



**AdEPT Telecom plc**  
ANNUAL REPORT AND ACCOUNTS 2014



faces not numbers

# Faces, not numbers.

We don't treat our customers as numbers; we focus on personal service and meeting personal needs.

We're one of the UK's leading network independent telecommunications providers, offering a complete communications portfolio: fixed line calls, line rental, mobile, data connectivity products and VoIP.

Our tailored services are used by thousands of business, public sector and residential customers across the UK.

Our strategic relationships with every major network supplier in the UK are key to our service delivery.

AdEPT at a glance

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Visit our website at  
[www.adept-telecom.co.uk](http://www.adept-telecom.co.uk) for the  
latest investor news and information



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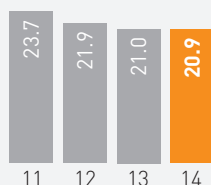
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## Summary of our financial performance

Year ended 31 March 2014

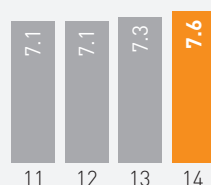
Revenue (£m)

**£20.9m**



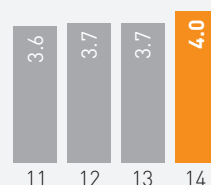
Gross margin (£m)

**£7.6m**



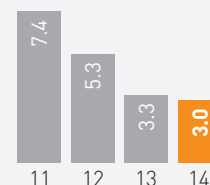
EBITDA\* (£m)

**£4.0m**



Net debt (£m)

**£3.0m**



## Financial highlights

- ⊕ Eleventh consecutive year of increased underlying EBITDA, up 8.3% to £4.04m (2013: £3.73m)
- ⊕ Underlying EBITDA margin % increased by 1.6% to 19.4% (2013: 17.8%)
- ⊕ 12.8% increase to profit before tax to £1.85m (2013: £1.64m)
- ⊕ 35.2% increase to profit after tax to £1.33m (2013: £0.98m)
- ⊕ 18.0% increase to adjusted basic earnings per share of 14.99p (2013: 12.70p)
- ⊕ 100% increase to dividends declared to 3.0p (interim 1.50p, final 1.50p) (2013: 1.50p)
- ⊕ Cash generation with free cash flow, after interest, of £2.6m (2013: £3.0m)
- ⊕ Net debt reduction of £0.3m year-on-year to £3.0m (2013: £3.3m)
- ⊕ Total interest costs reduced by 30.4% to £0.26m (2013: £0.37m)

## Operational highlights

- ⊕ 26.9% increase to data connectivity and broadband revenues year-on-year
- ⊕ Acquisition of customer base from Bluebell Telecom Limited completed in August 2013

\* before non-recurring costs

# Chairman's statement

## Roger Wilson, Non-executive Chairman

AdEPT has delivered another strong trading performance through a combination of organic sales, particularly in the public sector, and the acquisition of a customer base during the year.



### Summary

- ⊕ The Company has improved its EBITDA by more than 8% through increased direct sales focus, small customer base acquisition, management of wholesale supply contracts and continued operational efficiency
- ⊕ Continued deployment of 21CN data connectivity has led to data and broadband revenues increasing by 27% in the year
- ⊕ Dividends were doubled year-on-year to 3.0p per share as a result of continued strong free cash flow generation
- ⊕ Net borrowings were reduced to £3.0m at March 2014 despite undertaking a customer base acquisition, increasing the dividend and incurring a dual tax cash outflow

### Review of operations

It is with great pleasure that I announce our annual results.

For the year ended 31 March 2014 AdEPT Telecom plc ('AdEPT' or the 'Company') delivered another strong trading performance.

I am pleased to report an eleventh consecutive increase to underlying EBITDA, up 8.3% to £4.04m. EBITDA margin has improved further from 17.8% to 19.4%. In August 2013 AdEPT completed its 18th acquisition, a customer base from Bluebell Telecom Limited which has been fully integrated into the customer management system in Tunbridge Wells, Kent.

AdEPT's continued strong cash flow generation resulted in £2.6m of free cash flow after interest. This free cash flow is after making corporation tax payments of £1.1m, which increased by £0.5m compared to the previous year following our transition to large company status for corporation tax purposes. During the twelve months ended 31 March 2014 the Company has made payment of both the 2013 corporation tax liability and advance instalments of three-quarters of the current year's tax liability. £2.2m of free cash has been used to fund the deferred consideration of the customer base acquisition from Expanse (UK) Communications Limited in 2012 and the initial consideration for the customer base acquisition from Bluebell Telecom Limited. £0.3m of free cash was used to meet dividend payments to shareholders. The issue of new equity during the year to directors increasing their shareholdings following the exercise of share options resulted in a cash inflow of £0.3m.

In line with its progressive policy, AdEPT has doubled the dividend year-on-year, declaring a final dividend of 1.50p per ordinary share (2013: 0.75p), making total dividends declared during the year ended 31 March 2014 of 3.00p per ordinary share (2013: 1.50p). The Board is confident that the continued strong cash generation will support a progressive dividend policy.

### New products

AdEPT continues to provide voice and data services to its customers by offering best of breed products from all major UK networks. Continued deployment of 21CN data connectivity products has led to data and broadband revenues increasing by 27% in the year ended 31 March 2014. As the demand for faster data connectivity speeds continues AdEPT has seen further customer orders for 10Gb Optical Spectrum Services (OSA) and is currently underway with the launch of 40Gb and 100Gb Optical Spectrum Services (OSEA).

### Growth strategy

The strategy of the Company remains that of increasing EBITDA and free cash generation by concentrating organic sales efforts on winning direct new business with larger customers, particularly in the public sector, and complementing this with value adding acquisitions. Rather than operate a telesales operation aimed at acquiring smaller business customers organically we instead use our free cash generation to acquire customer bases from other telesales operations in the industry.

AdEPT has been highly successful in gaining traction in the public sector space during the year with a number of organic contract wins with public sector clients, including several county councils. AdEPT was awarded approved supplier status to the Crown Commercial Service under the Telephony Service Framework RM1035 during the year. This is in addition to AdEPT's existing framework agreements with Ja.net and ESPO Telecom Framework 7.

On 1 August 2013 the Company acquired a customer base from Bluebell Telecom Limited. The acquisition was funded from operating cash flow. After the balance sheet date, on 8 April 2014 the Company acquired the entire issued share capital of Bluecherry Telecom Limited.

The Board continues to identify and evaluate strategic acquisitions that are considered to meet the criteria of complementing existing business whilst adding value to our shareholders. The organic growth strategy continues to be winning larger customers and existing client retention. We also continue to target greater cross-sell penetration and development of new products.

### Employees

The improved profitability this year was made possible by the continued hard work and focus of all employees at AdEPT. As a company we are immensely proud of the track record we have created over the last eleven years and on behalf of the Board I would like to take this opportunity to thank all of our employees for their continued hard work.

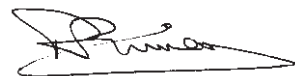
### Shareholder benefits scheme

The AdEPT shareholder benefits scheme has continued to attract new members during the year. The scheme, which is available to all shareholders owning a minimum of 1,000 shares, provides eligible shareholders with free residential line rental worth approximately £154 per annum for as long as they remain eligible shareholders.

### Outlook

The improved EBITDA this year was underpinned by focus on underlying profitability through improving margins on customer contracts, operational efficiencies, tight credit control and strategic acquisition of complementary customer bases. The Board is confident that continued strong cash generation will support a progressive dividend policy.

The business focus for the coming year remains on continued development of organic sales through leveraging AdEPT's approved supplier status on the various telecom frameworks, maintaining profitability and cash flow generation, which will be used to reduce net borrowings and/or fund suitable earnings-enhancing acquisitions if identified. We will therefore continue to invest in our organic sales channels, work with our network partners to develop new products and complement this with further investment in retention activities to retain customers.



**Roger Wilson**  
Non-executive Chairman  
7 July 2014

# AdEPT at a glance

AdEPT Telecom is one of the UK's leading network independent providers of voice and data telecommunications services. We provide solutions for thousands of companies of all sizes from multi-site, national call centres and public sector customers, to small business and home offices.

## Our solutions

The Company provides fixed line calls, line rental, mobile, data connectivity products and VoIP services to thousands of business, public sector and residential customers across the UK.



### Fixed line

AdEPT offers a comprehensive range of fixed line business telecom products for all sizes of business.

AdEPT provides great value of money combined with award-winning customer service levels. This gives customers peace of mind and a service they can rely on.

- ⊕ We support the critical business communications for more than 15,000 small, medium and large enterprise companies across the UK.
- ⊕ From single analogue business lines to complex digital multi-site solutions, the AdEPT range of products and services are scalable.
- ⊕ AdEPT has strategic relationships with all tier-1 suppliers, including BT, Vodafone and TalkTalk Business, to ensure the best possible choice of networks.



### Data connectivity

AdEPT provides fast, low-contention, higher quality broadband, leased lines connections and MPLS networks using 21st Century Network technology.

Solutions are available from 2Mb broadband to 100Gb optical spectrum services at a surprisingly low cost.

- ⊕ AdEPT partners with all the major networks across the UK, ensuring that the customer can be provided with the most appropriate and cost effective solution to meet their requirements.
- ⊕ All our data solutions are scalable, so they can keep pace as business needs evolve.
- ⊕ Whether it's a multi-site solution for a major UK company or an upgrade to IP telephony, AdEPT will tailor a solution.

### One location, nationwide reach

AdEPT offers network independence combined with award-winning levels of service under a single bill solution. All services are provided from a single head office location in Tunbridge Wells, Kent.



## Mobile

AdEPT Mobile provides a wide variety of mobile solutions tailored to the specific requirements of each customer.

- ④ AdEPT Mobile offers simple, cost effective mobile tariffs and competitively priced handsets.
- ④ The AdEPT Mobile team advises on mobile broadband packages for business and gives guidance on the wide range of the latest devices and networks.
- ④ As an independent provider, AdEPT provides customers with mobile solutions from each of the major mobile networks in the UK.
- ④ AdEPT offers the full range of the latest mobile handsets and devices, whether it's the latest smartphone or mobile tablet PC.



## Inbound

AdEPT's 'cloud' or network-based inbound call handling solutions offer a simple and scalable way to manage inbound calls, with online access enabling customers to implement changes instantly.

- ④ The customer can decide how they would like their calls answered, handled and directed.
- ④ Low set up costs using network-based solutions means no additional hardware, integration or maintenance issues.
- ④ Call queuing at network level removes strain from customer's telecoms infrastructure.
- ④ The unique flexibility of our systems means that no matter what type of call handling solution is needed, we can deliver it.



## VoIP

AdEPT's VoIP solution in partnership with the UK's leading SIP provider, Gamma, is fully backed by a secure and reliable network.

- This provides a flexible and cost effective alternative to carrying inbound and outbound voice calls.
- AdEPT provides both traditional calls and line rental and SIP and is therefore ideally placed to handle a migration to next generation telephony.
- ④ Customers benefit from far better functionality than conventional telephone lines.
  - ④ There is little or no capital cost, meaning an end to obsolete phone systems.
  - ④ The AdEPT VoIP Solutions team is trained to handle everything from solutions architecture to physical installation and implementation.

## How we work

We have a robust and sustainable business model that engages our expertise to drive growth and generate profit. The Board believes that AdEPT operates a resilient business model and has a strong customer proposition which will present further opportunities in the coming year.

### Company stats

1,000+

large-scale Premier customers spend over £400 per month

700+

multi-site customers taking multiple products

18

customer base acquisitions undertaken at 31 March 2014

### Our markets

#### The market in which we operate

AdEPT is one of the UK's leading independent communications integrators, specialising in multi-site and multi-product solutions.

The UK market for business telephony is highly fragmented with between 700 and 1,000 providers. AdEPT was originally established as a traditional fixed-line service provider; however the Company is successfully transitioning to a complete communications integrator providing a full suite of data connectivity and broadband services.

