Registered number: 10617689

CORE COMMUNICATION HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

COMPANY INFORMATION

DIRECTORS	A Greaves J Lovell
REGISTERED NUMBER	10617689
REGISTERED OFFICE	101 Devonshire Business Centre Wade Road Basingstoke United Kingdom RG24 8PE
INDEPENDENT AUDITORS	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL
BANKERS	Barclays Bank PLC 1 Churchill Place London E14 5HP

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 against the backdrop of the Covid-19 pandemic.

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.

The Covid-19 pandemic has impacted our retail business. The affected businesses have deployed a variety of measures and strategies including taking steps to reduce costs where they sensibly can, balanced against the need to preserve employment and retain capacity for when trading conditions improve. These measures have ensured that financial performance remains adequate, despite these challenging times.

FINANCIAL KEY PERFORMANCE INDICATORS

Both businesses are predominately judged on revenue and 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 and signed on its behalf.

J Lovell
Director

Date: 31 March 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,335,695 (2020: £2,760,546).

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: 31 March 2022

101 Devonshire Business Centre
Wade Road
Basingstoke
United Kingdom
RG24 8PE

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

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;
- 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 OF CORE COMMUNICATION HOLDINGS LIMITED

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 2021, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group analysis of net debt, 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 set out 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 Group financial statements .

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- The nature of the industry and sector, control environment and business performance;
- Results of our enquires of management and directors in relation to their own identification and assessment of the risks of irregularities within the Group; and
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the group operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and UK tax legislation. In additions we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Group's ability to operate or avoid a material penalty. These included health and safety regulations, employment legislation and data protection laws.

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Reviewing valuation reports produced by external property surveyors;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board minutes; and
- Identifying and testing journal entries, evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.[Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.]

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.

Ria Burridge FCCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	4	**29,197,643**	37,241,669
Cost of sales		**(23,290,507)**	(30,599,733)
Gross profit		**5,907,136**	6,641,936
Administrative expenses		**(2,981,560)**	(3,363,957)
Other operating income	5	**398,654**	462,194
Operating profit	6	**3,324,230**	3,740,173
Amounts written off loans		**831,979**	-
Interest receivable and similar income	10	**54,748**	23,387
Interest payable and expenses	11	**(243,578)**	(375,345)
Profit before taxation		**3,967,379**	3,388,215
Tax on profit	12	**(631,684)**	(627,669)
Profit for the financial year		**3,335,695**	2,760,546

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 16 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	13		-		8,241
Tangible assets	14		**76,566**		73,142
			76,566		81,383
Current assets					
Stocks	16	**1,628,633**		1,396,498	
Debtors: amounts falling due within one year	17	**15,773,461**		12,776,447	
Cash at bank and in hand	18	**4,820,582**		10,512,103	
		22,222,676		24,685,048	
Creditors: amounts falling due within one year	19	**(8,736,284)**		(9,913,823)	
Net current assets			**13,486,392**		14,771,225
Total assets less current liabilities			**13,562,958**		14,852,608
Creditors: amounts falling due after more than one year	20		**(500,000)**		(5,125,345)
Net assets			**13,062,958**		9,727,263
Capital and reserves					
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		**13,062,757**		9,727,062
Equity attributable to owners of the parent Company			**13,062,958**		9,727,263

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

J Lovell
Director

Date: 31 March 2022

The notes on pages 16 to 33 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note		2021 £		2020 £
Fixed assets					
Investments	15		**42,572,100**		42,572,100
			42,572,100		42,572,100
Current assets					
Debtors: amounts falling due within one year	17	**8,363,320**		538,016	
Cash at bank and in hand	18	**73,119**		675,873	
		8,436,439		1,213,889	
Creditors: amounts falling due within one year	19	**(1,745,822)**		(1,546,131)	
Net current assets/(liabilities)			**6,690,617**		(332,242)
Total assets less current liabilities			**49,262,717**		42,239,858
Net assets			**49,262,717**		42,239,858
Capital and reserves					
Called up share capital	22		**42,572,001**		42,572,001
Profit and loss account carried forward			**6,690,716**		(332,143)
			49,262,717		42,239,858

