

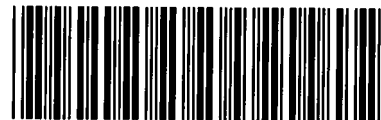
Registered number: 08584229

# **NEW CALL TELECOM HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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**NEW CALL TELECOM HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Dr J P Booth - Chairman  
R C Jennings - Chief Finance Officer  
N J Lynch-Aird

**REGISTERED NUMBER**

08584229

**REGISTERED OFFICE**

5-9 Eden Street  
Kingston upon Thames  
Surrey  
KT1 1BQ

**INDEPENDENT AUDITOR**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**BANKERS**

National Westminster Bank Plc  
501 Silbury Boulevard  
Milton Keynes  
MK9 3ER

Barclays Bank Plc  
2 Pall Mall  
Leicester  
Leicestershire  
LE87 2BB

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**NEW CALL TELECOM HOLDINGS LIMITED**

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## **NEW CALL TELECOM HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their strategic report for the year ended 31 March 2016.

#### **INTRODUCTION**

New Call Telecom Holdings Limited was incorporated as an acquisition vehicle formed for the purpose by Dr Jerome Booth, Chairman and principal investor through his private office, New Sparta, and the senior management team of New Call Telecom for the acquisition of New Call Telecom Limited, which was completed in June 2013. The group subsequently acquired the Wave Crest group of companies in November 2014.

The company acts as a holding company for its subsidiary undertakings, New Call Telecom Limited and the WaveCrest group of companies.

#### **BUSINESS REVIEW**

The year ended 31 March 2015 saw the owners, Dr Jerome Booth, Chairman and principal investor through his private office, New Sparta Limited, and the senior management team of New Call Telecom Limited, make a considerable financial investment in building the business and its brands to take it to the next level of its development. In October 2014 the business was rebranded using enhanced advertising, marketing spend and channels.

After the New Call Telecom business was acquired by Dr Booth and its management team in 2013 it embarked on a period of aggressive growth through customer sales acquisition aimed at achieving scale and establishing its brand in the UK market.

The results for the current and previous financial years reflect the significantly enhanced operational investment in the business, with much of the investment expenditure being charged to profit and loss account. The period of rapid growth between 2014 and 2016 which saw New Call established as one of the fastest growing residential telecom service providers in the UK also saw the group record losses of approximately £50 million, funded by its principal shareholder.

During 2016 the directors recognised that the New Call Telecom business had reached a size where significant sales acquisition activities through online channels should be de-prioritised and the emphasis placed on the quality of the revenue and earnings base. The focus of the management team in 2016 and 2017 has been on converting the customer base into a sustainable profitable business through improving margin and a changed focus from online to more selective organic routes to market.

The operating businesses have not required net new injections of funds from the group's shareholder since March 2016 and the group currently trades on a cash positive basis. The business continues to enjoy the support of its principal shareholder and network partners and the directors are confident that they can continue to develop the business in its new phase.

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## **NEW CALL TELECOM HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **PRINCIPAL RISKS AND UNCERTAINTIES**

There are a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the group and could cause actual results to differ materially from expected results.

Management consider the following to be the significant risks and uncertainties attaching to the business:

##### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

External funding facilities are managed to ensure that both short-term and longer-term funding is available to provide short-term flexibility whilst providing sufficient funding to the working capital requirements of its subsidiaries.

##### **Execution and integration risks associated with acquisitions**

The group has a stated strategy which includes the acquisition of businesses. The Board acknowledges that there is a risk of operational disturbance in the course of integrating acquired businesses with existing operations.

The company mitigates this risk by careful planning and rigorous due diligence.

Other risk management objectives include:

- Continuing to focus on broadening the product range, particularly with regard to data connectivity;
- Increasing diversification of business customers across all industries; and
- Ensuring that trade suppliers and partners are all top-tier suppliers, providing confidence in the continuity and reliability of service to customers;

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The key financial performance indicators for the company is the overall performance of its operating subsidiaries, New Call Telecom Limited and the WaveCrest group of companies.

The directors consider that the previously stated KPI's of sales growth (%), growth in residential customer numbers and expansion of routes to market via online affiliate partners are no longer critical to the performance of the business in its consolidation phase, with focus now on margin and profitability of customer relationships. Significant steps have been made in 2016 and 2017 to establish the sustainability of the business based on these measures.

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## NEW CALL TELECOM HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

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#### STRATEGY AND FUTURE DEVELOPMENTS

The business continues to prioritise customer satisfaction and the ongoing development of its position in the UK residential telecom market through its brands FUEL Saver, which offers phone and broadband packages, and Planet Talk, Just Dial and Rate Buster, the low cost international calls services and the WaveCrest group of companies. The focus of the management team in 2016 and 2017 has been on converting the acquired customer base into a sustainable profitable business through improving margin and a changed focus from online to more selective organic routes to market. The business continues to enjoy the support of its principal shareholder and network partners and the directors are confident that they can continue to develop the business in its new phase.

