Communicaid Limited

Directors' report and financial statements

Registered number 3467622

For the year ended 31 December 2005

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Directors' report

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

Principal activities and business review

The company is principally engaged in the repair and service of mobile telephone equipment.

Results and dividends

The results of the company for the year ended 31 December 2005 are shown on page 5. The profit after tax for the year is £428,344 *(2004: £1,964,761)*.

The following dividends have been paid:

	2005	2004
	£	£
Dividends paid on ordinary shares	**2,750,000**	3,500,000

Directors and directors' interests

The directors who served during the year were as follows:

HRP Thompson
CJ Matthews (resigned 22 March 2006)
AMD Bird
AD McLaughlin (resigned 3 November 2005)
GM Stokes (appointed 4 April 2006)
J Bowen (appointed 4 April 2006)

No directors or their immediate families held any interest in the shares of the company as at 31 December 2005 or 31 December 2004.

The directors holding office at the year end are also directors of the ultimate holding company, CRC Group plc, and their interests in the shares of that company are disclosed in its financial statements.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company, is to be proposed at the forthcoming annual general meeting.

On behalf of the board

GM Stokes
Director

Unit 20
Thame Park Business Centre
Wenman Road
Thame
Oxfordshire
OX9 3XA

5 March 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Communicaid Limited

We have audited the financial statements of Communicaid Limited for the year ended 31 December which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Communicaid Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

5 March 2007

Profit and loss account

for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	**10,445,963**	7,012,510
Cost of sales		**(8,999,600)**	(3,900,652)
Gross profit		**1,446,363**	3,111,858
Administrative expenses		**(1,457,353)**	(805,617)
Operating profit	3	**(10,990)**	2,306,241
Interest receivable	5	**78,502**	83,221
Interest payable	6	**-**	(14,225)
Profit on ordinary activities before taxation		**67,512**	2,375,237
Tax on profit on ordinary activities	7	**360,832**	(410,476)
Profit on ordinary activities after taxation and for the financial year		**428,344**	1,964,761

All of the activities of the company are classed as continuing.

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

Balance sheet
at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	8		**338,215**		239,428
Current assets					
Stocks	9	**208,430**		270,363	
Debtors	10	**4,463,990**		4,816,146	
Cash at bank and in hand		**35,413**		1,349,248	
		4,457,833		6,435,757	
Creditors: Amounts falling due within one year	12	**(4,421,340)**		(3,728,821)	
Net current assets			**286,493**		2,706,936
Net assets			**624,708**		2,946,364
Capital and reserves					
Called up equity share capital	15		**100**		100
Profit and loss account	16		**624,608**		2,946,264
Equity shareholders' funds	17		**624,708**		2,946,364

These financial statements were approved by the board of directors on 5 March 2007 and were signed on its behalf by:

GM Stokes
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, with the exception that the company has adopted FRS 21: "Events after the balance sheet date", FRS 25: "Financial Instruments: Disclosure and presentation" (paragraph 15 to 50) and FRS 28: "Corresponding amounts" in these financial statements. There is no impact on the current year's results or on the comparatives.

Basis of preparation

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

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Included in turnover is the value of spare parts, services and repairs on behalf of our customers. Revenue is recognised when repairs and services have been carried out and spares distributed.

Tangible fixed assets and depreciation

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

Fixtures and fittings - 1 - 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Work in progress is valued on the basis of direct costs.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

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

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 of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclose under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Operating lease rentals are charged to the profit & loss account on a straight line basis over the period of the lease.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company, being the repair and service of mobile telephone equipment. All turnover arises in the United Kingdom.

3 Operating profit

	2005	2004
	£	£
Operating profit is stated		
after charging		
Depreciation of owned fixed assets	**126,653**	98,959
Auditors' remuneration:		
Audit fees	**24,000**	20,000
Non-audit fees – corporation tax advice	**5,000**	5,000
Net (gain)/loss on foreign currency translation	**(672)**	34,668
Operating lease costs:		
Plant and machinery	**117,000**	16,292
Other	**283,000**	282,965

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company during the year, including the directors, analysed by category, was as follows:

	Number of employees	
	2005	2004
Sales and administration	**20**	21
Operations, engineers and technicians	**124**	92
	144	113

The aggregate payroll costs of the above were:

	£	£
Wages and salaries	**2,234,622**	1,783,739
Social security costs	**214,912**	170,035
Other pension costs	**48,544**	45,226
	2,498,078	1,999,000

5 Interest receivable

	2005	2004
	£	£
Bank interest receivable	**74,720**	83,221
Interest from group undertakings	**3,782**	-
	78,502	83,221

6 Interest payable and similar charges

	2005	2004
	£	£
Finance charges	-	1,202
Interest payable to group undertakings	-	13,023
	-	14,225

Notes *(continued)*

7 Tax on profit on ordinary activities

Analysis of (credit)/charge in year

	2005 £	2004 £
UK corporation tax		
Current tax	-	402,000
Adjustment in respect of prior years	**(396,549)**	(41,518)
Total current tax	**(396,549)**	360,482
Deferred tax		
Origination/reversal of timing differences	**28,362**	49,994
Adjustment in respect of prior years	**7,355**	-
Tax on profit on ordinary activities	**(360,832)**	410,476

