

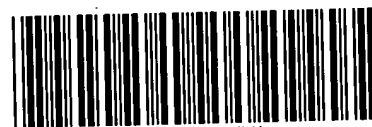
Registered number: 02266230

# **KELLY COMMUNICATIONS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 JUNE 2015**

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**KELLY COMMUNICATIONS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	T J Kelly S Parry
<b>COMPANY SECRETARY</b>	J P Bradley
<b>REGISTERED NUMBER</b>	02266230
<b>REGISTERED OFFICE</b>	Kelly House Fourth Way Wembley Middlesex HA9 0LH
<b>INDEPENDENT AUDITORS</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Euro House 1394 High Road London N20 9YZ
<b>BANKERS</b>	National Westminster Bank PLC 315 Station Road Harrow Middlesex HA1 2AD

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**KELLY COMMUNICATIONS LIMITED**

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## KELLY COMMUNICATIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 28 JUNE 2015

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#### BUSINESS REVIEW

The company has reported turnover of £41.0m (2014: £26m) and a pre tax profit of £0.39m for the year ended 28 June 2015 (2014: £1.5m). The company has total shareholders funds of £2m as at 28 June 2015 (2014: £2.6m).

#### FUTURE OUTLOOK

Whilst maintaining our position as a key supplier to Virgin Media during the 12 months under review, we also secured a 5 year renewable contract with this client. We have successfully secured a number of new long term contracts within the telecommunications and broadband market including a long term national contract with Vodafone. We remain very well placed to deliver further growth going forward.

#### PRINCIPAL RISKS AND UNCERTAINTIES

We see limited risks with our core business with perhaps the exception of the high level of business we enjoy with one client. This is being overcome with ongoing investment and development of other opportunities within the Kelly Group.

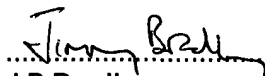
#### FINANCIAL KEY PERFORMANCE INDICATORS

The directors of Kelly Communications Group Limited, the ultimate parent company, manage the group's operations on a divisional basis. For this reason, the company's directors believe that an analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Kelly Communications Limited. The development, performance and position of Kelly Communications Group Limited, which includes the company, is discussed in the group's annual report which does not form part of this report.

#### RESEARCH AND DEVELOPMENT

The company continues to look for ways to improve its efficiency both operationally and financially with the support of its holding company and fellow subsidiaries.

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

  
.....  
J P Bradley  
Secretary

Date: 24<sup>th</sup> March 2016.

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## **KELLY COMMUNICATIONS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 2015**

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The directors present their report and the audited financial statements for the year ended 28 June 2015.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of Kelly Communications Ltd ("the company") continued to be that of a telecommunications and cable television contractor specialising in cabling and activation services within the Kelly Group (Kelly Communications Group Ltd and its subsidiary undertakings).

#### **DIVIDENDS**

The profit for the year, after taxation, amounted to £366,749 (2014: £1,047,542). In April 2015, a dividend of £1,000,000 was paid.

#### **DIRECTORS**

The directors who served during the year were:

T J Kelly  
S Parry

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## KELLY COMMUNICATIONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 2015

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#### CHARITABLE DONATIONS

During the year the company made the following contributions:

Charitable £71,108 (2014: £146,113)

Charitable donations during the year were made to charities involved in the aid of poverty, education and healthcare.

#### DIRECTORS' INSURANCE LIABILITY

Directors liability and indemnity insurance was in force throughout the year to cover the directors and officers of the company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

#### DISABLED EMPLOYEES

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### EMPLOYEE INFORMATION

The company aims to involve all employees in the company's affairs through the systematic provision of information to employees. There is regular consultation with employees, taking their views into account in making decisions affecting the performance of the company.

#### DISCLOSURE OF INFORMATION TO AUDITORS


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### AUDITORS

MHA MacIntyre Hudson are deemed to be reappointed under 487(2) of the Companies Act 2006.

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

  
.....  
**J P Bradley**  
Company secretary

Date: 24<sup>th</sup> March 2016

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**KELLY COMMUNICATIONS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY COMMUNICATIONS LIMITED**

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We have audited the financial statements of Kelly Communications Limited for the year ended 28 June 2015, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report 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 28 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**KELLY COMMUNICATIONS LIMITED**

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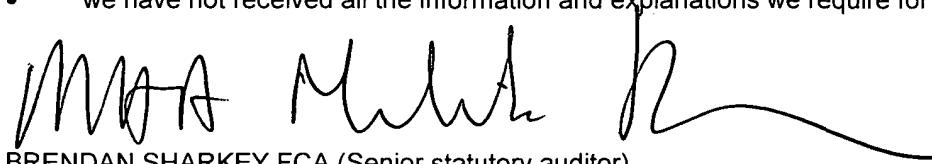
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLY COMMUNICATIONS LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



BRENDAN SHARKEY FCA (Senior statutory auditor)

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Euro House  
1394 High Road  
London  
N20 9YZ

Date: 29<sup>th</sup> March 2016.