#### Emerging markets

Next generation services continue to evolve both technically and commercially.

The take up of VoIP services continues to be small scale compared to traditional fixed line telephony, partly due to regulatory pressures on fixed line pricing. However, VoIP is likely to increasingly displace legacy voice infrastructures. AdEPT is ideally positioned to handle the transition from traditional to next generation services by being able to provide a single bill solution for both technologies.

#### Key trends

The market for voice revenues continues to be under volume pressure in contrast to data revenue.

The continued deployment on 21CN network infrastructure and products combined with the ever increasing demand for faster data connectivity and more capacity continues to drive business telephony requirements. The increasing availability of superfast broadband services has continued, with services now available to more than 60% of the UK. AdEPT has continued to broaden its product offering of data, broadband and VoIP services to ensure that it can offer all of the latest technology. The increased uptake of 'cloud' or network-based services for business contact centres is expected to continue as businesses utilise business telephony to achieve their own growth objectives.

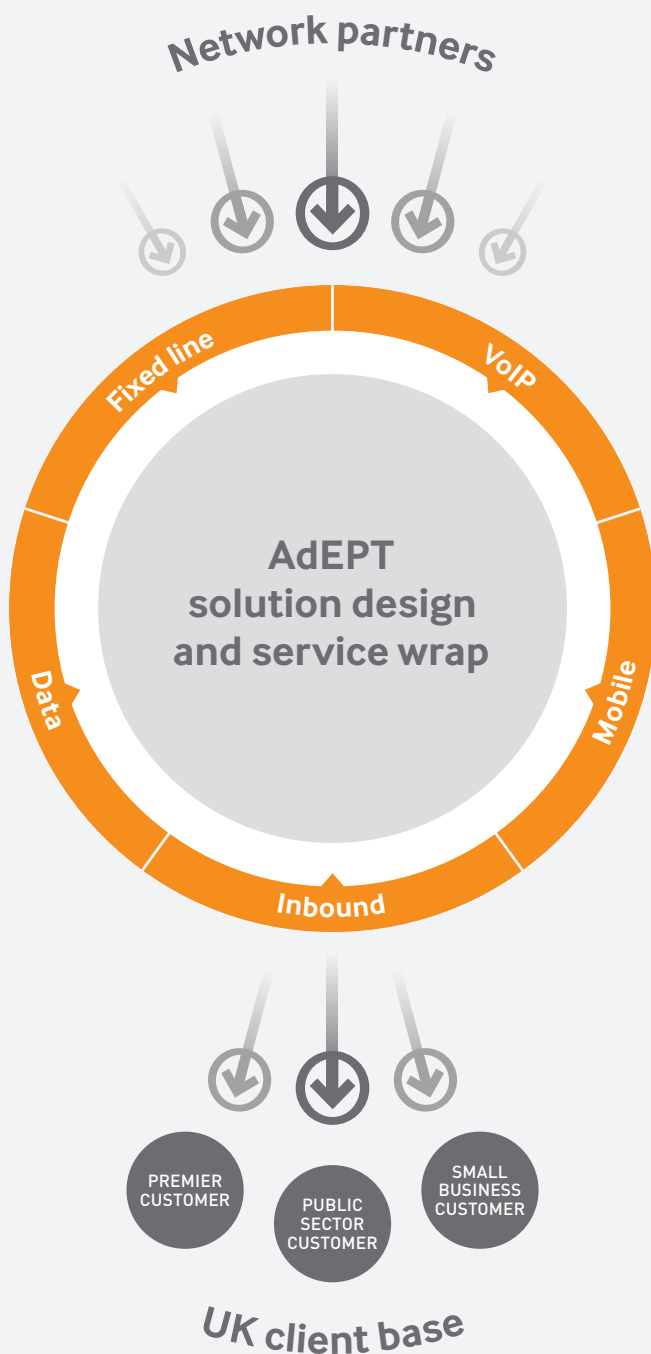
#### Outlook

Despite the challenging UK market conditions there are a large number of opportunities for AdEPT and the Company has made excellent progress in improving its operational and financial platform which should allow it to take advantage of opportunities as they arise.

AdEPT has successfully gained approved supplier status under three public sector frameworks which will be leveraged to increase the Company's presence as a supplier to the public sector. This is to complement the continued consolidation of the fragmented UK telephony market through the acquisition of small business customers.



## Our business model



### Network partners

AdEPT has established relationships with all of the major UK network operators and communication suppliers, working with tier-1 carrier partners to develop products and solutions which meet the ever changing needs of customers.

AdEPT's focus with its carrier partners is to develop and provide cost effective solutions with enhanced features and resilience. AdEPT selects its carrier partners on the basis of technical and financial stability, in order to manage the supply risk associated with a business critical supply.

### AdEPT solution design and service wrap

AdEPT combines multi-product solutions from a number of carrier partners to provide bespoke solutions tailored to meet the specific requirements of customers.

AdEPT provides a single invoice solution for customers combined with award-winning customer service and support available at a lower spend level than other larger telecommunications businesses. AdEPT provides dedicated account management for customers spending as little as £400 per month on telecommunications.

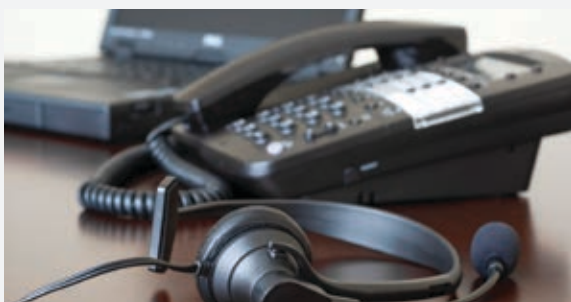
### UK client base

AdEPT provides competitively priced communications solutions for all sizes of UK based clients spread across a wide range of business sectors.

AdEPT and its sales channels work with its customer base to develop appropriate communications solutions. AdEPT Telecom is widely recognised as a multi-site multi-product specialist, with more than 700 multi-site customers taking a range of products. AdEPT is increasingly focused on Premier and public sector customers who can benefit from AdEPT's ability to provide a full communication solution.

# Our strategy and KPIs

Our strategy focuses on four key areas, enabling the Company to expand our product range, invest in customer retention, increase public sector presence by leveraging frameworks and identifying strategic acquisition opportunities.



## Key areas

Our strategy is based around four key areas:

### Products

AdEPT was originally established as a fixed-line telecom provider but is diversifying its product range to become one of the UK's leading independent communications integrators.

### Customers

Our business is focused on providing high levels of customer service. Our award-winning UK-based customer service team has all the necessary skills to give our customers peace of mind and a service they can rely on.

## Objectives

### Development and expansion of our product range

To constantly monitor product development to ensure that we can offer all of the latest and best of breed products.

### Investment in customer retention activities

Improve customer retention by maintaining the highest standards of customer service combined with a highly competitive product offering.

## What we have done

- ⊕ Added new products to the portfolio, such as 40Gb and 100Gb OSA, and successfully sold these into the customer base.
- ⊕ Our 'cloud' and network-based next generation services have been rolled out to more customers.

- ⊕ Continued investment in retention strategies to retain customers.
- ⊕ Won new larger customers and retaining existing clients through providing dedicated account management.

## What we will do

- ⊕ Data services will be a key area of expansion as the demand for faster data connectivity speeds continues. Continue to evaluate new connectivity products and introduce them to the portfolio.

- ⊕ Maintain high levels of customer service will remain a critical element of our business model.

## Measured through our KPIs

### Key performance indicators

#### Gross margin

**36.4%**  
(2013: 34.5%)

#### EBITDA margin

**19.4%**  
(2013: 17.7%)

#### Net debt

**£3.0m**  
(2013: £3.3m)



## Frameworks

AdEPT is focused upon increasing its public sector presence and helping those customers achieve the budget reductions and cost initiatives they have been set.



## Acquisitions

The Board continues to identify and evaluate strategic acquisitions that are considered to meet the criteria of complementing existing business whilst adding value to our shareholders.

### Utilising approved supplier status

Further develop the existing public sector relationships and forge new partnerships with public sector customers.

- ④ Achieved approved supplier status on three public sector frameworks.
- ④ Leveraging our position on the frameworks to bring in a large number of public sector customers.
- ④ Continue to review the development of public sector frameworks and ensure that AdEPT remains in a position to be able to take advantage of opportunities as they arise.

### Identify strategic acquisitions to add shareholder value

Utilise the operational and financial platform in place which has been developed to provide further efficiencies from increased scale.

- ④ Acquisition and full integration of 19 customer bases to date, including Bluebell Telecom in the current year.
- ④ Careful planning and rigorous operational and financial due diligence is undertaken to minimise integration and execution risk.
- ④ The executive director team and the Board will continue to monitor all potential acquisition targets which meet the criteria of complementing existing business and adding value.

## Key performance indicators

**Adjusted earnings per share**

**15.0p**  
(2013: 12.7p)

**Customer credit collection**

**28 days**  
(2013: 26 days)

**Direct debit penetration**

**67%**  
(2013: 69%)

# Strategic report

John Swaite, Finance director

Continued focus on underlying profitability and cash flow conversion has delivered increased EBITDA and net debt reduction, which has supported an increase to dividends this year.



## Summary

- ⊕ EBITDA increase of 8.4% to £4.0m was the eleventh consecutive increase since AdEPT's inception in 2003
- ⊕ Strong free cash flow, before interest, of £2.6m has been used to fund the acquisition of small business customers from Bluebell Telecom and the progressive dividend policy
- ⊕ Adjusted earnings per share increased by 18% to 15.0p per share giving 5.0x dividend cover at March 2014

### Summary of three year financial performance:

	Year ended March				
	2014 £'000	Year-on-year %	2013 £'000	Year-on-year %	2012 £'000
Revenue	20,852	(0.8%)	21,023	(4.1%)	21,913
Gross margin	7,584	4.4%	7,261	2.8%	7,062
EBITDA	4,043	8.3%	3,732	2.2%	3,652
Net debt	2,963		3,270		5,339

### Principal activities and review of business

The principal activity of the Company is the provision of voice and data communication services to both domestic and business customers. A review of the business is contained in the chairman's statement on pages 2 and 3 and the highlights are summarised in the strategic report on pages 10 to 14.

### Revenue

During the year AdEPT has continued its diversification from a traditional fixed line service provider towards next generation products. Total revenue generated from data, mobile, inbound and other services represented 24.7% of total revenue in the year ended 31 March 2014 (2013: 20.2%).

Total revenue decreased by 0.8% to £20.9m (2013: £21.0m):

- ⊕ Traditional fixed line revenues reduced to £15.7m (2013: £16.8m), with this reduction largely being driven by the impact of OFCOM regulation reducing call spend from landline to mobile networks. We have now reached the end of the regulatory price control for mobile termination costs and therefore a large proportion of the regulatory price changes are reflected in current end user pricing. In addition, call volume reductions, which is a reflection of the continuing uncertain economic environment, and continued substitution with email and mobile based telephony have applied further top line pressure to call revenues. The Company's reliance on call revenues has been reduced further with call revenue providing only 29.3% of total revenue in the year ended 31 March 2014 (2013: 34.8%).
- ⊕ Data and broadband product revenues were up 26.9% to £3.3m (2013: £2.6m). AdEPT has continued to make progress in expanding the number of circuits and connections from new customer additions and through cross-selling into the existing customer base. As the demand for faster data connectivity speeds continues AdEPT has seen further customer orders for 10Gb optical spectrum services (OSA) and is currently underway with the launch of 40Gb and 100Gb optical spectrum services (OSEA).

The Company continues to focus on products delivering fixed monthly revenue streams to reduce revenue volatility. The proportion of revenue, which is fixed monthly values, increased to 63.3% of total revenue for the year ended March 2014 (2013: 59.8%) following the continued focus on multi-product sales (calls, line rental, broadband and data products) and the enhancement of the data connectivity product portfolio.