This report was approved by the board on 16 March 2017 and signed on its behalf.

**R C Jennings - Chief Finance Officer**

Director



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## **NEW CALL TELECOM HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their report and the audited financial statements for the year ended 31 March 2016.

#### **PRINCIPAL PLACE OF BUSINESS**

New Call Telecom Holdings Limited is a company incorporated and domiciled in England and has its registered office and principal place of business at 5-9 Eden Street, Kingston Upon Thames, Surrey, KT1 1BQ.

#### **RESULTS AND APPROPRIATIONS**

The results and the state of affairs of the company for the year are set out in the financial statements on pages 9 to 34. The directors do not recommend the payment of a dividend. The loss for the financial year of £25.9 million (2015: £24.0 million) will therefore be taken to reserves.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the group strategic report, the directors' 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **DIRECTORS**

The directors who served during the year were:

Dr J P Booth - Chairman

N A Eastwood - Chief Executive Officer (terminated 31 May 2016)

R C Jennings - Chief Finance Officer

G R Pestell - Group Product Director (terminated 21 June 2016)

N J Lynch-Aird

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The group is heavily committed to research and development activities undertaken in certain subsidiary companies. During the period under review the group concentrated its research and development activities on further iOS and Android phone App development. Details of capitalised research and development expenditure can be found in note 9.

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## NEW CALL TELECOM HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

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#### EMPLOYEE INVOLVEMENT

New Call Telecom Holdings Limited is committed to employee involvement throughout the business. The group is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures.

Employees are kept informed on matters of interest and the financial and economic factors affecting the group's performance through management channels, conferences, meetings and publications tailored depending on which company they are employed within the group.

#### BRANCHES IN THE EUROPEAN UNION

The group has a branch within the EU. The branch is included in the results of WaveCrest (UK) Limited which is consolidated into these financial statements.

#### MATTERS COVERED IN THE STRATEGIC REPORT

As required by s414C(11) of the Companies Act 2006, the strategic report contains a fair review of the business; the principal risks and uncertainties faced by the business; and the key financial and non-financial performance indicators as considered by the board of directors. This information is therefore excluded from the directors' report.

#### POST BALANCE SHEET EVENTS

There are no matters to report as post balance sheet events.

#### STRATEGIC REPORTS

The company has chosen in accordance with *Companies Act 2006*, s. 414C(11) to set out in the company's strategic report information required by Schedule 7 of the *Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* to be contained in the directors' report. It has done so in respect of future developments, research & development and financial instruments.

The company and the group continue to enjoy the support of its principal shareholder, Dr Booth. However, should additional working capital be required in the future the company and the group do not have binding commitments from its shareholder to supply such additional working capital. The business has not required net new injections of funds from its shareholder since March 2016 and currently trades on a cash positive basis. The directors are confident that they can continue to develop the business in its new phase and have prepared a business plan and cash flow projections which show that the business is able to meet its commitments as they fall due for a period of at least 12 months from the date of approval of the financial statements. They therefore consider that the going concern basis of preparation is appropriate.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.



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**NEW CALL TELECOM HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

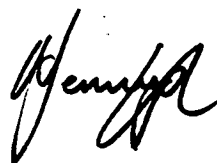
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**AUDITOR**

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 March 2017 and signed on its behalf.

**R C Jennings - Chief Finance Officer**  
Director



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**NEW CALL TELECOM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08584229**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CALL TELECOM HOLDINGS LIMITED**

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We have audited the financial statements of New Call Telecom Holdings Limited for the period ended 31 March 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes numbered 1 to 25.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, set out on pages from 1 to 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 Financial Reporting Council's Ethical Standards for Auditors.

**SCOPE 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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the *Companies Act 2006*.

**EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 of the statement of accounting policies in the financial statements concerning the company's ability to continue as a going concern.

The group recorded a loss on ordinary activities before and after taxation of £25.9 million in the year ended 31 March 2016 and at that date had accumulated losses of £56.3 million and net liabilities of £55.7 million. The group has been funded to date by loans from the company's principal shareholder of £62.6 million. The shareholder has confirmed that repayment of these loans will not be required within a period of at least 12 months from the date of approval of the financial statements unless the company is able to make such repayments. However, should additional working capital be required in the future the

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CALL TELECOM HOLDINGS LIMITED**

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company and the group do not have binding commitments from its shareholder to supply such additional working capital.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

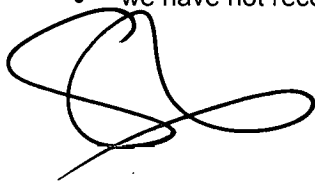
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, the information given in the Directors' Report and the Strategic 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.



