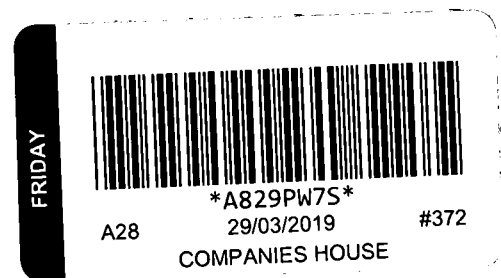


CORE COMMUNICATION RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



CORE COMMUNICATION RETAIL LIMITED

COMPANY INFORMATION

DIRECTORS

J Lovell
A Greaves
K Joseph

REGISTERED NUMBER

08301089

REGISTERED OFFICE

Elizabeth House
11 York Road
SE1 7NX

INDEPENDENT AUDITORS

Bishop Fleming Bath Limited
Chartered Accountants & Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

CORE COMMUNICATION RETAIL LIMITED

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CORE COMMUNICATION RETAIL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

BUSINESS REVIEW

The principal activity of the company during the year was that of retail telecommunication products and services.

The company continues to enjoy strong growth with improvements in both revenue and volumes albeit with some sacrifice in margin. The Board continues to plan for future growth in all areas of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates within a competitive sector and must remain vigilant to ensure it continues to offer market-leading commission and levels of service to its customers.

FINANCIAL KEY PERFORMANCE INDICATORS

The company focuses on the "quality" of its connections to its partners (number of subsequent top-ups or customer revenue) rather than the quantity of first connections. Management therefore drive the business by reference to the key metrics of revenue and margin by network together with incremental revenue and margin from new initiatives such as accessory sales.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

All customers who wish to trade on credit term are subject to credit verification procedures. Trade debtors are reviewed by the directors on a regular basis and provision made from doubtful debts when necessary.

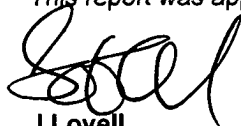
Liquidity risk

The company manages its cash borrowing requirements to ensure that sufficient liquid resources are available to meet the operating needs of the business.

Foreign currency risk

Primarily as a result of its accessory business, the company is exposed to foreign currency fluctuations. To mitigate this, the company holds some of its cash reserves in the relevant local currency. Subsequent to the end of the period, a decision was made to substantially increase these holdings as a result of increasing currency risk arising primarily from political factors.

This report was approved by the board on 14 March 2019 and signed on its behalf.



J Lovell
Director

CORE COMMUNICATION RETAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,043,528 (2017: £2,270,544).

There were no dividends declared in the year.

DIRECTORS

The directors who served during the year were:

J Lovell
A Greaves
K Joseph

FUTURE DEVELOPMENTS

The Directors continue to look for opportunities to increase revenues and margin earned from the sim distribution business as well as planning to increase the range of products offered within other distribution business activities.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J Lovell
Director

Date: 14 March 2019

Elizabeth House
11 York Road
SE1 7NX

CORE COMMUNICATION RETAIL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORE COMMUNICATION RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CORE COMMUNICATION RETAIL LIMITED

OPINION

We have audited the financial statements of Core Communication Retail Limited (the 'Company') for the year ended 30 June 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

CORE COMMUNICATION RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CORE COMMUNICATION RETAIL LIMITED (CONTINUED)

required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

CORE COMMUNICATION RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CORE COMMUNICATION RETAIL LIMITED (CONTINUED)

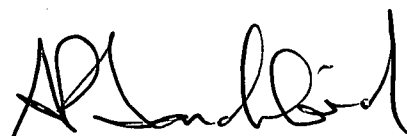
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

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 Auditors' 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.



Andrew Sandiford BCom FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date: 20/03/2019

CORE COMMUNICATION RETAIL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £	2017 £
Turnover	4	31,735,505	26,422,763
Cost of sales		(26,154,478)	(20,885,857)
GROSS PROFIT		5,581,027	5,536,906
Administrative expenses		(3,133,264)	(2,711,784)
OPERATING PROFIT	5	2,447,763	2,825,122
Interest receivable and similar income	9	1,256	22,554
PROFIT BEFORE TAX		2,449,019	2,847,676
Tax on profit	10	(405,491)	(577,132)
PROFIT FOR THE FINANCIAL YEAR		2,043,528	2,270,544

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 10 to 22 form part of these financial statements.