AdEPT has been highly successful in gaining traction in the public sector space during the year through leveraging its approved status on various frameworks; some of this contract success is included in the 2014 revenue figures. AdEPT was awarded approved supplier status to the Crown Commercial Service under the Telephony Service Framework RM1035 during the year. This is in addition to existing framework agreements with Ja.net, under which AdEPT is one of only a small number of companies approved to sell data connectivity and networks to UK universities and colleges, and the ESPO Telecom Framework 7, under which AdEPT is the sole recommended supplier to public service bodies and registered charities for calls, lines, broadband, superfast broadband (fibre) and SIP trunks.

The Company is continuing to focus its organic sales efforts on adding and retaining larger customers whilst complementing this with an acquisitive strategy for smaller business customers. AdEPT's largest 1,000 customers account for approximately 50% of total revenue, with the top ten customers accounting for 13.8% of total revenue (March 2013: 15.3%).

#### Gross margin

The price of calls to mobiles continued to decrease during the year ended March 2014 as a result of the OFCOM regulatory impact of reduced mobile termination rates. However, gross margins have been maintained at an absolute and percent level through close monitoring of customer profitability and supply chain management of wholesale contracts.

As the product mix has moved further towards the relatively lower margin data and broadband revenue streams, this has provided some downward pressure on blended total gross margin although this has been offset by improvements to data and broadband gross margins during the year and higher relative margin inbound service charges acquired with the Bluebell customer base. Future gross margin pressure is anticipated as our product mix moves increasingly towards the relative lower margin line rental, data connectivity and broadband revenue streams.

#### EBITDA

Underlying EBITDA is defined as operating profit add back depreciation, amortisation and impairment charges and share-based payment charges. In the prior year, the gain on the bargain purchase in relation to Expanse (UK) Communications Limited has been excluded from underlying EBITDA as it is purely an accounting adjustment and is not considered to be a recurring item.

EBITDA has increased for the eleventh consecutive year since AdEPT's inception in 2003 despite top line pressure. The Company has focused on the underlying profitability of customers and revenue streams combined with tight overhead control, industry leading debt collection and wholesale supply chain negotiation.

#### Finance costs

Total interest costs have reduced by 30.4% to £0.26m (2013: £0.37m) arising from further deleveraging combined with treasury management of surplus cash balances and the termination of the relatively high cost historic interest rate swap arrangement.

Finance costs for the year ended 31 March 2014 include a credit of £0.06m (2013: credit of £0.075m) in relation to the movement in the fair value of the interest rate swap as required by IAS 39 "Financial Instruments". This is not a reflection of a decrease in the real cost of borrowing as the interest rate swap provided a fixed rate of interest on borrowings. This historic interest rate swap arrangement ended during the current year and the Company has decided not to replace it for the time being.

#### Profit before tax

This year the Company has recorded a £208,765 improvement to profit before tax with a reported £1,845,802 (2013: £1,637,037). The 2013 comparative profit before tax includes the gain on bargain purchase of £215,080 in respect of the acquisition of a customer base from Expanse Communications (UK) Limited. This is purely an accounting adjustment and therefore underlying profit before tax improvement is considered to be significantly better than the reported figures. The improvement to profit before tax arises from the EBITDA improvement combined with the reduction in finance costs.

#### Results and earnings per share

The profit for the year, after taxation, amounted to £1,330,256 (2013: £984,005).

Adjusted earnings per share, based on the profit for the period attributable to equity holders adding back amortisation and non-recurring costs (see Note 24), increased by 18.0% to 14.99p per share (2013: 12.70p).

#### Dividends and dividend per share

On the back of strong cash flow generation AdEPT announced an interim dividend of 1.50p per share, which was paid to shareholders on 11 April 2014. The Board of AdEPT Telecom announced on 8 April 2014 that, subject to shareholder approval at the annual general meeting later in the year, it is declaring a final dividend of 1.50p per ordinary share (2013: 0.75p). This dividend is expected to be paid on 10 October 2014 to shareholders on the register at 19 September 2014. Total dividends approved and declared during the year ended 31 March 2014 of 3.00p per ordinary share represent a 100% increase year-on-year (2013: 1.50p). The dividends approved and declared during the year absorbed £661,710 of shareholder funds (2013: £316,012). The Board constantly monitors shareholder value and is confident that the continued strong cash generation will support a progressive dividend policy.

# Strategic report continued

## Public Sector Framework focus

AdEPT provides voice and data communication solutions to 19 councils and many other public sector customers across England and Wales, with dedicated account management via a single point of contact. AdEPT offers various framework compliant solutions for public sector customers to meet their ongoing cost reduction initiatives, combined with full project management for the migration from the existing supplier.

### The customer challenges

Local government has many duties to the public, and providing best value for money whilst continuing to deliver and develop services is prominent. It is well publicised that public sector entities are under continuous pressure to increase efficiency and value for money without detrimental impact on public services. AdEPT has successfully demonstrated to numerous councils and other public sector customers how it can provide solutions to secure savings and provide further efficiencies over the life of the contract.

### The AdEPT Telecom solutions

- ④ Customer confidence as AdEPT holds approved framework supplier status, so there was no need to run separate supply tenders
- ④ Free telecom estate analysis and detailed review of current billing to show demonstrable savings
- ④ Majority of savings achieved with no hardware changes and no technology refresh costs to impact on capital budgets
- ④ Dedicated project management of the bulk migration of thousands of analogue PSTN lines, digital ISDN channels and migration of existing ADSL services
- ④ Over 90% of services can be migrated within two weeks to give almost instant cost-saving and efficiency for the customer
- ④ Highly tailored billing and reporting service, with a single proactive point of contact for all requirements

With the success of the migration of existing telephony services completed, the customers and AdEPT are now able to look at other efficiency savings, and operational benefits. The opportunity presented by this major change has freed up staff to look at further efficiencies, upcoming technology challenges, and the way that staff work, and how customers can access public services.

Amongst these additional benefits is the potential use of SIP technology to improve the customer's disaster recovery and business continuity practices.

### Cash flow

The Company benefits from an excellent cash generating operating model. Low capital expenditure results in EBITDA turning into cash. Reported EBITDA turned into net cash from operating activities is 69.8% (2013: 83.9%). This has reduced during the year due to the transition to large company status for corporation tax purposes which has resulted in the Company paying both the prior year corporation tax liability and three quarters of the current year's tax liability by advance instalments during the twelve months ended 31 March 2014. Excluding the cash impact of the double corporation tax the EBITDA turned to net cash from operating activities was 82.2%. The Company has continued to manage its credit risk in the current economic climate and the collections of trade receivables have been maintained during the year with customer collection periods of 28 days (2013: 26 days).

Cash outflows of £2.2m have been incurred in the year ended 31 March 2014 in relation to customer base acquisitions. The deferred consideration in respect of the customer base of Expanse (UK) Communications Limited was paid in April 2013 with no further amounts due. The initial consideration of £1.9m was paid in August 2013 in relation to the customer base acquired from Bluebell Telecom Limited.

Cash inflows of £0.3m were generated from the issue of new equity during the year. Two of the executive director team increased their shareholdings in the Company following the exercise of share options.

There was an increase to cash and cash equivalents during the year of £2.1m. An amount of £2.0m was drawn down on the Barclays revolving credit facility just prior to year end in order to make funds available for the acquisition of the share capital of Bluecherry Telecom Limited, which was completed on 8 April 2014. The Company will continue to apply its treasury management policies to minimise the cost of finance whilst retaining flexibility to meet its growth strategies.

### Capital expenditure and business combinations

The Company has low capital requirements and therefore expenditure on fixed assets is low at 0.4% of revenue (2013: 0.5%).

The strategy of the Company is to concentrate organic sales efforts on attracting larger customers, particularly in the public sector. Rather than operate a telesales operation aimed at acquiring smaller business customers organically we instead use our free cash generation to acquire customer bases from other telesales operations in the industry.

On 1 August 2013 the Company acquired a customer base from Bluebell Telecom Limited, a supplier of fixed line calls, line rental and data connectivity products to small and medium-sized businesses. Total consideration is estimated at approximately £2.3m. Consideration of £1.9m was paid in cash on completion by the Company during the year ended 31 March 2014 with the payment of the balance of the estimated consideration being deferred until after

August 2014. Acquisition related costs have been recognised as an expense in the statement of comprehensive income for the period ended 31 March 2014. The assets acquired from Bluebell Telecom Limited contributed revenue and profit of £1.3m and £0.4m respectively in the statement of comprehensive income for the year ended 31 March 2014.

A fair value of £2.3m in relation to the customer base for the acquired business has been recognised as intangible asset additions in the year ended 31 March 2014. No other assets or liabilities were acquired. Included in the fair value calculations above is an intangible asset, representing the estimate of future cash flows of the acquired customer base in the hands of the Company.

### Net debt

A key strength of AdEPT is its consistent, proven ability to generate strong free cash

flow, which is supported by more than £9m reduction to net borrowings since the peak of £12.3m in June 2008. As a result of the Company's focus on underlying profitability and cash conversion, free cash flow after bank interest of £2.6m was generated during the year ended March 2014; excluding the cash impact of the transition to corporation tax instalments this figure is £3.1m free cash flow.

£2.2m of free cash flow has been used to fund acquisitions of customer bases, £0.3m being applied to net debt reduction during the year, £0.3m dividends paid and £0.1m capital expenditure. Net cash inflows of £0.3m have arisen from the issue of new equity following the exercise of share options by executive directors. Net debt, which comprises cash balances and bank borrowings, has improved to £3.0m at the year end (2013: £3.3m).

The Company's available banking facilities are described in Note 25 to the financial statements.

### Key performance indicators (KPIs)

The KPIs outlined below are intended to provide useful information when interpreting the accounts.

	Fixed line services £'000	Data, inbound, mobile and other services £'000	Total £'000
<b>Year ended 31 March 2014</b>			
<b>Revenue</b>	<b>15,705</b>	<b>5,147</b>	<b>20,852</b>
<b>Gross profit</b>	<b>6,016</b>	<b>1,568</b>	<b>7,584</b>
<b>Gross margin %</b>	<b>38.3%</b>	<b>30.5%</b>	<b>36.4%</b>
<b>Year ended 31 March 2013</b>			
Revenue	16,774	4,250	21,023
Gross profit	6,018	1,244	7,261
Gross margin %	35.9%	29.3%	34.5%

# Strategic report continued

## Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Company's long-term performance and could cause actual results to differ materially from expected results.

Risk	Description	Mitigation
<b>Liquidity risk</b>	The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.	External funding facilities are managed to ensure that both short-term and longer-term funding is available to provide short-term flexibility whilst providing sufficient funding to the Company's forecast working capital requirements.
<b>Credit risk</b>	The Company extends credit to customers of various durations depending on customer creditworthiness and industry custom and practice for the product or service. In the event that a customer proves unable to meet payments when they fall due, the Company will suffer adverse consequences.	To manage this, the Company continually monitors credit terms to ensure that no single customer is granted credit inappropriate to its credit risk. Additionally, 67% of our customer receipts are by monthly direct debit. The risk is further reduced by the customer base being spread across all industry and service sectors. The top ten customers account for approximately 14% of revenues.
<b>Competitor risk</b>	The Company operates in a highly competitive market with rapidly changing product and pricing innovations. We are subject to the threat of our competitors launching new products in our markets (including updating product lines) before we make corresponding updates and development to our own product range. This could render our products and services out of date and could result in loss of market share.	To reduce this risk, we undertake new product development and maintain strong supplier relationships to ensure that we have products at various stages of the life cycle. Competitor risk also manifests itself in price pressures which are usually experienced in more mature markets. This results not only in downward pressure on our gross margins but also in the risk that our products are not considered to represent value for money. The Company therefore monitors market prices on an ongoing basis.
<b>Acquisition integration execution</b>	The Company has set out that its strategy includes the acquisition of businesses where they are earnings enhancing. The Board acknowledges that there is a risk of operational disturbance in the course of integrating the acquired businesses with existing operations.	The Company mitigates this risk by careful planning and rigorous due diligence.