Stephen Bullock (Senior statutory auditor)

16 March 2017

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**NEW CALL TELECOM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b> <i>As restated</i>
<b>TURNOVER</b>			
Cost of sales	1,3	89,013 (79,127)	56,942 (49,316)
<b>GROSS PROFIT</b>		<b>9,886</b>	<b>7,626</b>
Administrative expenses		(16,883)	(21,146)
<b>OPERATING LOSS BEFORE AMORTISATION &amp; SAC COSTS</b>	4	<b>(6,997)</b>	<b>(14,220)</b>
Amortisation		(5,633)	(3,542)
Sales acquisition costs		(9,545)	(3,439)
<b>TOTAL OPERATING LOSS</b>		<b>(22,175)</b>	<b>(21,201)</b>
Interest receivable and similar income		-	65
Interest payable and similar charges	8	(3,732)	(2,164)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(25,907)</b>	<b>(23,660)</b>
Tax on loss on ordinary activities	9	-	(363)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(25,907)</b>	<b>(24,023)</b>
		<b>2016 £000</b>	<b>2015 £000</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign currency translation		(438)	319
Prior year adjustment		-	4,714
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(26,345)</b>	<b>(18,990)</b>

All amounts relate to continuing operations.

The notes on pages 15 to 34 form part of these financial statements.

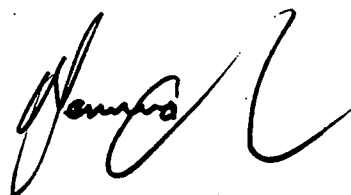
**NEW CALL TELECOM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08584229**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	£000	2016 £000	£000	2015 £000 <i>As restated</i>
<b>FIXED ASSETS</b>					
Intangible assets	11		13,193		18,596
Tangible assets	12		3,294		2,813
Investments			-		-
			<b>16,487</b>		<b>21,409</b>
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year – Deferred tax asset	14	4,319		4,319	
Debtors: amounts falling due within one year	14	16,729		24,738	
Cash at bank		<u>2,453</u>		<u>1,995</u>	
<b>Total current assets</b>		<b>23,501</b>		<b>31,052</b>	
<b>CURRENT LIABILITIES</b>					
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(23,854)</u>		<u>(25,589)</u>	
<b>Total current liabilities</b>		<b><u>(23,854)</u></b>		<b><u>(25,589)</u></b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b><u>(353)</u></b>		<b><u>5,463</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>16,134</b>		<b>26,872</b>
<b>CREDITORS:</b> amounts falling due after more than one year	16		<u>(71,873)</u>		<u>(56,266)</u>
<b>NET LIABILITIES</b>			<b><u>(55,739)</u></b>		<b><u>(29,394)</u></b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		1		1
Foreign exchange reserve			(119)		319
Other reserves			696		812
Profit and loss account			<u>(56,317)</u>		<u>(30,526)</u>
<b>SHAREHOLDERS' DEFICIT</b>			<b><u>(55,739)</u></b>		<b><u>(29,394)</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2017

R C Jennings – Chief Finance Officer  
Director




**NEW CALL TELECOM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08584229**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Investments	13		13,686	-
<b>CURRENT ASSETS</b>				
Debtors: amounts falling due after more than one year	14	14,275	46,951	
Debtors: amounts falling due within one year	14	<u>5,920</u>	<u>2,414</u>	
		<b>20,195</b>	<b>49,365</b>	
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(5,919)</u>	<u>(2,413)</u>	
<b>NET CURRENT ASSETS</b>			<u>14,276</u>	<u>46,952</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			27,962	46,952
<b>CREDITORS:</b> amounts falling due after more than one year	16		<u>(67,371)</u>	<u>(46,951)</u>
<b>NET (LIABILITIES)/ASSETS</b>			<u>(39,409)</u>	<u>1</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	21		1	1
Profit and loss account			<u>(39,410)</u>	<u>-</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(39,409)</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 March 2017

**RC Jennings – Chief Finance Officer**  
Director



The notes on pages 15 to 34 form part of these financial statements.

**NEW CALL TELECOM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08584229**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 MARCH 2016**

<b>GROUP</b>	<b>Share capital £000</b>	<b>Foreign exchange reserve £000</b>	<b>Other reserves £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
At 1 April 2014	1	-	-	(11,261)	(11,260)
Prior year adjustment	-	-	-	4,714	4,714
FRS 102 adjustment	-	-	928	(72)	856
Restated balance at 1 April 2014	<u>1</u>	<u>-</u>	<u>928</u>	<u>(6,619)</u>	<u>(5,690)</u>
<b><i>Comprehensive income for the year</i></b>					
Loss for the year	-	-	(116)	(23,907)	(24,023)
Other comprehensive income for the year	-	319	-	-	319
<b>Balance at 31 March 2015</b>	<u><b>1</b></u>	<u><b>319</b></u>	<u><b>812</b></u>	<u><b>(30,526)</b></u>	<u><b>(29,394)</b></u>
<b><i>Comprehensive income for the year</i></b>					
Loss for the year	-	-	(116)	(25,791)	(25,907)
Other comprehensive income for the year	-	(438)	-	-	(438)
<b>Balance at 31 March 2016</b>	<u><b>1</b></u>	<u><b>(119)</b></u>	<u><b>696</b></u>	<u><b>(56,317)</b></u>	<u><b>(55,739)</b></u>