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

J Lovell
Director

Date: 31 March 2022

The notes on pages 16 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2019	42,572,001	(42,571,800)	6,966,516	6,966,717
Comprehensive income for the year				
Profit for the year	-	-	2,760,546	2,760,546
At 1 July 2020	42,572,001	(42,571,800)	9,727,062	9,727,263
Comprehensive income for the year				
Profit for the year	-	-	3,335,695	3,335,695
At 30 June 2021	42,572,001	(42,571,800)	13,062,757	13,062,958

The notes on pages 16 to 33 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	**42,572,001**	**(355,004)**	**42,216,997**
Comprehensive income for the year			
Profit for the year	**-**	**22,861**	**22,861**
At 1 July 2020	**42,572,001**	**(332,143)**	**42,239,858**
Profit for the year	**-**	**7,022,859**	**7,022,859**
At 30 June 2021	**42,572,001**	**6,690,716**	**49,262,717**

The notes on pages 16 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	**3,335,695**	2,760,546
Adjustments for:		
Amortisation of intangible assets	**8,241**	853
Depreciation of tangible assets	**40,308**	43,348
Government grants	**(398,654)**	(462,194)
Interest paid	**243,578**	375,629
Interest received	**(54,748)**	(23,671)
Taxation charge	**631,684**	627,669
(Increase) in stocks	**(232,135)**	(175,074)
(Increase)/decrease in debtors	**(1,919,365)**	88,587
Decrease/(increase) in amounts owed by participating ints	**153,613**	(418,118)
(Decrease)/increase in creditors	**(1,374,814)**	1,900,299
Corporation tax (paid)	**(145,399)**	(976,668)
Associated company loan write off	**(831,979)**	-
Net cash generated from operating activities	**(543,975)**	3,741,206
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	(8,924)
Purchase of tangible fixed assets	**(43,732)**	(46,748)
Hire purchase interest	**54,748**	23,671
Government grants	**398,654**	462,194
Amounts owed by associated companies	**(1,520,272)**	(6,000,000)
Net cash from investing activities	**(1,110,602)**	(5,569,807)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Cash flows from financing activities		
Interest paid	**(243,578)**	(375,629)
Amounts owed to associated companies	**(3,793,366)**	375,345
Net cash used in financing activities	**(4,036,944)**	(284)
Net (decrease) in cash and cash equivalents	**(5,691,521)**	(1,828,885)
Cash and cash equivalents at beginning of year	**10,512,103**	12,340,988
Cash and cash equivalents at the end of year	**4,820,582**	10,512,103
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**4,820,582**	10,512,103
	4,820,582	10,512,103

The notes on pages 16 to 33 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2021

	At 1 July 2020	Cash flows	At 30 June 2021
	£	£	£
Cash at bank and in hand	10,512,103	(5,691,521)	4,820,582
	10,512,103	(5,691,521)	4,820,582

The notes on pages 16 to 33 form part of these financial statements.

1. GENERAL INFORMATION

Core Communication Holdings Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 101 Devonshire Business Centre, Wade Road, Basingstoke, England, RG24 8PE.

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.

2.3 GOING CONCERN

Directors continue to monitor the financial situation arising from the Covid-19 impact, however they 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 profit or loss 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 profit or loss 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.

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 profit or loss 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. ACCOUNTING POLICIES (continued)

2.8 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.9 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.10 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.11 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 profit or loss 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. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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.

2.13 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.

2.14 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.

2. ACCOUNTING POLICIES (continued)

2.14 TANGIBLE FIXED ASSETS (CONTINUED)

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% 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 profit or loss.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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 profit or loss.

2.17 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.

2.18 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.