## Resilient business model

The Board believes that AdEPT operates a resilient business model and has a strong customer proposition which it is believed will present opportunities in the coming year. These features include:

- ⊕ highly cash generative with strong underlying profitability;
- ⊕ supplies are nearly all business critical – an essential part of the customer's daily operational requirements;
- ⊕ highly automated systems provides sector leading labour costs : turnover productivity;
- ⊕ low capital investment requirements relative to turnover;

- ⊕ continued focus on broadening the product range, particularly with regard to data connectivity;
- ⊕ customers are spread across all industries; the top ten customers account for approximately 14% of revenues;
- ⊕ trade suppliers and partners are all top-tier suppliers, providing confidence in the continuity and reliability of service to customers;
- ⊕ 67% of the Company's customers pay by monthly direct debit, reducing the Company's credit risk;

- ⊕ highly fragmented telecom reseller market provides acquisition opportunities for further consolidation; and
- ⊕ the Company has agreed banking facilities through to October 2015 and 2016.



**John Swaite**  
Finance Director



# Corporate social responsibility

AdEPT is committed to operating in a socially and environmentally responsible manner and structures its policies and practice accordingly.

AdEPT is committed to operating in a socially and environmentally responsible manner and structures its policies and practice accordingly.

## Employee involvement

The Directors believe that the employees of the Company are one of its most important assets and the continued and sustained development of the Company relies on its ability to retain and attract employees of a high standard. AdEPT is proud to have a high number of long-serving employees with more than five years' service.

The AdEPT equal opportunities policy ensures that all job applicants and employees are treated fairly and without favour or prejudice. We are committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion.

Employees are regularly informed of matters concerning their interest and the financial factors affecting the Company. The Company uses management forums and employee newsletters to communicate matters as well as team and individual meetings.

## Environmental commitment

AdEPT Telecom plc is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to AdEPT's professional activities and the management of the organisation. We aim to follow and to promote good sustainability practice, to carry out our operations in a way which manages and minimises any adverse environmental impacts from our activities and to help our clients and partners to do the same.

Our sustainability policy is based upon the principles of continual and effective improvement on environmental performance. This policy is communicated to our employees, associates, suppliers, clients and other parties to ensure that all parties are fully aware of our sustainability policy and are committed to implementing and improving it. The sustainability policy is reviewed annually, and we are committed to continually striving to improve our sustainability performance within the guidelines of our organisation.

The Company encourages its staff to use public transport to attend meetings and site visits whenever possible and minimise sole occupancy travel whenever practical. The Company is committed to encouraging the use of teleconferencing or video-conferencing, and efficient timing of meetings to avoid unnecessary journeys. In addition the Company supports alternative working arrangements, including home working.

AdEPT encourages the reuse or recycling of office waste, including paper, packaging, computer supplies and redundant equipment. Wherever possible AdEPT ensures that waste materials are disposed of in an environmentally safe manner and in accordance with regulations. AdEPT is committed to reducing the energy consumptions of office equipment by purchasing energy efficient equipment and by good housekeeping.

## Charity partnership

### Demelza Children's Hospice – Corporate Fundraiser

It costs £9m a year to run Demelza's hospice services across Kent, South-east London and East Sussex and only a small percentage of the money comes from the government. The majority of money comes from voluntary income and fundraising.

AdEPT Telecom is proud to be a corporate fundraiser for Demelza Children's Hospice (the only children's hospice in the south-east of England).

In addition to our employees' fundraising events we are delighted that one of our non-executive directors, Chris Fishwick, has been awarded the honour of being a vice president of Demelza Children's Hospice.

Fund raising initiatives which AdEPT has been proud to support include:

#### ⊕ Bricks and Water Appeal

A total of £1.5m was raised by this appeal to build new bedrooms and hydro pools for the terminally ill children. Chris Fishwick was chairman of this initiative.

#### ⊕ Play 'n' Sailing Appeal

This appeal was to raise £130,000 to replace the outdoor play area which was worn out. Demelza considered that the playground is probably one of the most important facilities in a children's hospice.

Demelza marked its 15th birthday in 2013 with twelve months of celebration including a number of events which AdEPT was be proud to be involved with and support.

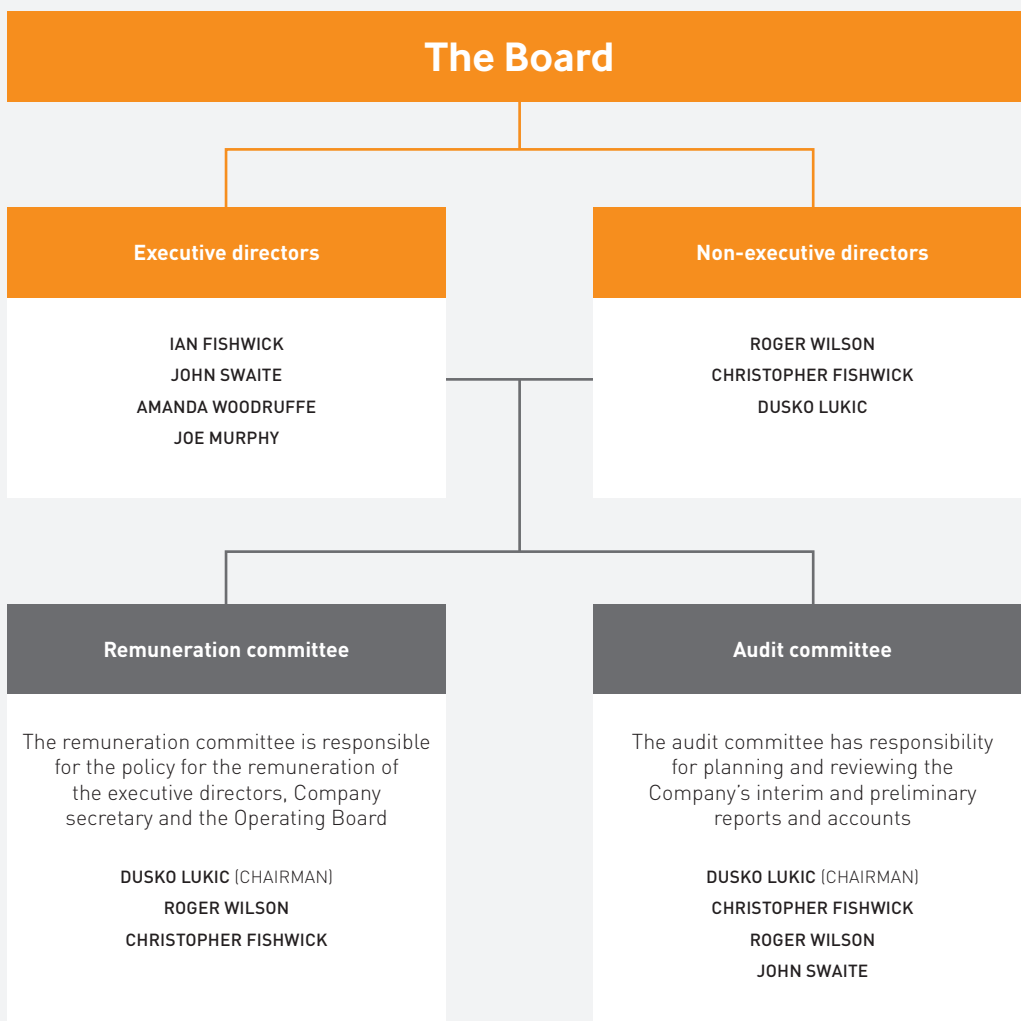


# Introduction to corporate governance

The Board of directors recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place and are appropriate for a public company of its size and complexity.

## Introduction

The corporate governance report forms part of the directors' report and is incorporated into it by reference. Although, as an AIM listed company, the Company is not required to comply with the provisions of the UK Corporate Governance Code (the Code) and this is not a statement of compliance as required by the Code, this report shows how the Group has applied the principles of good corporate governance.



Further information about the Board committees can be found on page 18.

# Board of directors

● Audit committee member

● Remuneration committee member

## Roger Wilson ●●

**Non-executive Chairman (BA Hons, DMS)**

Roger has worked in the telecom industry for more than 20 years. He was the first managing director for Telewest Communications' residential consumer business in the UK from January 1997 until March 1998. Roger spent three years between June 1998 and April 2001 in Poland establishing a telecom business for American investors. Moreover, he was managing director of ECTA, the European Competitive Telecommunications Association, until January 2006.

Roger is a member of the Company's remuneration and audit committees.

## Christopher Fishwick ●●

**Non-executive Deputy Chairman (FRSA)**

Chris worked in the City of London for over 25 years, starting his career as a member of the London Stock Exchange and, latterly, as chief executive of Aberdeen Asset Managers Limited. He brings extensive experience of corporate life, having been on the boards of more than 15 quoted companies covering the sectors of property, insurance, technology, asset management and smaller companies. He has spent the last ten years as a venture capitalist investing in smaller quoted and unquoted companies.

Chris is a member of the Company's remuneration and audit committees.

## Ian Fishwick

**Chief Executive (MBA, ACMA)**

Ian has been a chief executive or managing director in the telecoms industry for more than 20 years and is the original founder of AdEPT. In that time he has completed more than 30 telecoms mergers and acquisitions. Prior to founding AdEPT Telecom in February 2003, from 1983 to 1995 Ian rose through the ranks at Marconi Secure Systems including two years as financial controller and five years as managing director. From 1996 to 2000 Ian was a managing director at Telewest Communications, managing Telewest North West, Telewest London and South East and Cable London. Ian was managing director of World Access (UK) Limited from 2000 to 2001.

## John Swaite ●

**Finance director (BA Hons, FCA)**

John joined AdEPT in March 2008 as Group Financial Controller and was promoted to Finance Director and the Board in January 2009. Prior to joining AdEPT, John spent more than nine years with one of the UK's leading accounting firms, Crowe Clark Whitehill LLP (CCW). In his role as senior corporate finance manager at CCW, John was responsible for all aspects of financial due diligence and transaction support on mergers, acquisitions, flotations and subsequent public offerings with transaction values up to £120m.

## Joe Murphy

**Sales director**

Joe joined AdEPT in February 2005 and has been instrumental in the development of one of the UK's largest telecoms indirect sales channels. Joe joined AdEPT from Eescape Ltd where he managed key customer accounts including Samsung and MFI. Prior to this he spent four years with BT Wholesale, where he was account manager within the UK service providers division. Joe was appointed sales director in May 2009 and joined the Board in July 2010.

## Dusko Lukic ●●

**Non-executive director**

Dusko has worked for over 20 years as an institutional stockbroker covering UK and Continental European equity markets with City firms such as Wood Mackenzie, Salomon Brothers, Schroder Securities and, latterly, Cazenove. At Cazenove, Dusko was the director responsible for Pan European equity sales to German institutions. In 2005 Dusko founded Draganfly Investments Ltd, an AIM-quoted investment company, and in 2006 was the co-founder of Intrinsic Capital LLP, a smaller company investment boutique.

Dusko is Chairman of the Company's remuneration and audit committees.

## Amanda Woodruffe

**Operations director**

Amanda has held a wide variety of senior customer operations roles for major companies. At BT she was a customer service troubleshooter, winning the chairman's award for quality. Amanda worked with Ian Fishwick on the cable mergers of Kent, Essex and London before taking on a national role at Telewest. She was a key member of the team that set up the discount airlines Go and Hapag Lloyd Express. Her consultancy assignments have been worldwide for companies such as Sonera (mobile) and BoStream (broadband in Sweden). She also worked as a consultant at EdExcel following the highly publicised A-level fiasco in 2002. EdExcel went on to become 'best examination board' in 2003.

# Corporate governance

The Board recognises the importance of sound corporate governance and intends to comply insofar as practicable with the Quoted Companies Alliance's Corporate Governance Guidelines for AIM companies.

The guidelines recommend that an AIM company should have at least two independent non-executive directors.