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**KELLY COMMUNICATIONS LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 28 JUNE 2015**

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	Note	2015 £	2014 £
<b>TURNOVER</b>	1,2	<b>40,820,331</b>	25,983,912
Cost of sales		<b>(35,529,910)</b>	(19,264,701)
<b>GROSS PROFIT</b>		<b>5,290,421</b>	6,719,211
Administrative expenses		<b>(9,870,316)</b>	(8,755,003)
Other operating income	3	<b>5,003,179</b>	3,512,300
<b>OPERATING PROFIT</b>	4	<b>423,284</b>	1,476,508
Interest receivable and similar income		-	8,107
Interest payable and similar charges	7	<b>(32,934)</b>	(16,962)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>390,350</b>	1,467,653
Tax on profit on ordinary activities	8	<b>(23,601)</b>	(420,111)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	20	<b>366,749</b>	1,047,542

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.


The notes on pages 8 to 17 form part of these financial statements.

**KELLY COMMUNICATIONS LIMITED**  
**REGISTERED NUMBER: 02266230**

**BALANCE SHEET**  
**AS AT 28 JUNE 2015**

	Note	£	28 June 2015 £	£	29 June 2014 £
<b>FIXED ASSETS</b>					
Tangible assets	10		<b>358,613</b>		35,963
<b>CURRENT ASSETS</b>					
Stocks	11	<b>657,735</b>		404,931	
Debtors	12	<b>19,626,898</b>		36,195,849	
Cash at bank and in hand		<b>953</b>		4,003	
			<b>20,285,586</b>	<b>36,604,783</b>	
<b>CREDITORS:</b> amounts falling due within one year	13	<b>(18,180,602)</b>		<b>(33,569,518)</b>	
<b>NET CURRENT ASSETS</b>			<b>2,104,984</b>		<b>3,035,265</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,463,597</b>		<b>3,071,228</b>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	14	<b>(1,433)</b>		-	
Other provisions	15	<b>(452,315)</b>		<b>(428,128)</b>	
			<b>(453,748)</b>		<b>(428,128)</b>
<b>NET ASSETS</b>			<b>2,009,849</b>		<b>2,643,100</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		<b>10,000</b>		10,000
Capital redemption reserve	20		<b>50</b>		50
Profit and loss account	20		<b>1,999,799</b>		2,633,050
<b>SHAREHOLDERS' FUNDS</b>	21		<b>2,009,849</b>		<b>2,643,100</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24<sup>th</sup> March 2016.

.....  
  
**T J Kelly**  
 Director

The notes on pages 8 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract that can be measured reliably.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	33 1/3% reducing balance

**1.5 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.6 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.7 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

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## KELLY COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### 1.9 Pensions

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

##### 1.10 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### 1.11 Amounts recoverable on contracts

Amounts recoverable on contracts comprises work completed or measured parts thereof not yet invoiced to customers and is stated after making due allowance for irrecoverable amounts. Profit on contracting activities is taken as work progresses, unless a more conservative approach is necessary. The percentage margin on each individual contract is the lower of the margin earned to date and that forecast to completion, taking account of agreed claims. Profit for the period includes settlement of claims arising on completed contracts with a provision made for notified claims during the period where further work is required.

##### 1.12 Amounts held under retentions

The amounts held under retentions are included within trade debtors. However, these retentions are treated as unrealised and fully provided for until the period of constructive obligation ceases and the amounts have been invoiced. They are then recognised in the profit and loss account.

##### 1.13 Operating costs

Certain categories of expenses which had been allocated to administrative costs in previous years have been allocated to operating costs in 2015. The directors consider that this provides a fairer presentation of these expenditure categories. The comparative figures for 2014 have been reallocated. There is no impact on results or reserves in 2015 or 2014 arising from this allocation.

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## KELLY COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 2015

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#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

#### 3. OTHER OPERATING INCOME

	2015 £	2014 £
Management charges receivable	<u>5,003,179</u>	<u>3,512,300</u>

#### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	13,898	12,613
Loss on disposal of fixed assets	<u>2,755</u>	<u>1,193</u>

During the year, no director received any emoluments (2014 - £NIL).

