Communicaid Limited

Directors' report and financial statements

Registered number 3467622

For the year ended 31 December 2004

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities and business review

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

On 1 September 2004 the company acquired the trade and certain assets and liabilities of ADP Technical Services Limited, a fellow group undertaking. Details of the transaction are given in note 21.

Results and dividends

The results of the company for the year ended 31 December 2004 are shown on page 4. The profit after tax for the year is £1,964,761 *(2003: £1,843,213)*.

The directors have recommended the following dividends:

	2004	2003
	£	£
Dividends paid on ordinary shares	**3,500,000**	2,000,000

Directors and directors' interests

The directors who served during the year were as follows:

HRP Thompson
CJ Matthews
AMD Bird
AD McLaughlin

No directors or their immediate families held any interest in the shares of the company as at 31 December 2004 or 31 December 2003.

The directors 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

During the year, Grant Thornton resigned as auditors and KPMG Audit Plc were appointed to fill the casual vacancy arising.

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

CJ Matthews

CJ Matthews
Director

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

28 October 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.

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Communicaid Limited

We have audited the financial statements on pages 4 to 13.

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 December 2004 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

28 October 2005

Profit and loss account
for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	**7,012,510**	28,237,165
Cost of sales		**(3,900,652)**	(23,962,040)
Gross profit		**3,111,858**	4,275,125
Administrative expenses		**(805,617)**	(2,292,820)
Operating profit	3	**2,306,241**	1,982,305
Interest receivable	5	**83,221**	73,607
Interest payable	6	**(14,225)**	(5,817)
Profit on ordinary activities before taxation		**2,375,237**	2,050,095
Tax on profit on ordinary activities	7	**(410,476)**	(206,882)
Profit on ordinary activities after taxation		**1,964,761**	1,843,213
Dividends	8	**(3,500,000)**	(2,000,000)
Retained loss		**(1,535,239)**	(156,787)

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 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	9		239,428		215,441
Current assets					
Stocks	10	270,363		114,514	
Debtors	11	4,816,146		4,509,819	
Cash at bank and in hand		1,349,248		3,650,501	
		6,435,757		8,274,834	
Creditors: Amounts falling due within one year	13	(3,728,821)		(4,008,672)	
Net current assets			2,706,936		4,266,162
Net assets			2,946,364		4,481,603
Capital and reserves					
Called up equity share capital	16		100		100
Profit and loss account	17		2,946,264		4,481,503
Equity shareholders' funds	18		2,946,364		4,481,603

These financial statements were approved by the board of directors on 28 October 2005 and were signed on its behalf by:

CJ Matthews
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:

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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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. An analysis of turnover is given below:

	2004	2003
	£	£
United Kingdom	**7,012,510**	28,237,165

3 Operating profit

	2004	2003
	£	£
Operating profit is stated		
after charging:		
Depreciation of owned fixed assets	**98,959**	101,874
Auditors' remuneration:		
Audit fees	**20,000**	20,000
Non-audit fees – corporation tax advice	**5,000**	-
Net loss on foreign currency translation	**34,668**	90,143
Operating lease costs:		
Plant and machinery	**16,292**	36,000
Other	**282,965**	284,000

Total audit and non-audit fees in 2004 include no amounts payable to Grant Thornton, the group's previous auditors.

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	
	2004	2003
Sales and administration	**21**	18
Operations, engineers and technicians	**92**	109
	113	127

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	**1,783,739**	2,026,273
Social security costs	**170,035**	188,105
Other pension costs	**45,226**	49,775
	1,999,000	2,264,153

5 Interest receivable

	2004	2003
	£	£
Bank interest receivable	**83,221**	68,960
Interest from group undertakings	**-**	4,647
	83,221	73,607

6 Interest payable and similar charges

	2004	2003
	£	£
Finance charges	**1,202**	5,817
Interest payable to group undertakings	**13,023**	-
	14,225	5,817

Notes *(continued)*

7 Tax on profit on ordinary activities

Analysis of charge in year

	2004	2003
	£	£
Current tax		
UK corporation tax based on the results for the year at 30% *(2003: 30%)*	**402,000**	575,000
Adjustment in respect of prior years	**(41,518)**	(430,118)
Total current tax	**360,482**	144,882
Deferred tax		
Increase in deferred tax provision	**49,994**	62,000
Tax on profit on ordinary activities	**410,476**	206,882

