 136,727 |
| Loss for the year | - | (72,535) |
| Equity dividends | - | (100,000) |
| Balance carried forward | <u>1,749,000</u> | <u>(35,808)</u> |

EXECUTIVE TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 OCTOBER 2007

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2007 £ | 2006 £ |
|---|------------------|------------------|
| (Loss)/Profit for the financial year | (72,535) | 173,924 |
| Equity dividends | (100,000) | (100,000) |
| Net (reduction)/addition to shareholders' funds | (172,535) | 73,924 |
| Opening shareholders' funds | <u>1,886,727</u> | <u>1,812,803</u> |
| Closing shareholders' funds | <u>1,714,192</u> | <u>1,886,727</u> |

22. ULTIMATE PARENT COMPANY

The parent company is Pocket (UK) Limited by virtue of it holding 100% of the issued share capital in Executive Telecommunications (UK) Limited. Pocket (UK) Limited, a company registered in England and Wales, is ultimately controlled by Mr Kelly who owns 75% of the issued share capital of Pocket (UK) Limited, and Mr D Slattery who owns 25% of the issued share capital of Pocket (UK) Limited.