

**CORE COMMUNICATION HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**

CORE COMMUNICATION HOLDINGS LIMITED

COMPANY INFORMATION

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DIRECTORS	A Greaves J Lovell
REGISTERED NUMBER	10617689
REGISTERED OFFICE	Elizabeth House 11 York Road London United Kingdom 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

CONTENTS

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	Page
Group strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4 - 6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9
Consolidated statement of changes in equity	10
Company statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the financial statements	13 - 30

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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**INTRODUCTION**

The Company serves as a holding company for a number of operating entities in international calling and distribution, and provides management services to these entities.

**BUSINESS REVIEW**

The international calling business continued to face a challenging market with limited scope for growth in existing products although management continue to look for opportunities to develop new products.

The distribution business continued to develop its market share in both SIM distribution and accessory sales albeit with some sacrifice in margin.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk for international calling continues to be customers' migration to internet-based and "over the top" solutions whilst in distribution the increasingly competitive nature of the sector is applying downward pressure to margins.

Directors continue to monitor the financial situation arising from the Covid-19 impact, however we consider the business to have sufficient resources to continue to trade for a period of at least 12 months.

**FINANCIAL KEY PERFORMANCE INDICATORS**

Both businesses are predominately judged on gross margin via monthly management accounts and associated analysis.

**OTHER KEY PERFORMANCE INDICATORS**

The international call business is measured on carried minutes.

Within the distribution division, the Group tracks active shops, shop visits, connections and other metrics which are important to both the Group and to its network partners.

This report was approved by the board on 27 April 2020 and signed on its behalf.

**J Lovell**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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The directors present their report and the financial statements for the year ended 30 June 2019.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £2,774,648 (2018: £1,967,098).

No dividends were declared during the period.

**DIRECTORS**

The directors who served during the year were:

A Greaves  
J Lovell

**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 and the Group'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 and the Group's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Group 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: 27 April 2020

Elizabeth House  
11 York Road  
London  
United Kingdom  
SE1 7NX

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

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The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF CORE COMMUNICATION HOLDINGS LIMITED

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**OPINION**

We have audited the financial statements of Core Communication Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2019, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company 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 Group's and of the parent Company's affairs as at 30 June 2019 and of the Group's 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 Group 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 Group's or the parent 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 required to report that fact.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF CORE COMMUNICATION HOLDINGS LIMITED  
(CONTINUED)**

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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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF CORE COMMUNICATION HOLDINGS LIMITED  
(CONTINUED)**

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**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.

Ria Burridge FCCA (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: 29 April 2020

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
Turnover	4	<b>37,444,004</b>	33,436,568
Cost of sales		<b>(30,511,269)</b>	(27,439,452)
<b>Gross profit</b>		<b>6,932,735</b>	5,997,116
Administrative expenses		<b>(3,551,902)</b>	(3,587,233)
<b>Operating profit</b>	5	<b>3,380,833</b>	2,409,883
Interest receivable and similar income	9	<b>3,350</b>	1,758
Interest payable and expenses	10	-	(11)
<b>Profit before taxation</b>		<b>3,384,183</b>	2,411,630
Tax on profit	11	<b>(609,535)</b>	(444,532)
<b>Profit for the financial year</b>		<b><u>2,774,648</u></b>	<u>1,967,098</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 30 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	170	-
Tangible assets	13	69,742	106,131
		<u>69,912</u>	<u>106,131</u>
<b>Current assets</b>			
Stocks	15	1,221,424	894,891
Debtors: amounts falling due within one year	16	6,694,945	6,895,466
Cash at bank and in hand	17	12,340,988	4,163,079
		<u>20,257,357</u>	<u>11,953,436</u>
Creditors: amounts falling due within one year	18	(8,610,552)	(7,867,498)
<b>Net current assets</b>		<u>11,646,805</u>	<u>4,085,938</u>
<b>Total assets less current liabilities</b>		<u>11,716,717</u>	<u>4,192,069</u>
Creditors: amounts falling due after more than one year	19	(4,750,000)	-
<b>Net assets</b>		<u>6,966,717</u>	<u>4,192,069</u>
<b>Capital and reserves</b>			
Called up share capital	22	42,572,001	42,572,001
Other reserves	23	(42,571,800)	(42,571,800)
Profit and loss account	23	6,966,516	4,191,868
<b>Equity attributable to owners of the parent Company</b>		<u>6,966,717</u>	<u>4,192,069</u>
		<u>6,966,717</u>	<u>4,192,069</u>

