

Company Registration No. 04226697

Onetel Telecommunications Limited

**Report and Financial Statements
For the year ended 31 March 2012**



Onetel Telecommunications Limited
Report and financial statements 2012

Contents	Page
Officers and professional advisers	1
Director's report	2
Director's responsibility statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Onetel Telecommunications Limited

Report and financial statements 2012

Officers and professional advisers

Directors

A Stirling
D M Harding (resigned 3 September 2012)
D Goldie (resigned 3 September 2012)
T Clarke (resigned 3 September 2012)
R Clarkson (resigned 31 January 2012)
C Bligh (resigned 3 September 2012)

Secretaries

T S Morris
S Marshall (resigned 30 April 2011)

Registered office

11 Evesham Street
London
W11 4AR

Bankers

HSBC Bank plc
Level 19
8 Canada Square
London
E14 5HQ

Auditor

Deloitte LLP
Chartered Accountants
Manchester, United Kingdom

Onetel Telecommunications Limited

Director's report

The Director presents her annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 31 March 2012

Principal activities

The Company disposed of its trade and assets during the year, as described below. The Director does not expect the Company to trade going forward.

On 30 June 2011, the Company disposed of certain trade and assets relating to its international prepay and Instant Dial Around ("IDA") business to New Call Telecom Limited ("New Call") for consideration of £3,210,000. A profit of £2,752,000 was recognised on disposal.

On 1 July 2011, the Company entered into an agreement with TalkTalk Telecom Limited, another group company, to dispose of its remaining trade and the assets for consideration of £5,240,000. There was no profit or loss on this disposal.

Business review

The performance of the Group, which includes the Company, is discussed in the Annual Report 2012 of TalkTalk Telecom Group PLC, which does not form part of this Report. For this reason, the Company's Director believes that further key performance indicators (in addition to the results review below) for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Results and financial position

The profit for the financial year was £5,430,000 (2011: £5,877,000).

Dividends

The Director does not recommend the payment of a dividend for the year (2011: £nil).

Risk management

Funding for all subsidiaries of TalkTalk Telecom Group PLC, including the Company, is arranged centrally. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the main financial risks the Director considers relevant to this Company are credit risk, liquidity risk and interest rate risk. Credit risk is mitigated by the Company's credit control policies and the group regularly monitors interest rate risk and does not trade or speculate in any derivative financial instruments.

Going concern

As part of a group reorganisation, the Director intends that the Company will be dormant, consequently as required by FRS 18, the financial statements have been prepared on a basis other than that of going concern, which includes, where appropriate, writing down the Company's assets to net realisable value.

The principal risks and uncertainties relating to the Company are discussed in the Annual Report 2012 of TalkTalk Telecom Group PLC, which does not form part of this report.

Onetel Telecommunications Limited

Director's report (continued)

Directors

The Directors who served throughout the year, except as noted, and subsequently are shown on page 1

Statement regarding the disclosure of information to the auditor

The Director at the date of the approval of this report confirms that

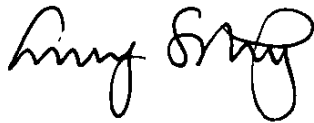
- so far as she is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- she has taken all the steps that she ought to have taken as a Director in order to make herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved and signed by the sole Director



A Stirling
Director
11 September 2012
11 Evesham Street,
London,
W11 4AR

Onetel Telecommunications Limited

Director's Responsibility Statement

The Director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Director prepares financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director is required to

- select suitable accounting policies 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Director is 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

Independent auditor's report to the members of Onetel Telecommunications Limited

We have audited the financial statements of Onetel Communications Limited for the year ended 31 March 2012, which comprise the Profit and Loss Account, the Statement of Recognised Gains and losses, the Balance Sheet and the related notes 1 to 17. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Director and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2012 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.

Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

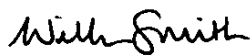
In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Onetel Telecommunications Limited

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 Director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



William Smith (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

28 September 2012

Onetel Telecommunications Limited

Profit and loss account For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Turnover – discontinued operations	3	9,104	41,077
Cost of sales		(4,475)	(21,304)
Gross profit		4,629	19,773
Operating expenses		(2,262)	(14,246)
Operating profit		2,367	5,527
Profit on sale of trade and assets	2	2,752	-
Dividend income received from subsidiary		-	680
Net interest receivable and similar income	4	311	142
Profit on ordinary activities before taxation	5	5,430	6,349
Tax on profit on ordinary activities	8	-	(472)
Profit for the financial year	14	5,430	5,877

The accompanying notes on pages 9 to 15 form an integral part of the financial statements

The Company ceased trading during the current year, accordingly all results relate to discontinued operations

There are no other gains or losses recognised in either year other than those shown in the profit and loss account, accordingly no statement of total recognised gains and losses has been presented

Onetel Telecommunications Limited

Balance sheet

As at 31 March 2012

	Note	2012 £'000	2011 £'000
Current assets			
Debtors	9	2,275	11,880
Cash at bank and in hand		22,270	52,096
		<u>24,545</u>	<u>63,976</u>
Creditors: amounts falling due within one year	10	-	(42,083)
Net current assets		<u>24,545</u>	<u>21,893</u>
Total assets less current liabilities		<u>24,545</u>	<u>21,893</u>
Provisions for liabilities and charges	11	-	(2,778)
Net assets		<u>24,545</u>	<u>19,115</u>
Capital and reserves			
Called-up share capital	13	25,000	25,000
Profit and loss account	14	(455)	(5,885)
Total shareholder's funds	15	<u>24,545</u>	<u>19,115</u>

These financial statements were approved and signed by the sole Director on 11 September 2012



A Stirling
Director

Onetel Telecommunications Limited

Notes to the accounts

For the year ended 31 March 2012

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior year.

Basis of preparation and going concern

The financial statements are prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention. As part of a group reorganisation the Director intends that the Company be dormant, consequently as required by FRS 18 the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet. No adjustments arose as a result of ceasing to apply the going concern basis.

Cash flow statement

The Company has taken advantage of the exemption under FRS1 not to prepare a cash flow statement on the grounds that for the financial year being reported on, the results of Onetel Telecommunications Limited were included within the consolidated results of TalkTalk Telecom Group PLC, a company registered in England and Wales, that has prepared consolidated accounts that are publicly available.

Turnover

Turnover is stated net of VAT and other sales related taxes, and comprises revenue generated from the provision of fixed line telecommunications services. All such revenue is recognised as it falls due.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

- Deferred tax assets are recognised only to the extent that the Director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis using the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies.

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

1. Accounting policies (continued)

Cash and cash equivalents

Bank accounts are part of a notional pooling mechanism whereby banks only monitor net aggregate borrowings against group overdraft limits thus allowing subsidiary companies to borrow on overdraft or to deposit surplus cash via their own bank accounts. During the year interest was charged on overdrawn balances and paid on surplus cash at intercompany rates of Base Rate plus 2.00% (3.75% until 1 October 2011) for overdrafts, and Base Rate with no margin for surplus cash balances.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Provisions

A provision is recognised if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2. Disposal of trade and assets

On 30 June 2011, the Company disposed of certain trade and assets relating to its international prepay and Instant Dial Around ("IDA") business to New Call Telecom Limited ("New Call") for consideration of £3,210,000. A profit of £2,752,000 was recognised on the disposal. The net assets disposed of are set out below.

	£'000
Creditors	344

On 1 July 2011, the Company entered into an agreement with TalkTalk Telecom Limited, another group company, to dispose of certain trade and the assets for consideration of £5,240,000. There was no profit or loss on this disposal. There is no tax effect in respect of this item. The net assets disposed of are set out below.

	£'000
Trade debtors	8,413
Deferred tax asset	5,555
	13,968
Current liabilities	(5,950)
Provisions	(2,778)
	5,240

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

3. Turnover

Turnover is wholly attributable to the principal activity of the Company, and originated in the United Kingdom

4. Net interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from group undertakings	311	142

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after crediting the following

	2012 £'000	2011 £'000
Disposal of customer base	2,752	-

The auditor's remuneration of £40,000 (2011 £27,000) was borne by another group company and not recharged

6. Employees and employee costs

The Company did not have any employees during the current or prior year

7. Directors' remuneration

The Directors did not receive any remuneration in the current or prior year for services to the Company

