

Eurotel Corporate Services Limited

**Directors' report and financial
statements**

Registered number 2402775

31 March 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Principal activities

The company was dormant throughout the year.

Trading results

The company has not traded during the year.

Directors and directors' interests

The directors who held office during the year were as follows:

RS Lutener
KD Lutener

Neither of the directors in office at the year end had any interest in the shares of the company. RS Lutener and KD Lutener are also directors of the ultimate parent undertaking and their interests in the shares of that company are disclosed in those accounts.

Small company status

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



AP Rex
Secretary

Empire House
Mulcture Hall Road
Halifax
HX1 1SP

26th May 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Eurotel Corporate Services Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

27 May 2005


Profit and loss account
for the year ended 31 March 2005

		2005 £	2004 £
Turnover	1	-	880,618
Cost of sales		-	(217,957)
		<hr/>	<hr/>
Gross profit		-	662,661
Administration expenses		-	(551,569)
		<hr/>	<hr/>
Operating profit/(loss)	2	-	111,092
Intercompany debt waived		-	(1,083,816)
Profit/(loss) on sale of fixed assets		-	(18,456)
Profit on transfer of business		-	219,447
		<hr/>	<hr/>
Loss on ordinary activities before interest and taxation		-	(771,733)
Net interest payable	4	-	(3,227)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	(774,960)
Taxation	5	-	(47,578)
		<hr/>	<hr/>
Loss on ordinary activities after taxation		-	(822,538)
Dividends		-	-
		<hr/>	<hr/>
Retained loss for the period	15	-	(822,538)
		<hr/> <hr/>	<hr/> <hr/>

Balance sheet
at 31 March 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Intangible assets	6	-	-	-	-
Tangible assets	7	-	-	-	-
Current assets					
Stocks	8	-	-	-	-
Debtors	9	25,250	25,250	25,250	25,250
Cash at bank and in hand		-	-	-	-
		25,250	25,250	25,250	25,250
Creditors: amounts falling due within one year	10	-	-	-	-
Net current assets/ (liabilities)		25,250	25,250	25,250	25,250
Total assets less current liabilities		25,250	25,250	25,250	25,250
Creditors: amounts falling due after more than one year	11	-	-	-	-
Net assets		25,250	25,250	25,250	25,250
Capital and reserves					
Called up equity share capital	13	20,000	20,000	20,000	20,000
Capital redemption reserve	14	5,250	5,250	5,250	5,250
Profit and loss account	14	-	-	-	-
Equity shareholders' funds	15	25,250	25,250	25,250	25,250

These financial statements were approved by the board of directors on *16 May* 2005 and were signed on its behalf by:


RS Lutener
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently, except as detailed below, in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Turnover

Turnover represents the total amount receivable for goods supplied or for services provided excluding value added tax.

Income from sales of telephone systems is recognised on completion of the installation of the telephone system at the customers' premises. Income from maintenance contracts is recognised on the accruals basis over the period of the contract. The balance relating to the unexpired contracts at the year end is carried forward as deferred income.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment to certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment to certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases and hire purchases contracts

Assets acquired under finance lease agreements or hire purchase contracts are capitalised. Liabilities are included for the total capital element of the instalments. The interest element of each instalment is charged to the profit and loss account in the period in which it falls due.

The annual rentals payable under operating leases are charged to the profit and loss account when the expense is incurred.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Notes (continued)

2 Operating (loss)/profit

The (loss)/profit on ordinary activities before taxation is stated after charging/ (crediting):

	2005 £	2004 £
Auditors' remuneration	-	6,250
Depreciation:		
Owned assets	-	16,271
Leased assets	-	11,107
	<u> </u>	<u> </u>

3 Staff costs

The average number of persons employed by the company (including directors) during the period analysed by category was as follows:

	2005 No	2004 No
Marketing and sales	-	8
Technical	-	16
Administration	-	3
	<u> </u>	<u> </u>
	-	27
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	-	333,394
Social security costs	-	33,755
Pension costs	-	1,354
	<u> </u>	<u> </u>
	-	368,503
	<u> </u>	<u> </u>

Directors' remuneration

The total amounts for directors' remuneration and other benefits were as follows:

	2005 £	2004 £
Directors' remuneration	-	-
	<u> </u>	<u> </u>

Notes (continued)

4 Net interest payable

	2005 £	2004 £
<i>Payable</i>		
Bank overdraft interest	-	-
Interest on finance leases	-	3,227
	<u>-</u>	<u>3,227</u>
	<u>-</u>	<u>3,227</u>

5 Tax on profit on ordinary activities

	2005 £	2004 £
<i>Current year</i>		
UK corporation tax at 0% (2004: 19%)	-	13,309
Deferred taxation	-	34,269
	<u>-</u>	<u>34,269</u>

	2005 £	2004 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before taxation	-	(774,960)
	<u>-</u>	<u>(774,960)</u>
Current tax at 0% (2004: 19%)	-	(147,242)
	<u>-</u>	<u>(147,242)</u>
Effect of:		
Expenditure not deductible for tax purposes (primarily goodwill)	-	6,547
Inter company debt waiver	-	205,925
Fixed asset timing differences	-	4,417
Profit on transfer of business	-	(41,695)
Utilisation of tax losses	-	(14,643)
	<u>-</u>	<u>(14,643)</u>
Total current tax (see above)	<u>-</u>	<u>13,309</u>

Notes (continued)

6 Debtors

	2005 £	2004 £
Trade debtors	-	-
Amounts due from group companies	25,250	25,250
Prepayments and accrued income	-	-
Net deferred tax asset (see note 12)	-	-
	<u>25,250</u>	<u>25,250</u>

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	-	-
Amounts due to group companies	-	-
Other taxation and social security	-	-
Obligations under finance leases and hire purchase contracts	-	-
Accruals and deferred income	-	-
Other creditors	-	-
	<u>-</u>	<u>-</u>

8 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
100,000 £1 ordinary 'A' shares	100,000	100,000
100,000 1p ordinary 'B' shares	1,000	1,000
	<u>101,000</u>	<u>101,000</u>
<i>Allotted, called up and fully paid</i>		
20,000 £1 ordinary 'A' shares	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

9 Reserves

	Capital redemption £	Profit and loss account £
At beginning of period	5,250	-
Loss in period	-	-
	<u>5,250</u>	<u>-</u>
At end of period	5,250	-

Notes (continued)

10 Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
(Loss)/profit for the financial period	-	(822,538)
Opening equity shareholders' funds	25,250	847,788
	<hr/>	<hr/>
Closing equity shareholders' funds	25,250	25,250
	<hr/>	<hr/>

11 Pensions

The company operates a defined contribution pension scheme for the benefit of qualifying employees. The assets of the fund are held separately from those of the company in an independently administered fund.

The pension costs for the period amounted to £nil (2004: £1,354).

12 Related party transactions

The company had the following related party transactions and balances:

Eurotel Limited

An amount of £25,250 (2004: £25,250) was due from Eurotel Limited at 31 March 2005.

13 Contingent liability

On 26 June 2002 the company entered into a deed of composite guarantee with National Westminster Bank plc by which the company guarantees payment to the bank on demand of all liabilities of the parent company and fellow subsidiaries. At 31 March 2005 amounts due were £nil (2004: £231,834).

14 Ultimate parent company

The ultimate parent company of Eurotel Corporate Services Limited is Neville Ward Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The registered office of Neville Ward Holdings Limited is Empire House, Mulcture Hall Road, Halifax, HX1 1SP.