No directors are accruing pension benefits under the defined contribution pension scheme (2014: £nil).

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in Kelly Communications Limited accounts since the consolidated accounts of the parent, Kelly Communications Group Limited, are required to disclose non-audit fees on a consolidated basis.

#### 5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>15,000</u>	<u>15,000</u>

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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**6. STAFF COSTS**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	9,603,058	5,308,098
Social security costs	934,329	708,250
Other pension costs	45,704	12,431
	<u>10,583,091</u>	<u>6,028,779</u>

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

	2015 No.	2014 No.
Number of distribution staff	135	67
Number of administration staff	126	76
	<u>261</u>	<u>143</u>

**7. INTEREST PAYABLE**

	2015 £	2014 £
On bank loans and overdrafts	32,934	15,739
Other interest payable	-	1,223
	<u>32,934</u>	<u>16,962</u>

**8. TAXATION**

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	3,647	390,562
Adjustments in respect of prior periods	-	48,070
<b>Total current tax</b>	<u>3,647</u>	<u>438,632</u>
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	19,954	(18,521)
<b>Tax on profit on ordinary activities</b>	<u>23,601</u>	<u>420,111</u>

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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**8. TAXATION (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 22.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>390,350</u>	<u>1,467,653</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 22.5%)	78,070	330,222
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	80,082	63,072
Capital allowances for year in excess of depreciation	(19,521)	(3,024)
Loss on disposal of fixed assets	-	268
Adjustments to tax charge in respect of prior periods	-	48,070
Non-taxable income	(134,000)	-
Other differences leading to a (decrease) increase in the tax charge	(984)	24
<b>Current tax charge for the year (see note above)</b>	<u><u>3,647</u></u>	<u><u>438,632</u></u>

**9. DIVIDENDS**

	2015 £	2014 £
Dividends paid on equity capital	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**10. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 30 June 2014	30,695	40,432	9,070	80,197
Additions	-	321,355	17,948	339,303
Disposals	-	(8,560)	(2,890)	(11,450)
At 28 June 2015	30,695	353,227	24,128	408,050
<b>Depreciation</b>				
At 30 June 2014	19,207	21,672	3,355	44,234
Charge for the year	2,909	3,646	7,343	13,898
On disposals	-	(6,287)	(2,408)	(8,695)
At 28 June 2015	22,116	19,031	8,290	49,437
<b>Net book value</b>				
At 28 June 2015	8,579	334,196	15,838	358,613
At 29 June 2014	11,488	18,760	5,715	35,963

**11. STOCKS**

	28 June 2015 £	29 June 2014 £
Stock	657,735	404,931

**12. DEBTORS**

	28 June 2015 £	29 June 2014 £
<b>Due after more than one year</b>		
Other debtors	70,418	-
<b>Due within one year</b>		
Trade debtors	5,388,576	3,271,293
Amounts owed by and accrued for group undertakings	1,473,656	27,264,415
Other debtors	405,402	376,297
Prepayments and accrued income	2,183,277	269,461
Amounts recoverable on long term contracts	10,105,569	4,995,862
Deferred tax asset (see note 14)	-	18,521
	19,626,898	36,195,849



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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**12. DEBTORS (continued)**

Included in debtors of £19,626,898 (2014: £36,195,849) are deferred tax assets due after more than one year of £nil (2014: £18,521).

**13. CREDITORS:  
Amounts falling due within one year**

	<b>28 June 2015 £</b>	<b>29 June 2014 £</b>
Bank loans and overdrafts	<b>3,384,791</b>	1,915,829
Trade creditors	<b>3,076,766</b>	1,737,313
Amounts owed to and accrued for group undertakings	<b>2,344,730</b>	22,845,372
Corporation tax	-	168,038
Other taxation and social security	<b>824,691</b>	1,317,532
Other creditors	<b>4,599,183</b>	2,515,612
Accruals and deferred income	<b>3,950,441</b>	3,069,822
	<b>18,180,602</b>	33,569,518

The following liabilities disclosed under creditors falling due within one year are secured by the company:

Overdrafts: £3,384,791 (2014: £1,915,829).

The bank borrowings are secured by a fixed and floating charge over the company's assets.

The company is party to a group composite arrangement with certain companies within Kelly Communications Group Limited under which overdrafts can be offset by cross guarantees. The total at 28 June 2015 amounted to £2m (2014: £2m).

A debenture is held by Kelly Communications Group Limited securing all monies due or becoming due to it. Included within debtors at 28 June 2015 is an amount of £331,025 (2014: £8,934,888) due from Kelly Communications Group Limited.