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

8. Tax on profit on ordinary activities

The tax charge comprises

	2012 £'000	2011 £'000
Deferred tax:		
Adjustments in respect of prior years	-	45
Adjustments in respect of prior years – impact of change in UK tax	-	427
Total deferred tax	-	472
Total tax charge on profit on ordinary activities	-	472

The difference between the total current tax charge of £nil (2011 £nil) and the amount calculated by applying the standard rate of UK corporation tax of 26% (2011 28%) to the profit before taxation is as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	5,430	6,349
Profit on ordinary activities before tax at standard UK corporation tax rate of 26% (2011 28%)	1,412	1,778
Effects of		
- group relief surrendered for no consideration	(47)	(1,588)
- items attracting no tax relief or liability	(1,365)	(190)
	-	-

During the year two reductions in the UK Statutory rate of Corporation tax were enacted bringing the rate down from 28% to 26%. Accordingly this reduced rate has been reflected in the calculation of deferred tax

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

9. Debtors, amounts falling due within one year

	2012 £'000	2011 £'000
Trade debtors	-	2,626
Amounts due from group undertakings	2,275	2,503
Deferred tax asset (see note 12)	-	5,555
Prepayments and accrued income	-	1,191
Other debtors	-	5
	<u>2,275</u>	<u>11,880</u>

Interest on intercompany funding is calculated at Bank of England base rate plus 2.00%, intercompany deposits receive interest at Bank of England base rate with no margin. Interest is either paid or capitalised monthly as appropriate. Where they exist, currency balances are calculated at similar rates.

Interest is not charged on balances arising between group companies as a result of intercompany trading, such balances are settled regularly in line with agreed terms of trade, usually through the group's netting system, within 30 to 60 days.

10. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans and overdrafts	-	274
Amounts owed to group undertakings	-	35,717
Other creditors	-	4,773
Accruals and deferred income	-	1,319
	<u>-</u>	<u>42,083</u>

Interest on intercompany funding is calculated at Bank of England base rate plus 2.00%, intercompany deposits receive interest at Bank of England base rate with no margin. Interest is either paid or capitalised monthly as appropriate. Where they exist, currency balances are calculated at similar rates.

Interest is not charged on balances arising between group companies as a result of intercompany trading, such balances are settled regularly in line with agreed terms of trade, usually through the group's netting system, within 30 to 60 days.

11. Provisions for liabilities and charges

	Reorganisation £'000
At 1 April 2011	2,778
Disposals	(2,778)
At 31 March 2012	<u>-</u>

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

During the year the provision was sold to another group company (note 2)

12. Deferred taxation

The deferred tax asset is analysed as follows

	Timing difference in respect of capital allowances and depreciation £'000	Other £'000	Total £'000
At 1 April 2011	4,906	649	5,555
Disposals	(4,906)	(649)	(5,555)
At 31 March 2012	-	-	-

During the year the deferred tax asset was sold to another group company (note 2)

13. Called-up share capital

	2012 £'000	2011 £'000
Called-up, allotted and fully paid:		
25,000,000 ordinary shares of £1 each	25,000	25,000

14. Profit and loss account

	£'000
At 1 April 2011	(5,885)
Profit for the financial year	5,430
At 31 March 2012	(455)

Onetel Telecommunications Limited

Notes to the accounts (continued) For the year ended 31 March 2012

15. Reconciliation of movement in shareholder's funds

	2012 £'000	2011 £'000
Profit for the financial year	5,430	5,877
Net movement in shareholder's funds	5,430	5,877
Opening shareholder's funds	19,115	13,238
Closing shareholder's funds	24,545	19,115

16. Ultimate parent undertaking and controlling party

The Company is ultimately a wholly owned subsidiary of TalkTalk Telecom Group PLC, a company incorporated in England and Wales. The full year results of the Company were included in the Annual Report 2012 of TalkTalk Telecom Group PLC.

The principal place of business of TalkTalk Telecom Group PLC is at 11 Evesham Street, London, W11 4AR. The consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The smallest and largest group for which consolidated financial statements are prepared of which the company is a member is that headed by TalkTalk Telecom Group PLC.

17. Related party transactions

The Company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" for related party transactions with other group companies and with Directors who are also group Directors, as 100% of the voting rights are controlled within the Group. TalkTalk Telecom Group PLC, the ultimate parent Company has prepared consolidated accounts which include the results of the Company for the year and are available to the public.