Grant Thornton

Financial Statements
Gamma Business Communications Limited
(formerly Uni World Communications Limited)

For the year ended 31 December 2011

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Company No. 2998021

Company information

Company registration number	2998021
Registered office	5 Fleet Place LONDON EC4M 7RD
Directors	R M Falconer M C Goddard G Sreeves
Secretary	M C Goddard
Bankers	National Westminster Bank Plc 5 High Street GOSPORT Hampshire PO12 1DA
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011 On 4 October 2011 the company changed its name from Uni World Communications Limited to Gamma Business Communications Limited

Principal activities and business review

The principal activity of the company during the year was the provision of telecommunication services to the business community During the course of the year, the company has also provided billing and back office services to other resellers

Gamma Business Communications saw an increase in turnover in 2011 of £1 9m from £21 3m in 2010 to £23 2m in 2011, during continued difficult trading conditions for the whole UK economy The company increased its operating profit by £0 4m The directors regard this as a good performance in a competitive and turbulent market

Gamma Business Communications' strategy continues to be to focus on selling to end-user customers (which is done in conjunction with channel partners who receive commission payments) and to sell increasing quantities of innovative new products In 2010 the company launched a reseller offering, Simplicity, which has performed well and has shown growth in 2011 contributing to the company's success

The growth of Voice over IP technology and the continued emergence of convergent (fixed/mobile) services will radically change the industry Gamma Business Communications is well positioned to take advantage of these changes, building on its product strength, its strong customer-service ethos and its relationship with its network of channel partners

Results and dividends

The profit for the year amounted to £3,022k (2010 £2,716k) The directors recommend and have paid a dividend totalling £3 0m (2010 £2 5m), further details of which are disclosed in note 8

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

Financial risk management objectives and polices

The company is exposed to a variety of financial risks which result from both its operating and investing activities The board is responsible for coordinating the company's risk management and focuses on actively securing the company's short to medium term cash flows

The company does not actively engage in the trading of financial assets and has no financial derivatives The most significant financial risks to which the company are exposed to are described below

Credit risk

The company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of any allowance for doubtful debtors, estimated by the directors

The company has adopted a strict credit vetting policy based on track record payment history and externally available credit data

Cash flow risks
The company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Directors' and Officers' liability insurance

The company has, as permitted by s234 and 235 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the company

Directors

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

R M Falconer
M C Goddard
G Sreeves

Directors' responsibilities statement

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 company will continue in business

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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD

M C Goddard
Secretary
7 March 2012

Grant Thornton

Report of the independent auditor to the members of Gamma Business Communications Limited

We have audited the financial statements of Gamma Business Communications Limited for the year ended 31 December 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's member, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and form an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the members of Gamma Business Communications Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
7 March 2012

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention The principal accounting policies have remained unchanged from the previous year and are set out below

The accounts are prepared on the going concern basis In assessing whether the going concern assumption is appropriate, the directors have taken into account all relevant available information about the future trading including profit and cash forecasts and available facilities and funding The business has a track record of profitable growth and is cash generative and this is expected to continue It is therefore considered appropriate to adopt the going concern basis of accounting in the preparation of the annual financial statements

Consolidation

The company was, at the end of the year, a wholly owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006 is not required to produce, and has not published, consolidated financial statements The financial statements of the company present information about it as an individual company and not about its group

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is over 90% owned and its parent publishes a consolidated cash flow statement

Related parties transactions

As a wholly owned subsidiary of Gamma Telecom Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Gamma Telecom Holdings Limited on the grounds that group accounts are publicly available from Companies House

Turnover

Turnover represents the amounts (excluding VAT) derived from the provisions of goods and services to customers during the year Call revenue is recognised in the month in which calls are made Revenue for fixed charges such as line rentals, hosted services and broadband are recognised in the period to which it relates Revenue from installation services is recognised upon acceptance by the customer

Customer set up and installation costs

Customer set up and installation costs are charged to revenue as incurred

Goodwill and amortisation

Purchased goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and is capitalised and amortised on a straight line basis over the estimated useful economic life as follows

Purchased goodwill - 33% straight line

Depreciation

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

Computer equipment	-	25%-50% straight line
Office furniture	-	20% straight line
Office equipment	-	25% straight line