2.19 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. ACCOUNTING POLICIES (continued)

2.20 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 profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.21 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 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.

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:

	2021 £	2020 £
United Kingdom	**29,197,643**	37,241,669
	29,197,643	37,241,669

5. OTHER OPERATING INCOME

	2021 £	2020 £
Government grants receivable - Coronavirus Job Retention Scheme	**398,654**	462,194
	398,654	462,194

6. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	**40,308**	43,348
Amortisation of intangible fixed assets	**-**	853
Exchange differences	**(1,993)**	(37,865)
Other operating lease rentals	**-**	16,837
Defined contribution pension cost	**207,540**	346,675

7. AUDITORS' REMUNERATION

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

Audit-related assurance services	**19,500**	13,500
	19,500	13,500

8. EMPLOYEES

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

	Group 2021 £	Group 2020 £	**Company 2021 £**	Company 2020 £
Wages and salaries	**5,686,642**	5,656,303	**-**	-
Social security costs	**562,769**	568,050	**-**	-
Cost of defined contribution scheme	**207,540**	346,675	**-**	-
	6,456,951	6,571,028	**-**	-

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

	2021 No.	2020 No.
Administrative Staff	**167**	168
Directors	**2**	4
	169	172

9. DIRECTORS' REMUNERATION

	2021 £	2020 £
Directors' emoluments	**121,341**	133,095
Director's pension contributions	**14,510**	14,010
	135,851	147,105

During the year retirement benefits were accruing to 1 director (2020: 1) in respect of defined contribution pension schemes.

10. INTEREST RECEIVABLE

	2021 £	2020 £
Bank and other interest receivable	**54,748**	23,387
	54,748	23,387

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Interest payable to companies under common control	**243,578**	375,345
	243,578	375,345

12. TAXATION

	2021	2020
	£	£
CORPORATION TAX		
Current tax on profits for the year	**564,601**	666,126
Adjustments in respect of previous periods	**62,495**	-
TOTAL CURRENT TAX	**627,096**	666,126
DEFERRED TAX		
Origination and reversal of timing differences	**37,216**	(38,457)
Changes to tax rates	**(21,185)**	-
Adjustments in respect of previous periods	**(11,443)**	-
TOTAL DEFERRED TAX	**4,588**	(38,457)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**631,684**	627,669

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	**3,967,379**	3,388,215
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**753,802**	643,761
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**9**	1,046
Lower rate taxes on overseas earnings	**(3,291)**	(11,320)
Adjustments to tax charge in respect of prior periods	**51,052**	(4,152)
Other timing differences leading to an increase (decrease) in taxation	**(11,812)**	(1,666)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(158,076)**	-
TOTAL TAX CHARGE FOR THE YEAR	**631,684**	627,669

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From Financial Year 2023 the standard rate of corporation tax in the UK will increase to 25%.

13. INTANGIBLE ASSETS

Group

	Brand Development
	£
At 1 July 2020	**9,094**
Disposals	**(9,094)**
At 30 June 2021	**-**
At 1 July 2020	**853**
On disposals	**(853)**
At 30 June 2021	**-**
NET BOOK VALUE	
At 30 June 2021	-
At 30 June 2020	8,241

14. TANGIBLE FIXED ASSETS

Group

	Plant and machinery	Office equipment	Computer equipment	Total
	£	£	£	£
COST OR VALUATION				
At 1 July 2020	107,130	106,916	10,825	224,871
Additions	34,509	9,223	-	43,732
At 30 June 2021	141,639	116,139	10,825	268,603
DEPRECIATION				
At 1 July 2020	87,455	60,920	3,354	151,729
Charge for the year on owned assets	12,981	23,718	3,609	40,308
At 30 June 2021	100,436	84,638	6,963	192,037
NET BOOK VALUE				
At 30 June 2021	41,203	31,501	3,862	76,566
At 30 June 2020	19,675	45,996	7,471	73,142