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

**J Lovell**  
Director

Date: 27 April 2020

The notes on pages 13 to 30 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	14	42,572,100	42,572,000
		<u>42,572,100</u>	<u>42,572,000</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	626,523	318,813
Cash at bank and in hand	17	738,381	338,362
		<u>1,364,904</u>	<u>657,175</u>
Creditors: amounts falling due within one year	18	(1,720,007)	(1,103,169)
<b>Net current liabilities</b>		<u>(355,103)</u>	<u>(445,994)</u>
<b>Total assets less current liabilities</b>		<u>42,216,997</u>	<u>42,126,006</u>
<b>Net assets</b>		<u>42,216,997</u>	<u>42,126,006</u>
<b>Capital and reserves</b>			
Called up share capital	22	42,572,001	42,572,001
Profit and loss account carried forward		(355,004)	(445,995)
		<u>42,216,997</u>	<u>42,126,006</u>

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

**J Lovell**  
Director

Date: 27 April 2020

The notes on pages 13 to 30 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018	42,572,001	(42,571,800)	4,191,868	4,192,069
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,774,648	2,774,648
<b>At 30 June 2019</b>	<b>42,572,001</b>	<b>(42,571,800)</b>	<b>6,966,516</b>	<b>6,966,717</b>

The notes on pages 13 to 30 form part of these financial statements.

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2017	42,572,001	(42,571,800)	2,224,770	2,224,971
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,967,098	1,967,098
<b>At 30 June 2018</b>	<b>42,572,001</b>	<b>(42,571,800)</b>	<b>4,191,868</b>	<b>4,192,069</b>

The notes on pages 13 to 30 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 July 2018	42,572,001	(445,995)	42,126,006
Profit for the year	-	90,991	90,991
<b>At 30 June 2019</b>	<b>42,572,001</b>	<b>(355,004)</b>	<b>42,216,997</b>

The notes on pages 13 to 30 form part of these financial statements.

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

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 July 2017	42,572,001	21,248	42,593,249
<b>Comprehensive income for the year</b>			
Loss for the year	-	(467,243)	(467,243)
<b>At 30 June 2018</b>	<b>42,572,001</b>	<b>(445,995)</b>	<b>42,126,006</b>

The notes on pages 13 to 30 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,774,648	1,967,098
<b>Adjustments for:</b>		
Depreciation of tangible assets	61,052	69,607
Interest paid	-	11
Interest received	(3,350)	(1,758)
Taxation charge	609,535	267,261
(Increase) in stocks	(326,533)	(100,840)
Decrease in debtors	496,500	(181,849)
(Increase) in amounts owed by participating interests	(271,223)	-
(Decrease) in creditors	(657,214)	(2,759,308)
Increase in amounts owed to participating interests	1,169,625	-
Corporation tax (paid)	(403,648)	(293,914)
<b>Net cash generated from operating activities</b>	<b>3,449,392</b>	<b>(1,033,692)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(170)	-
Purchase of tangible fixed assets	(24,663)	(38,602)
Interest received	3,350	1,758
<b>Net cash from investing activities</b>	<b>(21,483)</b>	<b>(36,844)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(11)
Amounts owed by participating interests	4,750,000	-
<b>Net cash used in financing activities</b>	<b>4,750,000</b>	<b>(11)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,177,909</b>	<b>(1,070,547)</b>
Cash and cash equivalents at beginning of year	4,163,079	5,233,626
<b>Cash and cash equivalents at the end of year</b>	<b>12,340,988</b>	<b>4,163,079</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	12,340,988	4,163,079
	<b>12,340,988</b>	<b>4,163,079</b>