The Board considers that two of the existing non-executive directors, Roger Wilson and Chris Fishwick, are not independent for the purposes of these guidelines due to their level of shareholdings in the Company and, therefore, that Dusko Lukic is the only independent non-executive director.

## The Board

The Board comprises four executive directors and three non-executive directors. The Board meets regularly throughout the year and has a formal schedule of matters specifically reserved for its decision. This schedule is included in the corporate governance document available on the Company's website at [www.adept-telecom.co.uk](http://www.adept-telecom.co.uk) under the investor relations section.

If required, the directors are entitled to take independent legal advice and, if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. The company secretary's services are available to all members of the Board.

## Meeting attendance

Details of the attendance of individual members at meetings during the year are shown in the table below:

	Management Board meetings	Board meetings	Audit committee	Remuneration committee	Other meetings	Total attendance
R Wilson	—	5	1	2	2	10
C Fishwick	38	5	1	2	1	47
D Lukic	—	5	1	2	1	9
I Fishwick	41	5	—	—	2	48
A Woodruffe	41	5	—	—	2	48
J Swaite	41	5	1	—	2	49
J Murphy	41	5	—	—	2	48

## Board appointments

The Company does not have a nomination committee which is not in compliance with the Combined Code. Any decision to appoint further directors to the Board is a decision taken by the whole Board and, where necessary, new Board members will be provided with appropriate training in respect of their role and responsibilities as a public company director.

## Audit committee

An audit committee, consisting of Roger Wilson, Chris Fishwick and Dusko Lukic, operated throughout the year. The audit committee determines the application of the financial reporting and internal control and risk management procedures and the scope, quality and results of the external audit.

## Remuneration committee

A remuneration committee, consisting of Roger Wilson, Chris Fishwick and Dusko Lukic, operated throughout the year. It reviews the performance of the executive directors and considers bonus and share option schemes. None of the executive directors take part in discussions concerning their remuneration.

## Going concern

Based on the normal business planning and control procedures the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts.

## Relations with shareholders

The Company has a regular dialogue with institutional shareholders and communication with shareholders is given a high priority. The Board welcomes the attendance of individual shareholders at general meetings and the opportunity to address any questions they may have. The notice of the annual general meeting will be sent to shareholders at least 23 days before the meeting. The proxies for and against each resolution are announced at the meetings. Shareholders are encouraged to view the Company's website at [www.adept-telecom.co.uk](http://www.adept-telecom.co.uk) which includes links to the Company share price, formal announcements, corporate governance and financial statements.

## Internal control and risk assessment

The directors are responsible for risk assessment and systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key features of the Company's system of internal control are:

- ⊕ management structure with clearly defined responsibilities and authority limits;
- ⊕ comprehensive system of reporting financial results to the Board. Towards the end of each financial year, detailed budgets are prepared for the following year. Re-forecasts are prepared on a regular basis during the year, for example reflecting an additional acquisition. The actual results are compared to budget and/or re-forecasts as appropriate;
- ⊕ regular review of staff skills, identifying and providing training;
- ⊕ regular review of operational performance by the executive directors, including sales and customer service;
- ⊕ appraisal and authorisation of capital expenditure;
- ⊕ approval of significant contracts; and
- ⊕ review of the risks faced by the Company.



**Ian Fishwick**  
Director  
7 July 2014

# Directors' report

## For the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- ⊕ select suitable accounting policies and then apply them consistently;
- ⊕ make judgements and accounting estimates that are reasonable and prudent;
- ⊕ state whether applicable 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 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.

They are further responsible for ensuring that the strategic report, the report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the AdEPT Telecom plc website is the does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

### Provision of information to auditors

So far as each of the directors is aware at the time the report was approved:

- ⊕ there was no relevant audit information of which the Company's auditors are 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 auditors were aware of that information.

### Substantial interests

At 31 March 2014 there were the following substantial interests (3% or more) and director interests in the Company's ordinary share capital:

	% holdings in ordinary share capital 31 March 2014
Greenwood Investments Limited	15.3
Croyde Limited	13.1
Fiske Private Clients	10.1
Codium Limited	8.9
Ian Fishwick	6.8
Oathall Plc	5.2
A Gauld	3.9
Octopus Investments	3.9
Roger Wilson	3.6
Hargreave Hale	3.2
Patricia Wilson	3.2
Bittium Limited	2.1
Dusko Lukic	0.4
Amanda Woodruffe	0.3
John Swaite	0.1

Croyde Limited, Codium Limited, Oathall Plc and Bittium Limited are all controlled by Capita Fiduciary Group which holds all the shares in those companies under a nominee agreement to the order of Christopher Fishwick, non-executive Deputy Chairman and Ian Fishwick's brother.

### Key Performance Indicators

A review of Key Performance Indicators is included in the financial and business review, which is included within the strategic report on page 13.

# Directors' report continued

## For the year ended 31 March 2014

### Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors have taken notice of the Financial Reporting Council guidance "Going Concern and liquidity Risk: Guidance for Directors of UK Companies 2009", which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as they have assessed the Company's financial performance and position. Based upon this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

### Employee involvement

The Company aims to improve the performance of the organisation through the development of its employees. Their involvement is encouraged by means of team working, team briefings, consultative committees and working parties.

The Company has in place an indemnity insurance policy for the benefit of the senior management and employees at a cost of £2,968 (2013: £2,800).

### Disabled employees

The Company is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees.

### Strategic report

Information previously shown in the directors report, which includes the business review and principle risks and uncertainties, is now shown in the strategic report on page 14 in accordance with Section 414c(ii) of the Companies Act 2006.

### Auditors

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

By order of the Board



**Ian Fishwick**  
Director  
7 July 2014

# Independent auditors' report

## To the shareholders of AdEPT Telecom plc

We have audited the financial statements of AdEPT Telecom plc for the year ended 31 March 2014 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related Notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders 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 statement of directors' responsibilities, 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 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 directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its profit for the year then ended;
- ⊕ the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- ⊕ the financial statements 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us;
- ⊕ the financial statements are not in agreement with the accounting records and returns;
- ⊕ 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.

### Mark Anderson

Senior Statutory Auditor

For and on behalf of Crowe Clark Whitehill LLP

Statutory auditor

Tunbridge Wells

7 July 2014

# Statement of comprehensive income

## For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
<b>Revenue</b>	4	<b>20,852</b>	21,023
Cost of sales		<b>(13,268)</b>	(13,762)
<b>Gross profit</b>		<b>7,584</b>	7,261
Administrative expenses		<b>(5,482)</b>	(5,255)
Operating profit		<b>2,102</b>	2,006
<b>Total operating profit – analysed:</b>			
<b>Operating profit before non-recurring costs, depreciation and amortisation</b>		<b>4,043</b>	3,732
Share-based payments		<b>(7)</b>	(5)
Gain on bargain purchase		<b>—</b>	215
Depreciation of tangible fixed assets		<b>(34)</b>	(29)
Impairment of intangible assets		<b>(2)</b>	(155)
Amortisation of intangible fixed assets		<b>(1,898)</b>	(1,752)
Total operating profit		<b>2,102</b>	2,006
Finance costs	7	<b>(257)</b>	(369)
<b>Profit before income tax</b>		<b>1,845</b>	1,637
Income tax expense	10	<b>(515)</b>	(653)
<b>Profit for the year attributable to the owners of the parent</b>		<b>1,330</b>	984
Other comprehensive income		<b>—</b>	—
<b>Total comprehensive income for the year attributable to the owners of the parent</b>		<b>1,330</b>	984
<b>Total comprehensive income attributable to:</b>			
Equity holders		<b>1,330</b>	984
	Note	2014 £'000	As restated 2013 £'000
<b>Earnings per share:</b>			
Basic earnings	24	<b>6.17p</b>	4.67p
Diluted earnings	24	<b>5.56p</b>	4.04p

All amounts relate to continuing operations. The notes on pages 26 to 43 form part of these financial statements.



# Statement of financial position

## As at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	15,018	14,615
Property, plant and equipment	13	79	50
Deferred income tax	14	115	124
		15,212	14,789
<b>Current assets</b>			
Inventories	15	4	4
Trade and other receivables	16	2,332	2,138
Cash and cash equivalents		3,777	1,639
		6,113	3,781
<b>Total assets</b>		<b>21,325</b>	<b>18,570</b>
<b>Current liabilities</b>			
Trade and other payables	17	3,854	3,238
Income tax		29	676
Short-term borrowings		1,206	3,106
		5,089	7,020
<b>Non-current liabilities</b>			
Long-term borrowings	18	5,533	1,803
<b>Total liabilities</b>		<b>10,622</b>	<b>8,823</b>
<b>Net assets</b>		<b>10,703</b>	<b>9,747</b>
<b>Equity attributable to equity holders</b>			
Share capital	19	2,194	2,107
Share premium		189	—
Retained earnings		8,320	7,640
<b>Total equity</b>		<b>10,703</b>	<b>9,747</b>

The financial statements were approved and authorised for issue by the Board on 7 July 2014 and signed on its behalf.



**Ian Fishwick**  
Director

The notes on pages 26 to 43 form part of these financial statements.

Registered number 4682431

# Statement of changes in equity

## For the year ended 31 March 2014

	Attributable to equity holders				
	Share capital £'000	Share premium £'000	Share capital to be issued £'000	Retained earnings £'000	Total equity £'000
Equity at 1 April 2012	2,107	—	145	6,829	9,081
Profit for the year	—	—	—	984	984
Dividend	—	—	—	(315)	(315)
Deferred tax asset adjustment	—	—	—	(8)	(8)
Share-based payments	—	—	5	—	5
Net income recognised directly in equity	2,107	—	150	7,490	9,747
Equity at 1 April 2013	2,107	—	150	7,490	9,747
Profit for the year	—	—	—	1,330	1,330
Dividend	—	—	—	(662)	(662)
Deferred tax asset adjustment	—	—	—	5	5
Share-based payments	—	—	(78)	85	7
Net income recognised directly in equity	2,107	—	72	8,248	10,427
Issue of share capital	87	189	—	—	276
<b>Equity at 31 March 2014</b>	<b>2,194</b>	<b>189</b>	<b>72</b>	<b>8,248</b>	<b>10,703</b>

The notes on pages 26 to 43 form part of these financial statements.

# Statement of cash flows

## For the year ended 31 March 2014

	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>		
Profit before income tax	1,845	1,637
Depreciation and amortisation	1,934	1,936
Share-based payments	7	5
Gain on bargain purchase	—	(215)
Net finance costs	257	369
<b>Operating cash flows before movements in working capital</b>	<b>4,043</b>	3,732
Decrease in inventories	—	10
(Increase)/decrease in trade and other receivables	(269)	727
Increase/(decrease) in trade and other payables	201	(819)
Cash generated from operations	3,976	3,650
Income taxes paid	(1,149)	(342)
<b>Net cash from operating activities</b>	<b>2,827</b>	3,308
<b>Cash flows from investing activities</b>		
Interest paid	(244)	(338)
Acquisition of trade and assets	(2,176)	(626)
Purchase of intangible assets	(14)	(79)
Purchase of property, plant and equipment	(63)	(40)
<b>Net cash used in investing activities</b>	<b>(2,497)</b>	(1,083)
<b>Cash flows from financing activities</b>		
Dividends paid	(318)	(105)
Share capital issued	276	—
Increase in bank loan	3,100	—
Repayment of borrowings	(1,250)	(2,350)
<b>Net cash from financing activities</b>	<b>1,808</b>	(2,455)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,138</b>	(230)
<b>Cash and cash equivalents at beginning of year</b>	<b>1,639</b>	1,869
<b>Cash and cash equivalents at end of year</b>	<b>3,777</b>	1,639
<b>Cash and cash equivalents:</b>		
Cash at bank and in hand	3,777	1,639
Bank overdrafts	—	—
<b>Cash and cash equivalents</b>	<b>3,777</b>	1,639

The notes on pages 26 to 43 form part of these financial statements.