**NEW CALL TELECOM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08584229**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 MARCH 2016**

<b>COMPANY</b>	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
At 1 April 2014	1	-	1
<b><i>Comprehensive income for the year</i></b>			
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
<b>Balance at 31 March 2015</b>	<u>1</u>	<u>-</u>	<u>1</u>
<b><i>Comprehensive income for the year</i></b>			
Loss for the year	-	(39,410)	(39,410)
Other comprehensive income for the year	-	-	-
<b>Balance at 31 March 2016</b>	<u>1</u>	<u>(39,410)</u>	<u>(39,409)</u>



**NEW CALL TELECOM HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Cash flows from operating activities</b>		
Loss for the year	(25,791)	(23,907)
Adjustments for:		
Depreciation and amortisation	7,303	7,921
Interest payable	3,616	2,408
Interest receivable	-	(65)
Taxation	(666)	(2)
Change in trade and other receivables	8,009	(7,765)
Change in trade and other payables	(9,638)	(1,350)
Foreign exchange movements	(438)	-
Cash used in operations	<b>(17,605)</b>	<b>(22,760)</b>
Interest paid	(226)	(295)
Income taxes paid	-	363
<b>Net cash used in operating activities</b>	<b>(17,831)</b>	<b>(22,962)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(2,151)	(2,938)
Payments for other intangible assets	(230)	(62)
Fixed asset acquisition	-	(457)
Cash acquired on acquisition	-	117
Interest paid	-	65
<b>Net cash used in investing activities</b>	<b>(2,381)</b>	<b>(3,275)</b>
<b>Cash flows from financing activities</b>		
Increase in loans in the year	20,670	31,401
Repayments of loans	-	(3,632)
<b>Net cash generated by financing activities</b>	<b>20,670</b>	<b>27,769</b>
<b>Net increase in cash and cash equivalents</b>	<b>458</b>	<b>1,802</b>
Cash and cash equivalents at the beginning of the year	1,995	193
<b>Cash and cash equivalents at the end of the year</b>	<b>2,453</b>	<b>1,995</b>

The notes on pages 15 to 34 form part of these financial statements.

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. ACCOUNTING POLICIES

##### General Information

New Call Telecom Holdings Limited, a company limited by shares, is a limited company incorporated in England and Wales and has its registered office at 5-9 Eden Street, Kingston upon Thames, Surrey, KT1 1BQ.

The principal activity of the company is to act as holding company to its two operating businesses – New Call Telecom Holdings and the WaveCrest group of companies.

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards as modified by the revaluation of certain financial instruments measured at fair value in accordance with the accounting policies set out below.

These financial statements have been prepared in compliance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Details of the transition to FRS 102 are disclosed in notes 24 and 25.

##### 1.2 Going concern

During the year ending 31 March 2016, New Call Telecom Holdings Limited secured additional loans from its principal shareholder which enabled it to provide further working capital loans to its subsidiary undertakings, New Call Telecom Limited and WaveCrest (UK) Limited. The shareholder has confirmed that repayment of these loans will not be required within a period of at least twelve months from the approval of these financial statements unless the company is able to make such repayments.

The company continues to enjoy the support of its shareholder, Dr Booth. However, should additional working capital be required in the future the company does not have binding commitments from its shareholder to provide such additional working capital. The business has not required net new injections of funds from its shareholder since March 2016 and currently trades on a cash positive basis. The directors are confident that they can continue to develop the operating business in their new phase and have prepared business plans and cash flow projections for each of New Call Telecom and WaveCrest which show that the group is able to meet its commitments as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors therefore consider it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 1.3 Basis of consolidation

The financial statements consolidate the financial statements of New Call Telecom Holdings Limited and all of its subsidiary undertakings ('subsidiaries') controlled by the parent. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. ACCOUNTING POLICIES (continued)

bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the financial statements of the company was £39,409,793 (2015: £Nil).

#### 1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Net revenue is derived from carrying a mix of business, residential and carrier long distance traffic, data and internet traffic.

For certain voice services, net revenue is earned based on the number of minutes during a call and are recorded upon completion of a call. Revenue for a period is calculated from information received through the network switches. The company's systems allow it to track the information from the switch and analyse the call detail records against stored detailed information about revenue rates. This system provides the company with the ability to carry out a timely and accurate analysis of revenue earned in a period. Separate prepaid services software is used to track additional information related to prepaid service usage such as activation date, monthly usage amounts and expiration date.

Net revenue is also earned on a fixed monthly fee basis for certain products. Data/internet services include monthly fees collected for the provision of a number of plans. These fees are recognised as access is provided on a monthly basis. Additionally, service activation and installation fees are deferred and amortised over the contract term. The company records payments received in advance for services and services to be provided under contractual agreements, such as Internet broadband as deferred revenue until such related services are provided.