The notes on pages 13 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**1. GENERAL INFORMATION**

Core Communication Holdings Limited is a private company limited by shares incorporated in the United Kingdom. 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

**2.2 BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Core Communication Holdings Limited merged with Core Communication Services Limited (including subsidiary Core Telecommunications International Limited) and Core Communication Retail Limited on 7 April 2017 and accounted for the combination using the merger accounting principles set out in FRS 102.

The results of the acquired companies were previously consolidated in the accounts of Core Communication Investments Limited.

**2.3 GOING CONCERN**

Directors continue to monitor the financial situation arising from the Covid-19 impact, however we consider the business to have sufficient resources to continue to trade for a period of at least 12 months.



2. ACCOUNTING POLICIES (continued)

2.4 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 Consolidated 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 Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**2. ACCOUNTING POLICIES (continued)**

**2.5 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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 Group 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.

**2.6 OPERATING LEASES: THE GROUP AS LESSEE**

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

**2.7 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 INTEREST INCOME**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.9 FINANCE COSTS**

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 PENSIONS**

**DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

**2.11 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.12 INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.13 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:

Long-term leasehold property	- 25% to 33% Straight Line
Plant and machinery	- 25% to 33% Straight Line
Fixtures and fittings	- 25% to 33% Straight Line
Office equipment	- 25% to 33% Straight Line
Computer equipment	- 25% to 33% 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 Consolidated statement of comprehensive income.

**2.14 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 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.

**2.16 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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2. ACCOUNTING POLICIES (continued)

2.17 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 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.

2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group 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 Consolidated statement of comprehensive income in the year that the Group 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.

2.20 FINANCIAL INSTRUMENTS

The Group 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.

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 Consolidated 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 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

3.

**JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

- Determining whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the 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 group.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	37,375,897	33,253,231
Rest of Europe	68,107	183,337
	<u>37,444,004</u>	<u>33,436,568</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	61,052	69,605
Exchange differences	(6,966)	(39,108)
Other operating lease rentals	126,990	58,572
Defined contribution pension cost	<u>193,395</u>	<u>181,288</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

6. AUDITORS' REMUNERATION

FEEs PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT  
OF:

Audit-related assurance services	16,000	19,000
	<u>16,000</u>	<u>19,000</u>

7. EMPLOYEES

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	5,239,109	5,052,880	-	-
Social security costs	607,891	553,617	-	-
Cost of defined contribution scheme	193,395	181,288	-	-
	<u>6,040,395</u>	<u>5,787,785</u>	<u>-</u>	<u>-</u>

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

	2019 No.	2018 No.
Administrative Staff	159	151
Directors	4	4
	<u>163</u>	<u>155</u>

8. DIRECTORS' REMUNERATION

	2019 £	2018 £
Director's emoluments	167,869	128,366
Director's pension contributions	14,171	41,304
	<u>182,040</u>	<u>169,670</u>

During the year retirement benefits were accruing to 1 directors (2018: 1) in respect of defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

9. INTEREST RECEIVABLE

	2019 £	2018 £
Bank interest receivable	3,350	1,758
	<u>3,350</u>	<u>1,758</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Other interest payable	-	11
	<u>-</u>	<u>11</u>