# Notes to the financial statements

## For the year ended 31 March 2014

### 1. Nature of operations and general information

AdEPT Telecom plc is one of the UK's leading independent providers of voice and data telecommunication services with award-winning customer service. The Company is focused on delivering a complete telecommunications service for small and medium-sized business customers with a targeted product range including landline calls, line rental, broadband, mobile and data connectivity services.

AdEPT Telecom plc is incorporated under the Companies Act, domiciled in the UK and the registered office is located at One London Wall, London EC2Y 5AB. The Company's shares are listed on AIM of the London Stock Exchange.

### 2. Accounting policies

#### Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable IFRS as adopted by the EU.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" which requires the reasons for this decision to be explained. The Company's available banking facilities are described in Note 25 to the financial statements. The Company has adequate financing arrangements which can be utilised by the Company as required. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- ⊕ IAS 16 and IAS 38 – Amendments: "Clarification of Acceptable Methods of Depreciation and Amortisation"
- ⊕ IAS 19 – Amendment: "Defined Benefit Plans: Employee Contributions"
- ⊕ IAS 36 – Amendments: "Recoverable Amount Disclosures for Non-Financial Assets"
- ⊕ IAS 39 – Amendments: "Novation of Derivatives and Continuation of Hedge Accounting"
- ⊕ IFRS 9 "Financial Instruments"
- ⊕ IFRS 11 – Amendments to "Accounting for Acquisitions of Interests in Joint Operations"
- ⊕ IFRS 10, IFRS 12 and IAS 27 – Amendments: "Investment Entities"
- ⊕ IFRS 14 "Regulatory Deferral Accounts"
- ⊕ IFRIC 21 "Levies"

In addition the following standards are available for adoption but do not have to be adopted until the year starting on or after 1 January 2014. The company and group have not yet adopted these standards:

- ⊕ IAS 27 "Separate Financial Statements"
- ⊕ IAS 28 "Investments in Associates and Joint Ventures"
- ⊕ IFRS 10 "Consolidated Financial Statements"
- ⊕ IFRS 11 "Joint Arrangements"
- ⊕ IFRS 12 "Disclosure of Interests in Other Entities"

The following standard has been issued by the IASB but not yet EU approved:

- ⊕ IFRS 15 "Revenue from Contracts with Customers" (1 January 2017)

Adoption of these standards and interpretations is not expected to have a material impact on the results of the Company or Group application of these standards may result in some changes in presentation of information within the Company's financial statements.

The financial statements are presented in sterling which is the Company's functional and presentation currency. The figures shown in the financial statements are rounded to the nearest thousand pounds.

#### Segmental reporting

The directors have considered the requirements of IFRS 8 "Operating Segments" and have concluded that the Company has two segments. For further information see Note 4 of the financial statements.

## 2. Accounting policies *continued*

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Revenue from calls, which excludes value added tax and trade discounts, is recognised in the income statement at the time the call is made. Calls made in the year, but not billed by year end, are accrued within receivables as accrued income.

Revenue from line rental is recognised in the month that the charge relates to, commencing with a full month's charge in the month of connection. Revenue and related costs from the sales of mobile handsets are recognised at the date of supply or connection.

Revenue arising from the provision of internet and other services is recognised evenly over the periods in which the service is provided to the customer.

Connection commissions received from mobile network operators are recognised when the customer is connected to the mobile network after providing for expected future clawbacks.

The whole of the revenue is attributable to the provision of voice and data telecommunication services to both residential and business customers. All revenue arose within the United Kingdom.

### Intangible fixed assets acquired as part of a business combination and amortisation

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Company of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Company.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Impairment reviews are conducted annually from the first anniversary following acquisition.

The intangible asset 'customer base' is amortised to the income statement over its estimated useful economic life on a straight line basis. The average useful economic life of all the customer bases has been estimated at 14 years (2013: 15 years) with a range of seven to 16 years.

### Other intangible assets

Also included within intangible fixed assets are the development costs of the Company's billing and customer management system plus an individual licence. These other intangible assets are stated at cost, less amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost, less estimated residual value of each intangible asset, over its expected useful economic life on the following basis:

Customer management system	– Three years straight line
Other licences	– Contract licence period
Computer software	– Three years straight line

### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life on the following basis:

Short-term leasehold improvements	– The shorter of five years and the remaining period of the lease
Fixtures and fittings	– Three years straight line
Office equipment	– Three years straight line
Motor vehicles	– Four years straight line

### Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and depreciated over their useful economic lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss on a straight line basis, even if payments are not made on such a basis.

### Inventories

Inventories are valued at the lower of cost and net realisable value after making allowance for any obsolete or slow moving items. Net realisable value is reviewed regularly to ensure accurate carrying values. Cost is determined on a first-in-first-out basis and includes transportation and handling costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 2. Accounting policies continued

#### Pensions

The Company contributes to personal pension plans. The amount charged to the income statement in respect of pension costs is the contribution payable in the year.

#### Capital instruments

The costs incurred directly in connection with the issue of debt instruments are charged to the income statement on a straight line basis over the life of the debt instrument.

#### Income tax

Income tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred income tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred income tax liabilities are provided in full, with no discounting. Deferred income tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred income tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred income tax assets or liabilities are recognised as a component of income tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred income tax is also charged or credited directly to equity.

#### Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value is appraised at the grant date and excludes the impact on non-market vesting conditions such as profitability and sales growth targets, using an appropriate pricing model for which the assumptions are approved by the directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date, the cumulative expense (as above) is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

#### Non-recurring items

Material and non-recurring items of income and expense are separated out in the income statement. Examples of items which may give rise to disclosure as non-recurring items include costs of restructuring and reorganisation of existing businesses, integration of newly acquired businesses and asset impairments. Non-recurring costs include the current year expense charged to the income statement in relation to restructuring which has taken place since the year end to derive the underlying profitability of the Group and Company.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The Company makes use of derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value, i.e. cost. Subsequent to initial recognition derivative financial instruments are measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement as a component of financing income or cost.

The fair value of the derivative financial instrument is the estimated amount that the Company would receive or pay to terminate the instrument at the balance sheet date, taking into account current interest rates and the current creditworthiness of the instrument counterparties.

## 2. Accounting policies *continued*

### Capital

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Notes 18 and 25, cash and cash equivalents, and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

### Borrowings and borrowing costs

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed to the income statement as incurred with the exception of arrangement fees which are deducted from the related liability and are released over the term of the related liability in accordance with IAS 39.

## 3. Critical accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year, are discussed below.

Key sources of estimation and uncertainty are:

- ⊕ measuring the fair value of customer bases on acquisition;
- ⊕ subsequent impairment of customer bases; and
- ⊕ receivables.

### Impairment of intangible assets

The Company determines whether intangible assets are impaired on at least an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the intangible value is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The main estimates used to measure the fair value of the customer bases on acquisition and to conduct the impairment review are:

- ⊕ the churn rate (turnover of customers);
- ⊕ discount rate; and
- ⊕ gross margins.

Churn rates ranging between 5.2% and 20.7% are based upon actual historical churn rates of the revenue stream for each customer base.

The discount rate of 6.9% used to discount the cash flows is based upon the Company's weighted average cost of capital (WACC), which is the recommended discount rate suggested by International Financial Reporting Standards and is a calculated figure.

Gross margins of 39.9% is based upon actual margins achieved in previous years. The actual outcomes have been materially equivalent.

The calculations are sensitive to any movement in the discount rate, margin or churn rate and would therefore result in an impairment charge to the income statement. A 1% change to the discount rate, gross margin and churn rate would result in additional impairment charges of £2,200, £1,400 and £4,200 respectively.

More details, including carrying values, are included in Note 12.

### Receivables

Debts are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Further information on the receivables allowance account is given in Note 16.

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 4. Segmental information

IFRS 8 "Operating Segments" requires identification on the basis of internal reporting about components of the Company that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance.

The chief operating decision maker has been identified as the Board. The Board reviews the Company's internal reporting in order to assess performance and allocate resources. The operating segments are fixed line services and data, mobile and other services which are reported in a manner consistent with the internal reporting to the Board. The Board assesses the performance of the operating segments based on revenue, gross profit and EBITDA.

£'000	Year ended 31 March 2014				Year ended 31 March 2013			
	Fixed line services	Data, inbound, mobile and other services	Central costs	Total	Fixed line services	Data, inbound, mobile and other services	Central costs	Total
Revenue	15,705	5,147	—	20,852	16,773	4,250	—	21,023
Gross profit	6,016	1,568	—	7,584	6,018	1,244	—	7,261
Gross margin %	38.3%	30.5%	—	36.4%	35.9%	29.3%	—	34.5%
<b>EBITDA</b>	<b>3,318</b>	<b>725</b>	<b>—</b>	<b>4,043</b>	3,102	630	—	3,732
<b>EBITDA %</b>	<b>21.1%</b>	<b>14.1%</b>	<b>—</b>	<b>19.4%</b>	18.5%	14.8%	—	17.8%
Amortisation	(1,898)	—	—	(1,898)	(1,752)	—	—	(1,752)
Impairment charge	(2)	—	—	(2)	(155)	—	—	(155)
Depreciation	—	—	(34)	(34)	—	—	(29)	(29)
Gain on bargain purchase	—	—	—	—	215	—	—	215
Share-based payments	—	—	(7)	(7)	—	—	(5)	(5)
<b>Operating profit/(loss)</b>	<b>1,418</b>	<b>725</b>	<b>(41)</b>	<b>2,102</b>	1,410	630	(34)	2,006
Finance costs	—	—	(257)	(257)	—	—	(369)	(369)
Income tax	—	—	(515)	(515)	(563)	(252)	(162)	(653)
<b>Profit/(loss) after tax</b>	<b>1,418</b>	<b>725</b>	<b>(813)</b>	<b>1,330</b>	847	378	(241)	984

The assets and liabilities relating to the above segments have not been disclosed as they are not separately identifiable and are not used by the chief operating decision maker to allocate resources. All segments are in the UK and all revenue relates to the UK.

Transactions with the largest customer of the Company are less than 10% of total turnover and do not require disclosure for either 2013 or 2014.

### 5. Operating profit

The operating profit is stated after charging:

	2014 £'000	2013 £'000
Amortisation of customer base, billing system and licence	1,900	1,766
Depreciation of tangible fixed assets:		
– owned by the Company	34	29
Share option expense	7	5
Minimum operating lease payments:		
– land and buildings	172	179
– motor vehicles and other equipment	46	41



**6. Auditor remuneration**

	2014 £'000	2013 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	32	30
Fees payable to the Company's auditors and their associates in respect of: – other services relating to taxation	6	5

**7. Finance costs**

	2014 £'000	2013 £'000
On bank loans and overdrafts	244	363
Bank fees	75	81
Other interest payable	(62)	(75)
	<b>257</b>	<b>369</b>

Included within interest is a credit of £62,184 (2013: £75,398) which relates to the movement in the fair value of the interest rate swap liability as calculated in accordance with IAS 39.

**8. Employee costs**

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

	2014 £'000	2013 £'000
Wages and salaries	1,808	1,792
Social security costs	237	198
Share option expense	9	5
Other pension costs	18	20
	<b>2,072</b>	<b>2,015</b>

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

	2014 Number	2013 Number
Non-executive directors	3	3
Administrative staff	44	40
	<b>47</b>	<b>43</b>

**Key personnel**

The directors are considered to be the key management personnel of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company.

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 9. Directors' emoluments

	Short-term employee benefits			Post-employment benefits	Total 2014 £	Total 2013 £
	Salary and fees paid or receivable £	Bonus paid or receivable £	Other benefits £	Pension contributions £		
R Wilson	45,000	—	2,286	—	<b>47,286</b>	47,000
C Fishwick	15,000	—	—	—	<b>15,000</b>	15,000
D Lukic	18,682	—	2,743	—	<b>21,425</b>	14,374
I Fishwick	207,050	29,500	3,150	18,463	<b>258,163</b>	269,751
A Woodruffe	141,020	18,200	1,682	—	<b>160,902</b>	182,315
J Murphy	104,772	1,313	14,055	—	<b>120,140</b>	108,363
J Swaite	80,625	18,200	6,357	—	<b>105,182</b>	108,026
<b>Total</b>	<b>612,149</b>	<b>67,213</b>	<b>30,273</b>	<b>18,463</b>	<b>728,098</b>	<b>744,829</b>

During the year retirement benefits were accruing to one director (2013: one) in respect of money purchase pension schemes. The value of the Company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £18,463 (2013: £19,721).