#### 1.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. ACCOUNTING POLICIES (continued)

each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

#### 1.6 Intangible fixed assets and amortisation

##### Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

##### Customer contracts

On acquisition the company seeks to identify other acquired intangible assets such as customer contracts. Acquired intangible assets such as customer contracts acquired through a business combination are capitalised separately from goodwill and amortised over their expected useful lives of up to five years on a straight line basis. The value attributed to such assets is based on the future economic benefit that is expected to be derived from them. The method of amortisation reflects the pattern in which the assets are expected to be consumed.

Amortisation is provided at the following rates:

Customer contracts	-	20% straight line
Research and development expenditure	-	33.3% straight line
Goodwill	-	20% straight line
Goodwill on acquisition of subsidiaries	-	20% straight line

#### 1.7 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project which is considered to be 3 years. Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	20% straight line
Fixtures & fittings	-	12.5- 33% straight line
Fixtures & fittings – Customer premises equipment	-	Initial customer contract length
Computer equipment	-	33% straight line
Computer software	-	10% straight line

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

**1.9 Investments**

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment. The carrying values of investments are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable

**1.10 Debtors**

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

**1.11 Impairment of financial assets**

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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**1. ACCOUNTING POLICIES (continued)**

average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**1.12 Interest bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**1.13 Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**1.14 Related parties**

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the Company;
- (ii) the Company and the party are subject to common control;

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. ACCOUNTING POLICIES (continued)

- (iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;
- (iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

#### 1.15 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.16 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, which is also the functional currency of the Company, at rates of exchange ruling at the balance sheet date. The unrealised exchange gain/loss on revaluation is included in the profit and loss account.

Foreign currency borrowings have been revalued at the exchange rate ruling at the balance sheet date. The unrealised exchange gain/loss on revaluation is included in the profit and loss account.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

The financial statements of overseas subsidiary undertakings are translated into sterling at the average rate of exchange for the period. Exchange differences arising on the retranslation of opening net assets and liabilities are taken directly to reserves. All other translation differences are taken to the profit and loss account.

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.17 Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they incurred.

The obligations for contributions to defined contribution scheme are recognised as an expense in the period they are incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

##### 1.18 Pensions

The group operated a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

##### 1.19 Sales acquisition costs

Expenses incurred to acquire new residential home telephone and broadband customers in the form of commissions paid to third parties are deferred and charged to the profit and loss account evenly over a 24 month period.

This represents a change in accounting estimate adopted prior to the financial year ended 31 March 2016. The comparative figures have not been restated to reflect this as this change in estimate is not retrospective. In the year ended 31 March 2015 sales acquisition costs were deferred and charged to the profit and loss account evenly over a 36 month period.

The directors are of the opinion that this change of accounting estimate more appropriately matches the expense of acquiring new customers with the economic benefit flowing to the group from acquiring that customer, over the anticipated period of customer tenure.

##### 1.20 Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.



# NEW CALL TELECOM HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Sales acquisition costs

Expenses incurred to acquire new residential customers are deferred and charged to the profit and loss accounts over the estimated period over what the company derives economic benefit from those customers. The estimated term of that economic is a key source of estimation uncertainty.

#### Bad debt provision

The directors' assessment of provisions required for bad and doubtful debts is based on past experience of collectability and is a key area of estimation uncertainty.

### 3. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Residential telephone and broadband services	23,999	28,408
Business telephone and broadband services	1,047	1,074
International calling services	1,670	3,327
Origination and termination services	62,297	24,133
	<u>89,013</u>	<u>56,942</u>
	2016 £000	2015 £000
United Kingdom	81,855	52,746
Rest of European Union	6,880	2,362
Rest of world	278	1,834
	<u>89,013</u>	<u>56,942</u>

### 4. OPERATING LOSS

The operating loss is stated after charging:

	2016 £000	2015 £000
Amortisation – intangible fixed assets	5,331	3,569
Depreciation of tangible fixed assets:		
- owned by the group	1,639	4,288
Operating lease rentals:		
- leased circuit costs	-	91
- land and buildings	354	385
Amortisation of deferred research and development expenditure	302	64

### 5. AUDITOR'S REMUNERATION

	2016 £000	2015 £000
Fees payable to the company's auditor and its associated for the audit of the company's annual financial statements	81	81
Other services	24	79
	<u>105</u>	<u>160</u>

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£000	£000
Wages and salaries	6,629	4,570
Social security costs	473	406
Other pension costs	156	45
	<u>7,258</u>	<u>5,021</u>

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

	2016	2015
Senior executives	10	10
Professional roles	90	46
Administration and customer services	122	189
Apprentices	3	9
	<u>225</u>	<u>254</u>

#### 7. KEY MANAGEMENT PERSONNEL COMPENSATION

The company's key management personnel are considered to be the directors. Their compensation during the year was as follows:

	2016	2015
	£000	£000
Wages and salaries	294	348
Social security costs	46	54
Other pension costs	8	65
	<u>348</u>	<u>467</u>

The highest paid director received remuneration of £132,000 (2015: £281,000)

The aggregate amount of consideration paid to third parties for making available the services of person's who were directors of New Call Telecom Holdings Limited during the period amounted to £36,000 (2015: £181,000). Further information regarding these transactions can be found in note 28.