Operating lease agreements

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

Lease incentives are amortised on a straight line basis over the period of the lease

Pension costs

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Work in progress comprises installation costs incurred which are underway and have yet to be accepted by the customer

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by balance sheet date

Investments

Investments are included at cost less provision for impairment Profits or losses arising from the disposal of fixed asset investments are treated as part of the result from ordinary activities

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Dividends and distributions relating to equity instruments are debited direct to equity

Provisions

Provisions are created for dilapidations in respect of property leases where the building (which is the subject of the lease) has to be returned to the landlord in a defined condition The total cost of rectification is estimated and recognised at the point where the outflow cannot be avoided

Profit and loss account

	Note	2011 £'000	2010 £'000
Turnover	1	**23,220**	21,338
Cost of sales		**(15,570)**	(14,326)
Gross profit		**7,650**	7,012
Other operating charges	2	**(4,569)**	(4,290)
Operating profit	3	**3,081**	2,722
Interest receivable	6	**1**	1
Profit on ordinary activities before taxation		**3,082**	2,723
Tax on profit on ordinary activities	7	**(60)**	(7)
Profit for the financial year	18	**3,022**	2,716

All of the activities of the company are classed as continuing

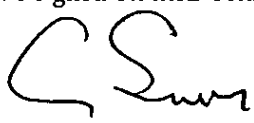
The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	10	**111**	113
Investments	11	**1**	1
		112	114
Current assets			
Stocks	12	**83**	450
Debtors	13	**1,938**	1,697
Cash at bank and in hand		**7,212**	5,859
		9,233	8,006
Creditors: amounts falling due within one year	14	**3,565**	2,442
Net current assets		**5,668**	5,564
Total assets less current liabilities		**5,780**	5,678
Provisions for liabilities	15	**80**	–
Net assets		**5,700**	5,678
Capital and reserves			
Called-up equity share capital	17	**5**	5
Profit and loss account	18	**5,695**	5,673
Shareholder's funds	19	**5,700**	5,678

These financial statements were approved by the directors and authorised for issue on 7 March 2012 and are signed on their behalf by



G Sreeves
Director
Company Number: 2998021

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2011 £'000	2010 £'000
United Kingdom	23,220	21,338

2 Other operating charges

	2011 £'000	2010 £'000
Administrative expenses	4,569	4,290

3 Operating profit

Operating profit is stated after charging

	2011 £'000	2010 £'000
Amortisation	–	9
Depreciation of owned fixed assets	77	90
Fees payable to the company's auditor for the audit of the company accounts	23	26
Operating lease costs		
Land and buildings	45	73

4 Directors and employees

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

	2011 No	2010 No
Selling and distribution	39	42
Administration	7	9
Management	3	10
Information technology	3	4
	52	65

4 Directors and employees (continued)

The aggregate payroll costs of the above were

	2011 £'000	2010 £'000
Wages and salaries	1,712	1,936
Social security costs	187	194
Other pension costs	22	25
	1,921	2,155

5 Directors

The directors emoluments in respect of Gamma Business Communications Limited are borne by a fellow group company, Gamma Telecom Limited

6 Interest receivable

	2011 £'000	2010 £'000
Bank interest receivable	1	1

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £'000	2010 £'000
Current tax		
UK Corporation tax based on the results for the year at 26 49% (2010 21%)	63	16
Adjustment in respect of prior year	(16)	–
Total current tax	47	16
Deferred tax		
Origination and reversal of timing differences	13	(9)
Tax on profit on ordinary activities	60	7

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26 49% (2010 21%)

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	**3,082**	2,723
Profit on ordinary activities multiplied by standard rate of corporation tax	**817**	572
Expenses not deductible for tax purposes	**3**	3
Group relief claimed	**(705)**	(564)
Capital allowances in excess of depreciation	**(14)**	1
Other short term timing differences	**(38)**	4
Adjustments to tax charge in respect of previous periods	**(16)**	–
Total current tax	**47**	16

8 Dividend

	2011 £'000	2010 £'000
Dividend paid in the year £6 per share (2010 £5 per share)	**3,000**	2,500