11. TAXATION

	2019 £	2018 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	634,715	459,545
<b>TOTAL CURRENT TAX</b>	<u>634,715</u>	<u>459,545</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(25,180)	(15,013)
<b>TOTAL DEFERRED TAX</b>	<u>(25,180)</u>	<u>(15,013)</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>609,535</u>	<u>444,532</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**11. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,384,183</u>	<u>2,411,630</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	642,995	458,210
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,639	33,299
Capital allowances for year in excess of depreciation	(1,169)	(8,076)
Lower rate taxes on overseas earnings	(18,661)	(31,239)
Adjustments to tax charge in respect of prior periods	(4,951)	-
Other timing differences leading to an increase (decrease) in taxation	(16,318)	(7,662)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>609,535</u>	<u>444,532</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Reductions in the UK Corporation tax rate from 19% to 17% (effective 1 April 2020) were announced in the Budget on 22 November 2017.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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## 12. INTANGIBLE ASSETS

## Group and Company

	Branding Licences £
<b>COST</b>	
Additions	170
At 30 June 2019	<u>170</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u><u>170</u></u>
At 30 June 2018	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

## 13. TANGIBLE FIXED ASSETS

## Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Computer equipment £
<b>COST OR VALUATION</b>					
At 1 July 2018	4,757	92,447	14,090	452,563	9,929
Additions	-	8,034	-	16,629	-
Disposals	-	-	-	(199,460)	-
At 30 June 2019	4,757	100,481	14,090	269,732	9,929
<b>DEPRECIATION</b>					
At 1 July 2018	4,757	58,595	12,565	382,882	8,856
Charge for the year on owned assets	-	14,595	986	44,911	560
Disposals	-	-	-	(199,460)	-
At 30 June 2019	4,757	73,190	13,551	228,333	9,416
<b>NET BOOK VALUE</b>					
At 30 June 2019	-	27,291	539	41,399	513
At 30 June 2018	-	33,852	1,525	69,681	1,073

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

## 13. TANGIBLE FIXED ASSETS (CONTINUED)

	Total £
<b>COST OR VALUATION</b>	
At 1 July 2018	573,786
Additions	24,663
Disposals	(199,460)
	<hr/>
At 30 June 2019	398,989
	<hr/>
<b>DEPRECIATION</b>	
At 1 July 2018	467,655
Charge for the year on owned assets	61,052
Disposals	(199,460)
	<hr/>
At 30 June 2019	329,247
	<hr/>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>69,742</u>
At 30 June 2018	<u>106,131</u>

## 14. INVESTMENTS IN SUBSIDIARIES

## Company

	Investments in subsidiary companies £
<b>COST OR VALUATION</b>	
At 1 July 2018	42,572,000
Additions	100
	<hr/>
At 30 June 2019	<u>42,572,100</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Core Communication Services Limited	Elizabeth House, 11 York Road, London, United Kingdom, SE1 7NX	Ordinary	100%
Core Telecommunications International Limited	30 Fair Street, Drogheda, Co. Louth, Republic of Ireland	Ordinary	100%
Core Communication Retail Limited	Elizabeth House, 11 York Road, London, United Kingdom, SE1 7NX	Ordinary	100%
Core Retail Products Limited	Elizabeth House, 11 York Road, London, United Kingdom, SE1 7NX	Ordinary	100%

**15. STOCKS**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>
Finished goods and goods for resale	<b>1,221,424</b>	894,891
	<b><u>1,221,424</u></b>	<b><u>894,891</u></b>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense were £7,626,499 (2018: £8,062,936). Stock impairment losses recognised during the year as expenses were £155,849 (2018: £197,398).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**16. DEBTORS**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Trade debtors	<b>1,585,449</b>	2,661,435	-	-
Amounts owed by group undertakings	-	-	<b>500,337</b>	196,261
Amounts owed by associated undertakings	<b>271,223</b>	-	<b>126,004</b>	-
Other debtors	<b>53,377</b>	99,017	<b>182</b>	650
Prepayments and accrued income	<b>4,755,678</b>	4,130,976	-	121,902
Deferred taxation	<b>29,218</b>	4,038	-	-
	<b><u>6,694,945</u></b>	<b><u>6,895,466</u></b>	<b><u>626,523</u></b>	<b><u>318,813</u></b>