CORE COMMUNICATION RETAIL LIMITED
REGISTERED NUMBER:08301089

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	65,721	55,721
		<u>65,721</u>	<u>55,721</u>
CURRENT ASSETS			
Stocks	13	894,891	794,051
Debtors: amounts falling due within one year	14	6,451,699	5,751,503
Cash at bank and in hand	15	2,374,012	3,430,163
		<u>9,720,602</u>	<u>9,975,717</u>
Creditors: amounts falling due within one year	16	(7,475,659)	(9,766,160)
NET CURRENT ASSETS		<u>2,244,943</u>	<u>209,557</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,310,664</u>	<u>265,278</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	18	(10,452)	(8,594)
		<u>(10,452)</u>	<u>(8,594)</u>
NET ASSETS		<u><u>2,300,212</u></u>	<u><u>256,684</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Profit and loss account	20	2,300,112	256,584
		<u><u>2,300,212</u></u>	<u><u>256,684</u></u>

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



J Lovell
Director

Date: 14 March 2019

The notes on pages 10 to 22 form part of these financial statements.

CORE COMMUNICATION RETAIL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2017	100	256,584	256,684
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,043,528	2,043,528
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	2,043,528	2,043,528
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
AT 30 JUNE 2018	100	2,300,112	2,300,212

The notes on pages 10 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	100	6,986,040	6,986,140
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,270,544	2,270,544
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	2,270,544	2,270,544
Dividends: Equity capital	-	(9,000,000)	(9,000,000)
TOTAL TRANSACTIONS WITH OWNERS	-	(9,000,000)	(9,000,000)
AT 30 JUNE 2017	100	256,584	256,684

The notes on pages 10 to 22 form part of these financial statements.

CORE COMMUNICATION RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Core Communication Retail Limited is a limited liability company incorporated in the United Kingdom. It is a company limited by shares. The registered office is Elizabeth House, 11 York Road, London, SE1 7NX.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Core Communication Holdings Limited as at 30 June 2018 and these financial statements may be obtained from Elizabeth House, 11 York Road, London, SE1 7NX.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 INTEREST INCOME

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

2.8 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 25% straight line
Office equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

2.15 FINANCIAL INSTRUMENTS (CONTINUED)

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.16 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

- Determining whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of that unit.
- Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

4. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	22,769	20,777
Exchange differences	(55,868)	30,826
Defined contribution pension cost	133,561	61,478

CORE COMMUNICATION RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>6,000</u>	<u>5,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. EMPLOYEES

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

	2018 £	2017 £
Wages and salaries	4,447,873	3,945,009
Social security costs	486,794	372,690
Cost of defined contribution scheme	133,561	61,478
	<u>5,068,228</u>	<u>4,379,177</u>

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

	2018 No.	2017 No.
Staff	<u>147</u>	<u>136</u>

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	312,500	371,132
Company contributions to defined contribution pension schemes	54,666	33,500
	<u>367,166</u>	<u>404,632</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

CORE COMMUNICATION RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	1,256	22,554
	<u>1,256</u>	<u>22,554</u>

10. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	403,633	574,834
TOTAL CURRENT TAX	<u>403,633</u>	<u>574,834</u>
DEFERRED TAX		
Origination and reversal of timing differences	1,858	2,648
Changes to tax rates	-	(350)
TOTAL DEFERRED TAX	<u>1,858</u>	<u>2,298</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>405,491</u>	<u>577,132</u>

CORE COMMUNICATION RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****10. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>2,449,019</u>	<u>2,847,676</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	465,314	562,436
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,052	15,652
Capital allowances for year in excess of depreciation	(6,403)	-
Adjustments to tax charge in respect of prior periods	-	(177)
Timing differences leading to an increase in taxation	1,858	-
Group relief	(67,330)	-
Adjust closing deferred tax to average rate of 19.75%	-	(1,391)
Adjust opening deferred tax to average rate of 19.75%	-	612
TOTAL TAX CHARGE FOR THE YEAR	<u>405,491</u>	<u>577,132</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The 2016 budget on 16 March 2016 announced that the UK corporation tax rate will reduce to 17% by 2020.