The share option expense recognised during the year in respect of the directors was £6,702 (2013: £4,996).

#### Directors' share options

	Option scheme	Options at 1 April 2013	Awarded in year	Options exercised	Options lapsed	Options at 31 March 2014	Option price	Date of grant
I Fishwick	EMI	510,638	—	(510,638)	—	—	30p	6 December 2010
I Fishwick	Unapproved	89,362	—	(89,362)	—	—	30p	6 December 2010
I Fishwick	Unapproved	152,160	—	(152,160)	—	—	30p	31 July 2003
A Woodruffe	EMI	—	—	—	—	—	42p	5 June 2005
A Woodruffe	EMI	187,952	—	(120,000)	—	<b>67,952</b>	42p	1 August 2008
A Woodruffe	Unapproved	62,048	—	—	—	<b>62,048</b>	42p	1 August 2008
A Woodruffe	EMI	23,430	—	—	—	<b>23,430</b>	40p	29 August 2011
A Woodruffe	Unapproved	176,570	—	—	—	<b>176,570</b>	40p	29 August 2011
J Swaite	EMI	75,000	—	—	—	<b>75,000</b>	40p	29 August 2011
J Murphy	EMI	75,000	—	—	—	<b>75,000</b>	40p	29 August 2011
A Woodruffe	EMI	171,708	—	—	—	<b>171,708</b>	52p	13 November 2012
J Swaite	EMI	25,000	—	—	—	<b>25,000</b>	52p	13 November 2012
J Murphy	EMI	25,000	—	—	—	<b>25,000</b>	52p	13 November 2012

## 10. Income tax expense

	2014 £'000	2013 £'000
<b>Current tax</b>		
UK corporation tax on profit for the year	465	632
Adjustments in respect of prior periods	35	(27)
<b>Total current tax</b>	<b>500</b>	<b>605</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15	45
Effect of tax rate change on opening balance	19	—
Adjustments in respect of prior periods	(19)	3
<b>Total deferred tax (see Note 14)</b>	<b>15</b>	<b>48</b>
<b>Total income tax expense</b>	<b>515</b>	<b>653</b>

### Factors affecting tax charge for year

The relationship between expected tax expense based on the effective tax rate of AdEPT at 23% (2013: 24%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2014 £'000	2013 £'000
Profit before income tax	1,845	1,637
Tax rate	23%	24%
<b>Expected tax charge</b>	<b>425</b>	<b>393</b>
Expenses not deductible for tax purposes	25	19
Amortisation not deductible for tax purposes	233	263
Change in deferred tax rate	19	4
Adjustments to tax charge in respect of prior periods	17	(24)
Short-term timing differences	4	—
Financial liabilities movement	(14)	—
Share options	(9)	(2)
Share option relief	(185)	—
<b>Actual tax expense net</b>	<b>515</b>	<b>653</b>

There were no material factors that may affect future tax charges.

## 11. Dividends

On 26 September 2013 the directors approved an interim dividend of 1.50p per ordinary share (2013: 0.75p), which was paid to shareholders on 11 April 2014. On 27 March 2014 the directors declared a final dividend, subject to shareholder approval at the 2014 annual general meeting, of 1.50p per ordinary share (2013: 0.75p). Total dividend approved and declared during the year absorbed £661,710 of shareholders' funds (2013: £316,012).

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 12. Intangible fixed assets

	Licence £'000	Computer software £'000	Customer base £'000	Total £'000
<b>Cost</b>				
At 1 April 2012	26	947	26,675	27,648
Additions	—	79	1,096	1,175
At 1 April 2013	26	1,026	27,771	28,823
Additions	—	14	2,289	2,303
<b>At 31 March 2014</b>	<b>26</b>	<b>1,040</b>	<b>30,060</b>	<b>31,126</b>
<b>Amortisation</b>				
At 1 April 2012	17	862	11,422	12,301
Charge for the year	3	49	1,700	1,752
Impairment charge	—	—	155	155
At 1 April 2013	20	911	13,277	14,208
Charge for the year	2	61	1,835	1,898
Impairment charge	—	—	2	2
<b>At 31 March 2014</b>	<b>22</b>	<b>972</b>	<b>15,114</b>	<b>16,108</b>
<b>Net book value</b>				
<b>At 31 March 2014</b>	<b>4</b>	<b>68</b>	<b>14,946</b>	<b>15,018</b>
At 31 March 2013	6	115	14,494	14,615

Intangible assets are reviewed annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The net present value of cash flows for each cash-generating unit is reviewed against the carrying value at the balance sheet date. At the final reporting date of 31 March 2014 the net present value of future cash flows of certain cash-generating units indicated that they were below the carrying value and the directors considered it appropriate to record an impairment charge of £2,282 (2013: £154,575) and adjust the economic lives of the respective cash-generating units appropriately.

Included within intangible asset additions is £368,061 (2013: £255,633) being the estimated amount due in respect of customer bases acquired in the current and prior year. This amount is a contingent liability and the actual amount payable is dependent upon the performance of the underlying customer contracts acquired.

The Company has no internally generated intangible assets.

### 13. Property, plant and equipment

	Motor vehicles £'000	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
<b>Cost</b>					
At 1 April 2012	—	7	127	209	343
Additions	—	—	10	30	40
At 1 April 2013	—	7	137	239	383
Additions	25	—	—	42	67
Disposals	—	—	—	(4)	(4)
<b>At 31 March 2014</b>	<b>25</b>	<b>7</b>	<b>137</b>	<b>277</b>	<b>446</b>
<b>Depreciation</b>					
At 1 April 2012	—	7	124	173	304
Charge for the year	—	—	3	26	29
At 1 April 2013	—	7	127	199	333
Charge for the year	3	—	4	27	34
<b>At 31 March 2014</b>	<b>3</b>	<b>7</b>	<b>131</b>	<b>226</b>	<b>367</b>
<b>Net book value</b>					
<b>At 31 March 2014</b>	<b>22</b>	<b>—</b>	<b>6</b>	<b>51</b>	<b>79</b>
At 31 March 2013	—	—	10	40	50

### 14. Deferred taxation

	2014 £'000	2013 £'000
At 1 April 2013	124	128
Income statement charge	(14)	(48)
Movement in deferred tax on share options	5	44
<b>At 31 March 2014</b>	<b>115</b>	<b>124</b>

The deferred tax asset is made up as follows:

	2014 £'000	2013 £'000
Capital allowances	29	38
Derived financial liabilities	—	15
Short-term timing differences	9	—
Share options	77	71
	<b>115</b>	<b>124</b>

### 15. Inventories

	2014 £'000	2013 £'000
Consumables	4	4

There is no material difference between the replacement cost of inventories and the amount stated above.

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 16. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	1,912	1,760
Other receivables	7	7
Prepayments and accrued income	413	371
	<b>2,332</b>	<b>2,138</b>

As at 31 March 2014, trade receivables of £113,080 (2013: £109,113) were impaired and fully provided for. The ageing of the trade receivables which are past due and not impaired are as follows:

	2014 £'000	2013 £'000
31–60 days	93	94
61–90 days	1	6
Over 90 days	2	6
	<b>96</b>	<b>106</b>

Movement of the Company provision for impairment of trade receivables is as follows:

	£'000
At 1 April 2012	165
Receivables written off during the year as uncollectable	(141)
Provision for receivables impairment for the year	85
At 1 April 2013	109
Receivables written off during the year as uncollectable	(82)
Provision for receivables impairment for the year	86
<b>At 31 March 2014</b>	<b>113</b>

The creation and release of a provision for impaired receivables has been included in administration expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering cash. Management regularly reviews the outstanding receivables and does not consider that any further impairment is required. The other assets classes within trade and other receivables do not contain impaired assets.

### 17. Trade and other payables

	2014 £'000	2013 £'000
Trade payables	1,492	1,504
Other taxes and social security costs	528	462
Other payables	721	428
Accruals and deferred income	1,113	844
	<b>3,854</b>	<b>3,238</b>

Included within accruals is £368,061 (2013: £255,633) being the estimated amount due in respect of customer bases acquired in the current and prior year. This amount is a contingent liability and the actual amount payable is dependent upon the performance of the underlying customer contracts acquired.

**18. Long-term borrowings**

	2014 £'000	2013 £'000
Between one and two years	533	1,221
Between two and five years	5,000	582
More than five years	—	—
<b>Bank loans</b>	<b>5,533</b>	<b>1,803</b>

The bank loan is secured by a debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. Details of the interest rates applicable to the loans are included in Note 25.

Included within bank loans are arrangement fees amounting to £92,752 (2013: £72,824) which are being released over the term of the loan in accordance with IAS 39.

**19. Share capital**

	2014 £'000	2013 £'000
<b>Authorised</b>		
65,000,000 ordinary shares of 10p each	6,500	6,500
<b>Allotted, called up and fully paid</b>		
21,939,603 (2013: 21,067,443) ordinary shares of 10p each	2,194	2,107

**Share options**

At 31 March 2014, the following options and warrants over the shares of AdEPT were in issue:

	2014		2013	
	Number of shares under option	Weighted average exercise price	Number of shares under option	Weighted average exercise price
Outstanding at 1 April	3,271,353	42p	3,218,090	42p
Granted during the year	—	—	224,371	52p
Forfeited during the year	(443,525)	134p	(171,108)	42p
Exercised during the year	(872,160)	32p	—	—
<b>Outstanding at 31 March</b>	<b>1,955,668</b>	<b>27p</b>	3,271,353	42p

The weighted average fair values have been determined using the Black-Scholes-Merton Pricing Model with the following assumptions and inputs:

	2014	2013
Risk-free interest rate	1.95–4.13%	1.95–4.13%
Expected volatility	3–83%	3–83%
Expected option life (years)	1.0–5.7	1.0–5.7
Expected dividend yield	2.0%	1.0%
Weighted average share price	42p	42p
Weighted average exercise price	44p	44p
Weighted average fair value of options granted	5p	5p

The expected average volatility was determined by reviewing the last 100 historical fluctuations in the share price prior to the grant date of each share instrument. An expected take up of 100% has been applied to each share instrument. Expected dividend yield is estimated at 2.0%; this is based upon the past dividend yield of AdEPT Telecom plc and in accordance with the guidance in IFRS 2.

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 19. Share capital continued

	Exercise price (p)	Expected option life (years)	31 March 2014	31 March 2013
31 July 2003	29	5.7	—	152,160
6 June 2005	42	3.6–4.8	—	—
14 February 2006	140	3.1–4.1	—	421,349
15 February 2006	140	1.25–2.25	59,196	59,196
1 August 2008	42	3.0	130,000	250,000
21 January 2009	11	3.0	1,194,764	1,216,940
6 December 2010	30	1.0	—	600,000
29 August 2011	40	3.0	350,000	350,000
13 November 2012	52	3.0	221,708	221,708
			<b>1,955,668</b>	3,271,353

During the year ended 31 March 2009 a warrant was issued to Barclays Bank plc over 5% of the diluted share capital of the Company. As at 31 March 2014 this entitled the holder to 1,194,764 shares. The weighted average fair value of this equity instrument of £60,779 has been determined using the Black-Scholes-Merton Pricing Model, applying the same assumptions as those applied to the other equity instruments issued during the period due to Barclays Bank plc being unable to provide a sufficiently reliable estimate of the value of services provided in relation to these warrants.

The mid-market price of the ordinary shares on 31 March 2014 was 139p and the range during the year was 86p.