9 Intangible fixed assets

	Purchased goodwill £'000
Cost	
At 1 January 2011 and 31 December 2011	2,516
Amortisation	
At 1 January 2011 and 31 December 2011	2,516
Net book value	
At 31 December 2011 and 31 December 2010	–

The purchased goodwill relates to the acquisition of customer lists giving the company the right to deliver telecom services to a particular group of customers

10 Tangible fixed assets

	Computer equipment £'000	Office furniture £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2011	363	73	128	564
Additions	24	49	2	75
At 31 December 2011	387	122	130	639
Depreciation				
At 1 January 2011	295	44	112	451
Charge for the year	48	17	12	77
At 31 December 2011	343	61	124	528
Net book value				
At 31 December 2011	**44**	**61**	**6**	**111**
At 31 December 2010	68	29	16	113

11 Investments

	£'000
Cost	
At 1 January 2011 and 31 December 2011	1,098
Amounts written off	
At 1 January 2011 and 31 December 2011	1,097
Net book value	
At 31 December 2011 and 31 December 2010	**1**

At 31 December 2011 the company held 100% of the share capital of the following subsidiaries, which are registered in England and Wales

	Class of share capital	Nature of business
Go Worldwide Communications Limited	Ordinary	Dormant
Blue Spot Technologies Limited	Ordinary	Dormant
Uniworld Bureau Services Limited	Ordinary	Dormant

12 Stocks

	2011 £'000	2010 £'000
Work in progress	83	450

13 Debtors

	2011 £'000	2010 £'000
Trade debtors	981	588
Amounts due from group undertakings	24	–
Other debtors	–	9
Prepayments and accrued income	933	1,100
	1,938	1,697

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	143	399
Amounts owed to group undertakings	1,993	400
Corporation tax	63	16
Other taxation and social security	612	461
Other creditors	11	–
Deferred tax liability	4	–
Accruals and deferred income	739	1,166
	3,565	2,442

15 Provisions for liabilities and charges

	2011 £'000	2010 £'000
At 1 January 2011	–	–
Profit and loss charge in the year	80	–
At 31 December 2011	80	–

Provisions are created for dilapidations in respect of property leases where the building (which is the subject of the lease) has to be returned to the landlord in a defined condition A provision is made once a reliable estimate of costs can be made

16 Leasing commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land & buildings	
	2011	2010
	£'000	£'000
Operating leases which expire		
Within 1 to 2 years	**–**	28
Within 2 to 5 years	**28**	45

17 Share capital

Authorised share capital

	2011	2010
	£'000	£'000
1,000,000 Ordinary shares of £0 01 each	**10**	10

Allotted, called up and fully paid

	2011		2010	
	No	**£'000**	No	£'000
Ordinary shares of £0 01 each	**500,000**	**5**	500,000	5

18 Reserves

	Profit and loss account
	£'000
At 1 January 2011	**5,673**
Profit for the year	**3,022**
Dividends paid (note 8)	**(3,000)**
At 31 December 2011	**5,695**

19 Reconciliation of movements in shareholder's funds

	2011	2010
	£'000	£'000
Profit for the financial year	**3,022**	2,716
Opening shareholder's funds	**5,678**	5,462
Dividends paid (note 8)	**(3,000)**	(2,500)
Closing shareholders' funds	**5,700**	5,678

20 Contingencies

There were no contingent liabilities at 31 December 2011 or 31 December 2010

21 Capital commitments

As at 31 December 2011 the company had committed to £nil (2010 £58,000)

22 Related Party Transactions

As a wholly owned subsidiary of Gamma Telecom Holdings Limited, the company is exempt from the requirements of FRS 8 'Related Party Transaction' to disclose transactions with other members of the group headed by Gamma Telecom Holdings Limited on the grounds that group accounts are publicly available from Companies House

23 Ultimate parent company

The company's ultimate controlling related party is Gamma Telecom Holdings Limited, a company incorporated in England and Wales by virtue of its 100% ownership of the share capital The parent undertaking of the smallest and largest group for which group financial statements are prepared is Gamma Telecom Holdings Limited

24 Post balance sheet event

On 3 March 2012 the company acquired 100% of the issued share capital of Varidion Limited