11. DIVIDENDS

	2018 £	2017 £
Dividends	-	9,000,000
	<u>-</u>	<u>9,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**12. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Office equipment £	Total £
COST OR VALUATION			
At 1 July 2017	78,656	30,715	109,371
Additions	13,791	18,978	32,769
At 30 June 2018	92,447	49,693	142,140
DEPRECIATION			
At 1 July 2017	45,953	7,697	53,650
Charge for the year on owned assets	12,642	10,127	22,769
At 30 June 2018	58,595	17,824	76,419
NET BOOK VALUE			
At 30 June 2018	33,852	31,869	65,721
At 30 June 2017	32,703	23,018	55,721

13. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	894,891	794,051
	894,891	794,051

Stocks recognised in cost of sales during the year as expenses were £8,062,936 (2017: £6,084,305).
Stock impairment losses recognised during the year as expenses were £197,398 (2017: £319,248).

CORE COMMUNICATION RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. DEBTORS

	2018 £	2017 £
Trade debtors	1,795,291	1,060,801
Amounts owed by group undertakings	705,691	1,282,207
Other debtors	22,858	9,890
Prepayments and accrued income	3,927,859	3,398,605
	<u>6,451,699</u>	<u>5,751,503</u>

15. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	2,374,012	3,430,163
	<u>2,374,012</u>	<u>3,430,163</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	3,080,471	2,187,147
Amounts owed to group undertakings	24,128	18,733
Corporation tax	232,452	197,419
Taxation and social security	593,907	921,271
Other creditors	1,336,337	3,894,545
Accruals and deferred income	2,208,364	2,547,045
	<u>7,475,659</u>	<u>9,766,160</u>

CORE COMMUNICATION RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at amortised cost	<u>7,993,507</u>	<u>8,837,701</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(4,984,183)</u>	<u>(8,583,632)</u>

Financial assets measured at amortised cost comprise Cash at bank and in hand, Trade debtors, Amounts owed by group undertakings, Other debtors, and Accrued income.

Financial liabilities measured at amortised cost comprise Trade creditors, Amounts owed by group undertakings, Other creditors, and Accruals.

18. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	(8,594)	(6,296)
Charged to profit or loss	(1,858)	(2,298)
AT END OF YEAR	<u>(10,452)</u>	<u>(8,594)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(10,452)	(8,594)
	<u>(10,452)</u>	<u>(8,594)</u>

19. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND PARTLY PAID		
100 (2017: 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

CORE COMMUNICATION RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

20. RESERVES

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

21. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £133,561 (2017: £61,478). Contributions totalling £12,360 (2017: £2,837) were payable to the fund at the reporting date.

22. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	14,887	42,138
Later than 1 year and not later than 5 years	-	14,041
	<u>14,887</u>	<u>56,179</u>

Operating lease payments recognised as an expense in the year were £41,292 (2017: £61,002).

23. RELATED PARTY TRANSACTIONS

The company has taken the exemption available under FRS102 from disclosing the details of transactions between wholly owned members of the same group.

	2018 £	2017 £
Amounts owed by fellow group companies	705,691	1,263,769
Amounts owed to fellow group companies	980	144,589
Amounts owed to companies under common control	1,399,105	4,773,121
Amounts owed by ultimate holding company	23,148	-
Expenses during period charged by companies under common control	<u>2,404,452</u>	<u>2,500,000</u>

Key Management Personnel

Key management personnel consists of the directors of the company. The directors receive remuneration as shown in note 8.

24. CONTROLLING PARTY

Since 7 April 2017 the immediate and ultimate parent company has been Core Communication Holdings Limited, a company incorporated within the UK. The ultimate controlling party is A Greaves by virtue of his majority shareholding and this remained the case throughout the group reconstruction that took place during the prior year.