**14. DEFERRED TAXATION**

	<b>28 June 2015 £</b>	<b>29 June 2014 £</b>
At beginning of year	<b>18,521</b>	-
(Charge for)/released during year (P&L)	<b>(19,954)</b>	18,521
At end of year	<b>(1,433)</b>	18,521

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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**14. DEFERRED TAXATION (continued)**

The deferred taxation balance is made up as follows:

	<b>28 June 2015 £</b>	<b>29 June 2014 £</b>
Accelerated capital allowances	<b>(1,433)</b>	<b>18,521</b>

**15. PROVISIONS**

	<b>Provisions £</b>
At 30 June 2014	<b>428,128</b>
Additions	<b>24,187</b>
At 28 June 2015	<b>452,315</b>

**Provisions**

The above provision represents the company's provision for liability to claims made by third parties.

**16. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £45,704 (2014: £12,431). Contributions totalling £4,964 (2014: £9,884) were payable to the fund at the balance sheet date and are included in creditors.

**17. OPERATING LEASE COMMITMENTS**

At 28 June 2015 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings 28 June 2015 £</b>	<b>29 June 2014 £</b>
<b>Expiry date:</b>		
Within 1 year	<b>-</b>	<b>13,455</b>

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## KELLY COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 2015

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#### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the provisions of Financial Reporting Standard 8 not to disclose transactions with other group companies as Kelly Communications Limited is included in the consolidated financial statements of Kelly Communications Group Limited, a company incorporated in England and Wales. Copies of these accounts are available from the Registrar of Companies at Companies House, Cardiff, CF14 3UZ.

During the year, the company made payments of £65,000 (2014: £65,000) in respect of rent for various properties owned by The Kelly Communications Group Pension Scheme, a pension scheme in which the director, T J Kelly, has an interest. There were no balances outstanding with the Kelly Communications Group Pension Scheme at the year end.

During the year, £493,836 (2014: £520,000) was charged to Kelly Integrated Transport Services Limited, by the company in respect of management charges. In addition, expenses of £400,162 (2014: 296,351) were charged to Kelly Integrated Transport Services Limited by the company during the year. Rent of £45,563 (2014: £50,624) was charged during the year by the company to Kelly Integrated Transport Services Limited. Included within other creditors is an amount due to Kelly Integrated Transport Services Limited of £4,090,000 (2014: £1,666,090). This is an unsecured, interest free loan, repayable on demand. Included within trade debtors is an amount of £249,797 (2014: £559,410) owed to the company by Kelly Integrated Transport Services Limited. At the year end the net amount of £3,840,203 (2014: £1,106,680) is owed by the company to Kelly Integrated Transport Services Limited, a company under the common control of the shareholders.

At the balance sheet date an amount of £70,418 (2014: £68,037 - included in debtors due within one year) was due to the company from Kelly Air Limited, a company incorporated in the Isle of Man, in which T J Kelly, a director, has an interest. During the year interest of £2,381 was charged on the loan to Kelly Air Limited. The loan is unsecured and repayable on demand.

At the balance sheet date, an unsecured interest free loan of £242,123 (2014: £200,097) was due from T K.À.M. Property Investments Limited, a company in which Kelly Communications Group Limited and a director, T J Kelly, have an interest. This loan is repayable on demand.

#### 19. SHARE CAPITAL

	28 June 2015 £	29 June 2014 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<b>10,000</b>	10,000

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**KELLY COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 JUNE 2015**

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**20. RESERVES**

	Capital redempt'n reserve £	Profit and loss account £
At 30 June 2014	50	2,633,050
Profit for the year		366,749
Dividends: Equity capital		(1,000,000)
At 28 June 2015	<u>50</u>	<u>1,999,799</u>

**21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	28 June 2015 £	29 June 2014 £
Opening shareholders' funds	2,643,100	2,595,558
Profit for the financial year	366,749	1,047,542
Dividends (Note 9)	(1,000,000)	(1,000,000)
Closing shareholders' funds	<u>2,009,849</u>	<u>2,643,100</u>

**22. ULTIMATE PARENT COMPANY**

The ultimate parent company remains as Kelly Communications Group Limited by virtue of it owning the shares in Kelly Communications Trading Group Limited, the parent company. Kelly Communications Group Limited is a company incorporated in England and Wales with registration number 03279573.

**23. CONTROLLING PARTY**

The company was under the control of T J Kelly by virtue of a controlling interest in the ultimate parent company for the year ended 28 June 2015 and the previous year.