15. INVESTMENTS IN SUBSIDIARIES

Company

	Investments in subsidiary companies
	£
COST OR VALUATION	
At 1 July 2020	42,572,100
At 30 June 2021	42,572,100

DIRECT SUBSIDIARY UNDERTAKINGS

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Core Communication Services Limited	101 Devonshire Business Centre, Wade Road, Basingstoke, England, RG24 8PE	Ordinary	100 %
Core Communication Retail Limited	101 Devonshire Business Centre, Wade Road, Basingstoke, England, RG24 8PE	Ordinary	100 %
Core Retail Products Limited	101 Devonshire Business Centre, Wade Road, Basingstoke, England, RG24 8PE	Ordinary	100 %

INDIRECT SUBSIDIARY UNDERTAKING

The following was an indirect subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Core Telecommunications International Limited	30 Fair Street, Drogheda, Co. Louth, Republic of Ireland	Ordinary	100 %

16. STOCKS

	Group 2021 £	Group 2020 £
Finished goods and goods for resale	**1,628,633**	1,396,498
	1,628,633	1,396,498

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

17. DEBTORS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	**4,487,968**	4,086,336	-	-
Amounts owed by group undertakings	**-**	-	**680,673**	401,268
Amounts owed by associated undertakings	**8,089,973**	6,415,083	**7,663,656**	127,666
Other debtors	**260,705**	48,951	**18,991**	9,082
Prepayments and accrued income	**2,883,761**	2,170,435	**-**	-
Deferred taxation	**51,054**	55,642	**-**	-
	15,773,461	12,776,447	**8,363,320**	538,016

18. CASH AND CASH EQUIVALENTS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	**4,820,582**	10,512,103	**73,119**	675,873
	4,820,582	10,512,103	**73,119**	675,873

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	**Company 2021 £**	Company 2020 £
Trade creditors	**2,269,422**	1,492,412	**-**	-
Amounts owed to group undertakings	**-**	-	**1,737,814**	1,514,571
Amounts owed to other associated undertakings	**1,868,747**	1,560,516	**5,008**	22,950
Corporation tax	**44,168**	151,942	**-**	5,362
Other taxation and social security	**180,399**	1,783,779	**-**	-
Other creditors	**25,192**	92,665	**-**	-
Accruals and deferred income	**4,348,356**	4,832,509	**3,000**	3,248
	8,736,284	9,913,823	**1,745,822**	1,546,131

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £	Group 2020 £
Amounts owed to other participating interests	**500,000**	5,125,345
	500,000	5,125,345

21. DEFERRED TAXATION

Group

	2021 £
At beginning of year	**55,642**
Charged to profit or loss	**(4,588)**
AT END OF YEAR	**51,054**

21. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	Group 2021 £	Group 2020 £
Accelerated capital allowances	**(16,334)**	(10,539)
Short term timing differences	**67,388**	66,181
	51,054	55,642

22. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
42,572,001 (2020: 42,572,001) Ordinary shares of £1.00 each	**42,572,001**	42,572,001

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. 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 £207,540 (2020: £346,675). Contributions totalling £25,192 (2020: £22,432) were payable to the fund at the reporting date and are included in creditors.

25. COMMITMENTS UNDER OPERATING LEASES

The Group and the Company had no commitments under non-cancellable operating leases at the reporting date.

26. 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.

	2021 £	2020 £
Amounts owed by companies under common control	**8,089,973**	6,415,083
Amounts owed to companies under common control - current	**1,868,747**	1,560,516
Amounts owed to companies under common control - non-current	**500,000**	5,125,345
Sales to companies under common control	**129,200**	217,218
Purchases from companies under common control	**1,819,578**	1,970,345
Amounts owed by directors at the year-end date	**-**	-

Key Management Personnel

Key management personnel consists of the directors of the company. The directors receive remuneration as shown in note 9.

27. CONTROLLING PARTY

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