**17. CASH AND CASH EQUIVALENTS**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Cash at bank and in hand	<b>12,340,988</b>	4,163,079	<b>738,381</b>	338,362
	<b><u>12,340,988</u></b>	<b><u>4,163,079</u></b>	<b><u>738,381</u></b>	<b><u>338,362</u></b>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Trade creditors	<b>2,330,405</b>	3,117,537	-	8,932
Amounts owed to group undertakings	-	-	<b>1,699,706</b>	1,089,237
Amounts owed to other participating interests	<b>1,834,774</b>	665,149	-	-
Corporation tax	<b>474,712</b>	244,069	<b>15,056</b>	-
Other taxation and social security	<b>769,346</b>	614,796	-	-
Other creditors	<b>49,310</b>	697,835	-	-
Accruals and deferred income	<b>3,152,005</b>	2,528,112	<b>5,245</b>	5,000
	<b><u>8,610,552</u></b>	<b><u>7,867,498</u></b>	<b><u>1,720,007</u></b>	<b><u>1,103,169</u></b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

## 19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2019 £	Group 2018 £
Amounts owed to other participating interests	4,750,000	-
	<u>4,750,000</u>	<u>-</u>

## 20. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	12,340,988	4,163,079	738,381	338,362
Financial assets that are debt instruments measured at amortised cost	5,699,938	-	626,341	317,296
	<u>18,040,926</u>	<u>4,163,079</u>	<u>1,364,722</u>	<u>655,658</u>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<u>(6,896,088)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise Trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise Trade creditors, other creditors and accruals.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**21. DEFERRED TAXATION****Group**

	<b>2019 £</b>
At beginning of year	<b>4,038</b>
Charged to profit or loss	<b>25,180</b>
<b>AT END OF YEAR</b>	<b><u>29,218</u></b>

The deferred tax asset is made up as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>
Accelerated capital allowances	<b>(9,908)</b>	(15,598)
Short term timing differences	<b>39,126</b>	19,636
	<b><u>29,218</u></b>	<b><u>4,038</u></b>

**22. SHARE CAPITAL**

	<b>2019 £</b>	<b>2018 £</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
42,572,001 (2018: 42,572,001) Ordinary shares of £1.00 each	<b><u>42,572,001</u></b>	<b><u>42,572,001</u></b>

**23. RESERVES****Other reserves**

The other reserves represents the difference between the nominal value of the shares issued and the nominal value of the shares received in exchange during the group restructure.

**Profit and loss account**

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

**24. CONTINGENT LIABILITIES**

On 22 April 2020 the Directors received notification of an alleged, and unquantified IP breach in the design of one of the Group's products. Given the legal advice taken prior to launch, the Directors are confident that the claim will be successfully defended and will not result in material expense to the Group.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**25. PENSION COMMITMENTS**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £182,643 (2018: £181,288). Contributions totalling £29,325 (2018: £18,320) were payable to the fund at the reporting date and are included in creditors.

**26. COMMITMENTS UNDER OPERATING LEASES**

At 30 June 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £</b>	Group 2018 £
Not later than 1 year	<b>16,837</b>	14,887
	<u><b>16,837</b></u>	<u>14,887</u>

Operating leases payments recognised as an expense in the year were £14,887 (2018: £58,572).

**27. RELATED PARTY TRANSACTIONS**

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

	<b>2019 £</b>	2018 £
Amounts owed to companies under common control	<b>1,834,774</b>	1,399,105
Amounts owed by companies under common control - current	<b>271,223</b>	137,323
Amounts owed by companies under common control - non-current	<b>4,750,000</b>	-
Sales to companies under common control	<b>126,004</b>	98,309
Purchases from companies under common control	<b>1,702,139</b>	2,413,161
Purchases from directors	-	5,201
Amounts owed by directors at the year-end date	<u><b>295</b></u>	<u>-</u>

Key Management Personnel

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

**28. CONTROLLING PARTY**

The ultimate controlling party is A Greaves by virtue of his majority shareholding.



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