#### 8. INTEREST PAYABLE

	2016	2015
	£000	£000
On other loans	3,506	2,113
Other interest payable	226	411
	<u>3,732</u>	<u>2,164</u>

NEW CALL TELECOM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

9. TAXATION

	2016 £000	2015 £000
<b>Analysis of tax charge in the period/year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on loss for the period/year	-	2
Total current tax	-	2
<b>Deferred tax (see note 15)</b>		
Effect of increased tax rate on opening liability	-	361
<b>Tax on loss on ordinary activities</b>	<u>-</u>	<u>363</u>

**Factors affecting tax charge for the year/period**

The tax assessed for the period/year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(25,597)	(23,544)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(5,109)	(4,944)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	152	138
Capital allowances for period/year in excess of depreciation	907	820
Short term timing difference leading to an increase (decrease) in taxation	(102)	(75)
Unrelieved tax losses carried forward	<u>4,152</u>	<u>4,063</u>
Current tax charge for the period/year (see note below)	<u>-</u>	<u>2</u>

**Factors that may affect future tax charges**

The group has unutilised trading losses arising carried forward of £167.6 million (2015: £148.6 million) that are available indefinitely for offset against future taxable profits of the company.

In respect of some group companies a deferred tax asset of £4.5 million has been recognised in respect of these losses based on the projected profits to enable these losses to be offset those group companies.

For the remaining group losses, in accordance with FRS 19, no deferred tax asset has been recognised in respect of these amounts. The directors will continue to assess, on a company by company basis, in the future whether a deferred tax assets should be recognised in respect of this item.

The group has unutilised capital losses arising in the UK carried forward of £1.8 million (2015: £1.8 million)

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NEW CALL TELECOM HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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10. Deferred taxation

	Other	Revaluation	Accelerated capital allowances	Total
	£000's	£000's	£000's	£000's
At 1 April 2015	4,319	-	-	4,319
Credited to the profit and loss account	-	-	-	-
Charged to other comprehensive income	-	-	-	-
At 31 March 2016	<u>4,319</u>	<u>-</u>	<u>-</u>	<u>4,319</u>

NEW CALL TELECOM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

11. INTANGIBLE FIXED ASSETS

	Customer contracts £000	Research & development £000	Goodwill on acquisition of subsidiaries £000	Goodwill £000	Total £000
<b>Group Cost</b>					
At 1 April 2015	1,818	480	19,716	2,159	24,173
Additions	-	230	-	-	230
At 31 March 2016	<u>1,818</u>	<u>710</u>	<u>19,716</u>	<u>2,159</u>	<u>24,403</u>
<b>Amortisation</b>					
At 1 April 2015	1,422	64	2,848	1,243	5,577
Charge for the year	396	302	4,019	916	5,633
At 31 March 2016	<u>1,818</u>	<u>366</u>	<u>6,867</u>	<u>2,159</u>	<u>11,210</u>
<b>Net book value</b>					
At 31 March 2016	<u>-</u>	<u>344</u>	<u>12,849</u>	<u>-</u>	<u>13,193</u>
At 31 March 2015	<u>396</u>	<u>416</u>	<u>16,868</u>	<u>916</u>	<u>18,596</u>

**NEW CALL TELECOM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**12. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; machinery £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Computer equipment £000</b>	<b>Computer software £000</b>	<b>Total £000</b>
<b>Group Cost</b>					
At 1 April 2015	339	5,313	181	2,221	8,054
Additions	138	2,013	-	-	2,151
Disposals	-	(4)	-	(496)	(500)
At 31 March 2016	<u>477</u>	<u>7,322</u>	<u>181</u>	<u>1,725</u>	<u>9,705</u>
<b>Depreciation</b>					
At 1 April 2015	41	4,478	176	546	5,241
Charge for the year	132	1,203	2	333	1,670
On disposals	-	(4)	-	(496)	(500)
At 31 March 2016	<u>173</u>	<u>5,677</u>	<u>178</u>	<u>383</u>	<u>6,411</u>
<b>Net book value</b>					
At 31 March 2016	<u>304</u>	<u>1,645</u>	<u>3</u>	<u>1,342</u>	<u>3,294</u>
<i>At 31 March 2015</i>	<u>298</u>	<u>835</u>	<u>5</u>	<u>1,675</u>	<u>2,813</u>

**13. FIXED ASSET INVESTMENTS**

	<b>Fixed asset investment £000</b>
<b>Company Cost</b>	
At 1 April 2015	-
Additions	13,686
At 31 March 2016	<u>13,686</u>

**NEW CALL TELECOM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**13. FIXED ASSET INVESTMENTS (continued...)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name (and country of incorporation if outside Great Britain)</b>	<b>Class of shares</b>	<b>Holding</b>
New Call Telecom Limited	Ordinary £1	100%
WaveCrest (UK) Limited	Ordinary £1	100%
WaveCrest Networks Limited	Ordinary £1	100%
WaveCrest Communications France SAS (France)	Ordinary £1	100%
WaveCrest Communications LLC (USA)	Ordinary £1	100%
WaveCrest Italia SRL (Italy)	Ordinary €1	100%

On 11 March 2016 investment in WaveCrest (UK) Limited and its subsidiaries was transferred to New Call Telecom Holdings Limited from New Call Telecom Limited.