Factors affecting the tax charge for the current year

The current tax charge for the year is lower *(2003: lower)* than the standard rate of corporation tax in the UK (30% *(2003: 30%)*). The differences are explained below:

	2004	2003
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**2,375,237**	2,050,095
Current tax at 30% *(2003: 30%)*	**712,571**	615,029
Effects of:		
Expenses not deductible for tax purposes	**7,791**	18,041
Depreciation on ineligibles	**2,829**	-
Capital allowances for year in excess of depreciation	**(47,244)**	(60,456)
Other timing differences	**477**	2,386
Group relief for payment	**(274,424)**	-
Adjustments to tax charge in respect of prior years	**(41,518)**	(430,118)
Total current tax charge (see above)	**360,482**	144,882

8 Dividends

	2004	2003
	£	£
Equity dividend paid on ordinary shares	**3,500,000**	2,000,000

Notes *(continued)*

9 Tangible fixed assets

	Fixtures and fittings £
Cost	
At beginning of year	2,622,531
Additions	150,738
Inter-company transfers	(28,297)
At end of year	2,744,972
Depreciation	
At beginning of year	2,407,090
Charge for the year	98,959
Inter-company transfers	(505)
At end of year	2,505,544
Net book value	
At 31 December 2004	**239,428**
At 31 December 2003	215,441

10 Stocks

	2004 £	2003 £
Raw materials	**260,655**	114,514
Work in progress	**9,708**	-
	270,363	114,514

11 Debtors

	2004 £	2003 £
Trade debtors	**1,643,467**	2,706,526
Amounts owed by group undertakings	**2,128,898**	1,284,881
Other debtors	**129,820**	182,989
Prepayments and accrued income	**724,955**	96,423
Deferred taxation (see note 12)	**189,006**	239,000
	4,816,146	4,509,819

Notes *(continued)*

12 Deferred taxation

	2004	2003
	£	£
At beginning of year	**239,000**	301,000
Profit and loss account charge for the year	**(49,994)**	(62,000)
At end of year	**189,006**	239,000

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	**189,006**	239,000

13 Creditors: Amounts falling due within one year

	2004	2003
	£	£
Trade creditors	**2,703,350**	3,209,598
Amounts owed to group undertakings	**350,549**	260,010
Corporation tax	**209,111**	178,189
Other taxation and social security	**269,952**	189,833
Other creditors	**140**	401
Accruals and deferred income	**195,719**	170,641
	3,728,821	4,008,672

14 Leasing commitments

At 31 December 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	2004		2003	
	Land and buildings	**Other items**	Land and buildings	Other items
	£	**£**	£	£
Operating leases which expire:				
Within one year	**-**	**8,000**	-	4,658
Within two to five years	**37,000**	**17,000**	98,700	45,599
After more than five years	**206,000**	**-**	206,000	-
	243,000	**25,000**	304,700	50,257

Notes *(continued)*

15 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.

16 Share capital

	2004	2003
	£	£
Authorised:		
100 Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	**100**	100

17 Reserves

	Profit and loss account
	£
At 1 January 2004	4,481,503
Profit for the year	1,964,761
Dividends paid	(3,500,000)
At 31 December 2004	**2,946,264**

18 Reconciliation of movements in equity shareholders' funds

	2004	2003
	£	£
Profit for the financial year	**1,964,761**	1,843,213
Dividends	**(3,500,000)**	(2,000,000)
Net reduction in equity shareholders' funds	**(1,535,239)**	(156,787)
Opening equity shareholders' funds	**4,481,603**	4,638,390
Closing equity shareholders' funds	**2,946,364**	4,481,603

Notes *(continued)*

19 Ultimate parent company

The directors consider that the company's parent undertaking is Communication 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

20 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 2004 is £nil (31 December 2003: £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, subsequent to the year end, Communication Repair Centre (UK) Limited.

21 Acquisition

On 1 September 2004 the company acquired the trade and certain assets and liabilities of ADP Technical Services Limited, a fellow subsidiary undertaking.

	Book and fair value £
Current assets	
Stock	81,323
Debtors	392,551
Liabilities	
Overdraft	(96,059)
Creditors	(892,482)
Net liabilities acquired	(514,667)
Consideration – receivable from ADP Technical Services Limited	514,667
Goodwill	-

The acquired undertaking made a loss after tax of £323,851 from the beginning of the financial year on 1 January 2004 to the date of acquisition. In its previous financial year the loss after tax was £305,784.

The directors consider there to be no material differences between the book values of the assets and liabilities acquired and their fair values.