Factors affecting the tax (credit)/charge for the current year

The current tax (credit)/charge for the year is lower *(2004: lower)* than the standard rate of corporation tax in the UK of 30% *(2004: 30%)*. The differences are explained below:

	2005 £	2004 £
Current tax reconciliation		
Profit on ordinary activities before tax	**67,512**	2,375,237
Current tax at 30% *(2004: 30%)*	**20,254**	712,571
Effects of:		
Expenses not deductible for tax purposes	**1,686**	7,791
Depreciation on ineligibles	**6,422**	2,829
Capital allowances for year in excess of depreciation	**(37,699)**	(47,244)
Other timing differences	**(25)**	477
Tax losses carried forward	**9,362**	-
Group relief for payment	-	(274,424)
Adjustments to tax charge in respect of prior years	**(396,549)**	(41,518)
Total current tax (credit)/charge (see above)	**(396,549)**	360,482

Notes *(continued)*

8 Tangible fixed assets

	Fixtures and fittings £
Cost	
At beginning of year	2,744,972
Additions	263,896
Inter-company transfers	(38,456)
At end of year	2,970,412
Depreciation	
At beginning of year	2,505,544
Charge for the year	126,653
At end of year	2,632,197
Net book value	
At 31 December 2005	**338,215**
At 31 December 2004	239,428

9 Stocks

	2005 £	2004 £
Raw materials	**198,771**	260,655
Work in progress	**9,659**	9,708
	208,430	270,363

10 Debtors

	2005 £	2004 £
Trade debtors	**1,516,829**	1,643,467
Amounts owed by group undertakings	**2,508,066**	2,128,898
Other debtors	**30,384**	129,820
Corporation tax recoverable	**248,138**	-
Prepayments and accrued income	**7,284**	724,955
Deferred taxation (see note 11)	**153,289**	189,006
	4,463,990	4,816,146

Notes *(continued)*

11 Deferred taxation

	2005 £	2004 £
At beginning of year	**189,006**	239,000
Profit and loss account charge for the year	**(35,717)**	(49,994)
At end of year	**153,289**	189,006

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	£	£
Excess of capital allowances over depreciation on fixed assets	**143,749**	189,006
Other timing differences	**178**	-
Tax losses	**9,362**	-
	153,289	189,006

12 Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	**2,662,353**	2,703,350
Amounts owed to group undertakings	**1,359,006**	350,549
Corporation tax	**-**	209,111
Other taxation and social security	**338,552**	269,952
Other creditors	**2,827**	140
Accruals and deferred income	**58,602**	195,719
	4,421,340	3,728,821

13 Leasing commitments

At 31 December 2005, the company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and buildings £	**Other items £**	Land and buildings £	Other items £
Operating leases which expire:				
Within one year	**37,000**	**192,000**	-	8,000
Within two to five years	**-**	**18,000**	37,000	17,000
After more than five years	**206,000**	**-**	206,000	-
	243,000	**210,000**	243,000	25,000

Notes *(continued)*

14 Related party transactions

As a wholly owned subsidiary of CRC Group plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by CRC Group plc.

15 Share capital

	2005	2004
	£	£
Authorised, allotted, called up and fully paid:		
100 Ordinary shares of £1 each	**100**	100

16 Reserves

	Profit and loss account
	£
At 1 January 2005	2,946,264
Profit for the year	428,344
Dividends paid	(2,750,000)
At 31 December 2005	**624,608**

17 Reconciliation of movements in equity shareholders' funds

	2005	2004
	£	£
Profit for the financial year	**428,344**	1,964,761
Dividends	**(2,750,000)**	(3,500,000)
Net reduction in equity shareholders' funds	**(2,321,656)**	(1,535,239)
Opening equity shareholders' funds	**2,946,364**	4,481,603
Closing equity shareholders' (deficit)funds	**624,708**	2,946,364

Notes *(continued)*

18 Ultimate parent company

The directors consider that the company's parent undertaking is Computer Repair Centre Limited, registered in England and Wales.

The ultimate parent undertaking of this company is CRC Group plc, registered in England and Wales.

The largest group of undertakings for which group financial statements have been drawn up is headed by CRC Group plc. Copies of the financial statements can be obtained from:

Unit 20
Thame Park Business Centre
Wenman Road
Thame
Oxfordshire
OX9 3XA

19 Cross guarantee

The company is party to a group guarantee for a £4,000,000 overdraft facility. The net amount drawn down by the group at 31 December 2005 is £3,536,000 *(2004: £Nil)*.

The facility is secured by debentures and unlimited inter-company composite guarantees between CRC Group Plc, Communicaid Limited, Computer Repair Centre Limited, Automated Integrated Diagnosis Limited, Crest Peripheral Services Limited and Communication Repair Centre (UK) Limited.