The contingent consideration liability of £5,000,000 was also transferred from New Call Telecom Limited to New Call Telecom Holdings Limited. The principal factor in determining whether the contingent consideration falls due is the level of future profits over the next five years made by certain group companies. The contingent consideration can vary from £Nil to a maximum of £5,000,000. The directors have made an estimate of the expected future payments and recognised liabilities as they expect to fall due in these financial statements.

**14. DEBTORS**

	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£000</b>	<b>2015</b>	<b>£000</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	14,275	46,951
Deferred tax asset	4,319	4,319	-	-
	<b>4,319</b>	<b>4,319</b>	<b>14,275</b>	<b>46,951</b>
<b>Due within one year</b>				
Trade debtors	4,017	8,415	-	-
Amounts owed by related parties	1,339	26	-	-
Other debtors	792	1,620	1	1
Prepayments	10,581	14,350	5,919	2,413
Deferred tax asset	-	327	-	-
	<b>16,729</b>	<b>24,738</b>	<b>5,920</b>	<b>2,414</b>

NEW CALL TELECOM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

15. CREDITORS

Amounts falling due within one year

	Group		Company	
	As restated			
	2016	2015	2016	2015
	£000	£000	£000	£000
Other loans	417	404	-	-
Trade creditors	9,982	12,069	-	-
Amounts owed to related parties	-	26	-	-
Other taxation and social security	50	267	-	-
Other creditors	1,400	1,724	-	-
Accruals and deferred income	12,005	11,099	5,919	2,413
	<u>23,854</u>	<u>25,589</u>	<u>5,919</u>	<u>2,413</u>

16. CREDITORS

Amounts falling due after more than one year

	Group		Company	
	As restated			
	2016	2015	2016	2015
	£000	£000	£000	£000
Shareholder loan notes	6,717	6,717	6,717	6,717
Other loans	55,904	40,234	55,654	40,234
Trade creditors	662	762	-	-
Other creditors	3,590	3,880	-	-
Other creditors – deferred consideration	5,000	4,673	5,000	-
	<u>71,873</u>	<u>56,266</u>	<u>67,371</u>	<u>46,951</u>

Group and company

Shareholder loan notes are repayable in 2018. Interest is payable on the loan notes at the rate of 8% per annum in cash or, at the lenders' option, by the issue of further loan notes in lieu of interest.

Shareholder loan notes are secured by way of a debenture in favour of Dr Jerome Booth over all of the assets of New Call Telecom Holdings Limited and New Call Telecom Limited.

Included in trade creditors is an amount due to a supplier on deferred terms. The outstanding amount at 31 March 2016 was £1,458,000 (2015: £1,836,000). The amount outstanding is on an interest free repayment basis and has been discounted in accordance with FRS 102 s11.15.



**NEW CALL TELECOM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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

**Group**

Included in other creditors is a traffic account between WaveCrest Germany (a branch of WaveCrest (UK) Limited) and MTT. Previously, this traffic account was deemed to be a short term creditor but has been converted to a long term loan. This is repayable via WaveCrest (UK) Limited supplying MTT with approximately £33,000 (\$50,000) worth of traffic per month for two hundred months commencing 1 May 2009. The outstanding balance as at 30 March 2016 was £4,007,000 (2015: £4,284,000). The amount due after five years is £1,919,000 (2015: £2,263,000). The amount due within one year of £417,000 (2015: £404,000) is in other creditors at note 14.

**17. OPERATING LEASE COMMITMENTS**

	<b>Land and buildings</b>	
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Group:</b>		
Within one year	354	354
Between two and five years	1,684	1,684
Greater than five years	609	962
	<u><b>2,646</b></u>	<u><b>3,000</b></u>

**18. FINANCIAL INSTRUMENTS**

	<b>2016</b>	<b>As restated 2015</b>
	<b>£000</b>	<b>£000</b>
Financial instruments that are debt instruments measured at amortised cost:		
Trade debtors	4,017	8,415
Other debtors	792	1,620
Cash at bank and in hand	2,453	1,995
Financial liabilities measured at amortised cost:		
Other loans	66,628	51,235
Trade creditors	10,644	12,831

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## NEW CALL TELECOM HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 19. RELATED PARTY TRANSACTIONS

The company and group has the engaged in the following transactions and has balances outstanding at the year end with other related parties:

##### Company

At the balance sheet date the company had the following amounts included within creditors due greater than one year and accrued interest, included within accruals, owing to Dr J Booth, a director and majority shareholder of New Call Telecom Holdings Limited

	Balance at 31 March 2015	Movement	Balance at 31 March 2016
	£000	£000	£000
2018 Loan notes	6,717	-	6,717
Working capital loan	40,234	15,670	55,904
Accrued interest	2,413	3,506	5,919

##### Group

New Call Telecom India Private Limited is a related party through common directorships with the company. During the year New Call Telecom India Private Limited made recharges for staff, rent and other operating expenses amounting to £714,000 (2015: £693,000) to the company. At the year end, included within debtors, New Call Telecom India Private Limited owed the company £59,000 (2015: £26,000).