### 20. Pension commitments

At 31 March 2014 there were no pension commitments (2013: £Nil).

### 21. Operating lease commitments

At 31 March 2014 the Company had lease commitments as follows:

	Land and buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	165	25	38	21
Between two and five years	522	—	44	14

#### Land and buildings

The Company leases its offices under non-cancellable operating lease agreements. There is no material contingent rent payable. The lease agreements do not offer security of tenure. The lease terms are for five years.

#### Other

The Company leases various office equipment and motor vehicles under non-cancellable operating lease agreements. The lease terms are three years.

The lease expenditure charged to the income statement during the year is disclosed in Note 5.



## 22. Related party transactions

During the year CKR Holdings Limited and Rykesh Limited, companies controlled by Chris Fishwick, a director, provided consultancy services to the Company in the normal course of business with a total value of £85,000 (2013: £85,000). There was no balance owed to CKR Holdings Limited or Rykesh Limited at the end of the year (2013: £Nil).

Just before the year end Amanda Woodruffe, a director, advanced to the Company an amount of £10,000 in respect of the exercise of share options shortly after the year end. The advance payment is included within other creditors.

At the year end dividends payable were owed to the following directors:

	2014 £	2013 £
C Fishwick	193,032	96,699
I Fishwick	44,585	17,064
R Wilson	23,649	11,823
D Lukic	2,775	1,389
A Woodruffe	2,196	51
J Swaite	338	168

## 23. Capital commitments

At 31 March 2014 there were capital commitments of £Nil (2013: £Nil).

## 24. Earnings per share

Earnings per share is calculated on the basis of a profit of £1,330,256 (2013: £984,005) divided by the weighted average number of shares in issue for the year of 21,551,563 (2013: 21,067,443). The diluted earnings per share is calculated on the assumption that the weighted average unapproved and EMI share options outstanding during the period are exercised. This would give rise to a total weighted average number of ordinary shares in issue for the period of 23,932,231 (2013: 24,338,796).

An adjusted earnings per share is calculated by adding back amortisation of intangible assets and non-recurring costs to retained earnings, giving £3,230,306 (2013: £2,676,056). This is divided by the same weighted average number of shares as above.

	2014 £'000	As restated 2013 £'000
<b>Earnings for the purposes of basic and diluted earnings per share</b>		
Profit for the period attributable to equity holders	1,330	984
Amortisation	1,900	1,907
Gain on bargain purchase	—	(215)
Adjusted profit attributable to equity holders, adding back amortisation and non-recurring costs	3,230	2,676
<b>Number of shares</b>		
Weighted average number of shares used for earnings per share	21,551,563	21,067,443
Weighted average dilutive effect of share plans	2,380,668	3,271,353
Diluted weighted average number of shares used to calculate fully diluted earnings per share	23,932,231	24,338,796
<b>Earnings per share</b>		
Basic earnings per share	6.17p	4.67p
Fully diluted earnings per share	5.56p	4.04p
<b>Adjusted earnings per share, after adding back amortisation and non-recurring costs</b>		
Adjusted basic earnings per share	14.99p	12.70p
Adjusted fully diluted earnings per share	13.50p	11.00p

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 24. Earnings per share continued

Earnings per share is calculated by dividing the retained earnings attributable to the equity holders by the weighted average number of ordinary shares in issue.

Adjusted earnings per share is calculated by dividing the retained earnings attributable to the equity holders (after adding back amortisation and non-recurring costs) by the weighted average number of ordinary shares in issue.

Earnings per share has been restated for the year ended March 2013 as it was calculated based on retained earnings rather than profit for the period attributable to equity holders as required under IAS 33 "Earnings Per Share". The impact is an increase in the basic earnings per share for the year ended March 2013 from 3.17p to 4.67p (adjusted basic earnings per share increase from 11.20p to 12.70p).

### 25. Financial instruments

Set out below are the Company's financial instruments. The directors consider there to be no difference between the carrying value and fair value of the Company's financial instruments.

	2014 £'000	2013 £'000
<b>Financial assets</b>		
Cash	3,777	1,639
Trade and other receivables	1,911	1,760
<b>Financial liabilities</b>		
Interest-bearing loans and borrowings:		
Floating rate borrowings	6,739	—
Fixed rate borrowings	—	4,909
	<b>6,739</b>	<b>4,909</b>
<b>Amounts due for settlement</b>		
Within twelve months	1,206	3,106
After twelve months	5,533	1,803
	<b>6,739</b>	<b>4,909</b>

The Facility A term loan bears interest at 2.25–3.5% over LIBOR, dependent upon the EBITA: Net debt ratchet, and is repayable by quarterly instalments of £312,500, with the final repayment due on 30 September 2015. At the year end the amount outstanding in respect of this facility was £1.832m.

The Facility B loan allows a maximum of £5m to be drawn and bears interest at 2.75% over LIBOR and is repayable in full on the final repayment date of 13 October 2016. At the year end the amount outstanding in respect of Facility B was £5m and is included within long-term borrowings.

The financial assets of the Company are surplus funds, which are offset against borrowings under the facility, and there is no separate interest rate exposure.

Barclays Bank plc has a cross guarantee and debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

The bank also holds a charge over the life assurance policies of Ian Fishwick and Amanda Woodruffe, directors of the Company, for £1,500,000 and £250,000 respectively.

#### Obligations under finance leases

As at 31 March 2014 the Company had no finance lease obligations.

#### Sensitivity analysis

At 31 March 2014 it was estimated that a movement of 1% in interest rates would impact the Company's profit before tax by approximately £53,000.

## 25. Financial instruments continued

### Interest rate risk

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Company's current interest rate policy is to keep no minimum percentage of its borrowings at fixed rates of interest. This policy is subject to ongoing review in line with the level of borrowings and potential interest risk exposure. At 31 March 2014, after taking into account the effect of interest rate management, none of the Company's borrowings are at a fixed rate of interest (2013: 93%).

### Credit risk

Credit risk associated with cash balances and derivative financial instruments is managed by transacting with financial institutions with high quality credit ratings. Accordingly the Company's associated credit risk is deemed to be limited.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2014 was £5,695,239 (2013: £3,406,013).

### Loans and receivables

	2014 £'000	2013 £'000
Trade receivables	1,911	1,760
Other receivables	7	7
Cash and cash equivalents	3,777	1,639
	<b>5,695</b>	<b>3,406</b>

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and this policy has been implemented by requiring staff to carry out appropriate credit checks on customers before sales commence.

Trade receivables consist of a large number of customers, spread across diverse industries across the United Kingdom. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected parties.

### Liquidity risk

The Company has an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity risk management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities through cash flow forecasting, acquisition planning and monitoring working capital and capital expenditure requirements on an ongoing basis.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dated to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows. Discounting is not required as this has no material effect on the financial statements.

### Amortised cost

	Within 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
<b>Year ended 31 March 2014</b>				
<b>Borrowings</b>	<b>1,206</b>	<b>533</b>	<b>5,000</b>	<b>—</b>
<b>Trade and other payables</b>	<b>1,491</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>2,697</b>	<b>533</b>	<b>5,000</b>	<b>—</b>
<b>Year ended 31 March 2013</b>				
Borrowings	3,106	1,232	571	—
Trade and other payables	1,504	—	—	—
	4,610	1,232	571	—

# Notes to the financial statements continued

## For the year ended 31 March 2014

### 25. Financial instruments continued

#### Currency risk

The Company's operations are handled entirely in sterling.

#### Capital risk management

The Company is subject to the risk that its capital structure will not be sufficient to support the growth of the business. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the Company's approach to capital management during the year.

As part of the banking arrangements, the Company is required to comply with certain covenants including net debt to adjusted EBITA, interest cover and cash flow cover.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

### 26. Business combinations

On 1 August 2013 the Company acquired certain trading assets from Bluebell Telecom Limited for a total consideration estimated at £2.29m.

Bluebell Telecom Limited, based in Newcastle, was a supplier of fixed line calls, line rental and data connectivity products to small and medium-sized businesses. The acquisition forms part of the Company's strategy as the acquired customer base complements that of AdEPT and provides cross-selling opportunities.

Consideration of £1.92m was paid in cash by the Company during the year ended 31 March 2014 with the payment of the balance of consideration being deferred until after August 2014. Total consideration is estimated at £2.29m.

	Book cost £'000	Fair value £'000
Intangible asset	—	2,288
<b>Net assets</b>	<b>—</b>	<b>2,288</b>
Initial consideration		(1,920)
Deferred consideration		(368)
Fair value cost of acquisition		(2,288)
<b>Gain on bargain purchase</b>		<b>—</b>

A fair value of £2,288,440 in relation to the customer contracts for the acquired business has been recognised as intangible asset additions in the year ended 31 March 2014. No other assets or liabilities were acquired.

The customer base acquired from Bluebell Telecom Limited contributed revenue and profit of £1.3m and £0.4m respectively in the statement of comprehensive income for the year ended 31 March 2014. Acquisition related costs of £25,036 have been recognised as an expense in the statement of comprehensive income for the year ended 31 March 2014. Contribution of the acquisition to the results for an entire year would be revenue and profit of approximately £1.9m and £0.6m respectively.

### 27. Events after the balance sheet date

On 8 April 2014 the Company acquired the entire issued share capital of Bluecherry Telecom Limited for an initial consideration of £1.8m plus the value of the net assets at completion (estimated to amount to £0.25m and being represented by cash), payable in cash. Further consideration of between £0.2m and £0.75m will be payable, also in cash, dependent upon performance of the contracts post-acquisition.

Bluecherry Telecom Limited, based in Milton Keynes, was a supplier of fixed line calls, line rental and data connectivity products to small and medium-sized businesses. The acquisition forms part of the Company's strategy as the acquired customer base complements that of AdEPT and provides cross-selling opportunities.

	Book cost £'000	Fair value £'000
Intangible asset	—	2,000
Cash	250	250
<b>Net assets</b>	<b>—</b>	<b>2,250</b>
Initial consideration		(2,050)
Deferred consideration		(200)
Fair value cost of acquisition		(2,250)
<b>Gain on bargain purchase</b>		<b>—</b>

Management of the customer contracts was transferred to AdEPT's office in Tunbridge Wells, Kent, during April 2014. Acquisition related costs of £21,228 will be recognised as an expense in the statement of comprehensive income for the year ended 31 March 2015. Based on unaudited management accounting information, annualised revenue and profit of Bluecherry is approximately £1.2m and £0.45m respectively.

# Company information

## Directors

Roger Wilson  
Christopher Fishwick  
Dusko Lukic  
Ian Fishwick  
John Swaite  
Amanda Woodruffe  
Joe Murphy

## Secretary

Maclay Murray & Spens LLP

## Company number

4682431

## Registered office

One London Wall  
London EC2Y 5AB

## Contact details

T: 0844 5577300

E: [business.services@adept-telecom.co.uk](mailto:business.services@adept-telecom.co.uk)

W: [www.adept-telecom.co.uk](http://www.adept-telecom.co.uk)

## Auditors

### **Crowe Clark Whitehill LLP**

Chartered accountants and registered auditors  
4 Mount Ephraim Road  
Tunbridge Wells  
Kent TN1 1EE

## Bankers

### **Barclays Bank plc**

1 Churchill Place  
London E14 5HP

## Nominated adviser and broker

### **Northland Capital Partners Limited**

131 Finsbury Pavement  
London EC2A 1NT

## Solicitors

### **Cripps LLP**

Wallside House  
12 Mount Ephraim Road  
Tunbridge Wells  
Kent TN1 1EG

## Registrars

### **Computershare Investor Services plc**

PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZY



**AdEPT Telecom plc**

77 Mount Ephraim  
Tunbridge Wells  
Kent TN4 8BS

T: 0844 5577300

F: 0844 5577301

E: [business.services@adept-telecom.co.uk](mailto:business.services@adept-telecom.co.uk)

[www.adept-telecom.co.uk](http://www.adept-telecom.co.uk)





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