New Sparta Limited is a related party through common directors/shareholders. During the year New Sparta Limited invoiced the company amounts totalling £36,000 (2015: £181,000) in relation to consultancy, rent and expenses incurred by the director of the company, Dr Jerome Booth. At the year end, included within creditors, are amounts owed to New Sparta Limited, totalling £49,000 (2015: £13,000).

Lynch-Aird Consulting LLP is a related party through common director/member. During the year Lynch-Aird Consulting LLP invoiced the company amounts totalling £24,000 (2015: £58,000) in relation to consultancy services. At the year end, included within creditors, are amounts owed to Lynch Aird Consulting LLP totalling £7,000 (2015: £13,000).

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**NEW CALL TELECOM HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**20. PENSION COMMITMENTS**

The group operates a defined contributions pension scheme on behalf of certain employees. The pension cost charge represents contributions payable by the group amounted to £104,000 (2015: £117,000). Contributions totalling £22,000 (2015: £21,000) were payable to the fund at the balance sheet date and are included in creditors.

**21. SHARE CAPITAL**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £0.01 each	<u><b>1</b></u>	<u><b>1</b></u>

**22. RESERVES**

**Called up share capital**

Represents the nominal value of shares that have been issued.

**Other reserves**

Represents the discounted amount of deferred trade creditors to be unwound over the payment terms.

**Profit & loss account**

Represents the cumulative excess of realised and unrealised profits and losses.

**23. CAPITAL COMMITMENTS**

The group had no capital commitments at the year end (2015: Nil).

NEW CALL TELECOM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

24. TRANSITION TO FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2016 and the total equity as at 1 April 2014, and 31 March 2015 between UK GAAP as previously reported and under FRS 102 in these financial statements.

	As previously stated 1 April 2014 £000	Effect of transition 1 April 2014 £000	FRS 102 (as restated) 1 April 2014 £000	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Fixed assets	11,188	-	11,188	21,409	-	21,409
Current assets	8,676	-	8,676	31,052	-	31,052
Creditors: amounts falling due within one year	(9,186)	44	(9,142)	(25,633)	44	(25,589)
<b>Net current assets</b>	<b>(510)</b>	<b>44</b>	<b>(466)</b>	<b>5,419</b>	<b>44</b>	<b>5,463</b>
<b>Total assets less current liabilities</b>	<b>10,678</b>	<b>-</b>	<b>10,722</b>	<b>26,828</b>	<b>-</b>	<b>26,872</b>
Creditors: amounts falling due after more than one year	(17,224)	812	(16,412)	(56,962)	696	(56,266)
<b>Net assets</b>	<b>(6,546)</b>	<b>856</b>	<b>(5,690)</b>	<b>(30,134)</b>	<b>740</b>	<b>(29,394)</b>
Capital and reserves	(6,456)	856	(5,690)	(30,134)	740	(29,394)

**NEW CALL TELECOM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**25. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)**

	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Turnover	56,942	-	56,942
Cost of sales	(49,316)	-	(49,316)
<b>Gross profit</b>	<b>7,626</b>	<b>-</b>	<b>7,626</b>
Administrative expenses	(21,846)	-	(21,846)
<b>Operating loss before amortisation and SAC costs</b>	<b>(14,220)</b>	<b>-</b>	<b>(14,220)</b>
Amortisation	(3,542)	-	(3,542)
Sales acquisition costs	(3,439)	-	(3,439)
<b>Total operating loss</b>	<b>(21,201)</b>	<b>-</b>	<b>(21,201)</b>
Interest receivable and similar income	65	-	65
Interest payable and similar charges	(2,408)	(116)	(2,524)
Taxation	(363)	-	(363)
Profit on ordinary activities after taxation and for the financial year.	<u><b>(23,907)</b></u>	<u><b>(116)</b></u>	<u><b>(24,023)</b></u>

**Holiday pay accrual**

Prior to applying FRS 102, the company did not make provision for holiday pay which comprises holiday earned but not taken prior to the year-end. FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £72,000 on transition to FRS 102. There has been no additional accrual for the period ending 30 March 2016 with the holiday accrual remaining static at £72,000.

**Long term trade creditors**

Included in trade creditors is an amount due to a supplier on deferred terms. The amount outstanding is on an interest free repayment basis and has been discounted in accordance with FRS 102 s11.15. Other reserves represents the discounted amount of the deferred trade creditors to be unwound over the payment terms