

Cellhire plc

Directors' report and consolidated financial statements

Registered number 02159836

30 April 2010

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Contents

Chairman's statement	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors report	5
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes	11

Chairman's statement

The past 12 months has seen both a significant recovery in the global economy and also in Cellhire's fortunes. The business has made good progress and we believe that this positive trend will continue into 2010/11 and beyond.

Thank you to everyone at Cellhire and to our partners and suppliers for their contribution to our results.



Tim Williams
Chairman and Chief Executive
Cellhire plc
13th August 2010

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30th April 2010

Principal activities

The Group provides international mobile communications solutions

Business review

The directors are pleased with the results for the year, the state of the Group's affairs, and are confident for the future

The results for the year and financial position of the company and the Group are as shown in the annexed financial statements

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from national and independent providers

Key performance indicators

Given the straight forward nature of the business, it is believed that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Future outlook

The Group is in a strong financial position with net assets of £3.7 million

The external commercial environment is expected to remain competitive in 2010/2011 however we remain confident that the Group will maintain and even improve on the current level of performance in the future

Directors and directors' interests

The directors who held office during the year were as follows

TJ Williams (Chairman)

KF Dyson - resigned 12th June 2009

M Stevens

A Banks

M Bennett

The directors who held office at the end of the financial year had no interests in the ordinary shares of the company. An Enterprise Management Initiative Option Scheme has been set up in Cellhire Group Limited

TJ Williams is also a director of the ultimate parent company and his interests in its share capital are shown in that Company's financial statements

Directors' report *(continued)*

Proposed dividend

The directors do not recommend payment of a dividend for the year ended 30th April 2010. No dividend was declared during the previous year.

Policy on payment of creditors

The Group has a policy of adhering to the terms and conditions of all its suppliers. At the year end, there were 56 days (2009: 78 days) purchases in trade creditors.

Political and charitable donations

The Group made no political contributions during the year. Donations to UK charities amounted to £11,326 (2009: £8,569).

Statement of disclosure of information to the Auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above, each confirm, so far as we are aware, that

- there is no relevant audit information of which the company's auditors are unaware, and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that.

Auditors

The directors passed a resolution to approve the re-appointment of Thomas Coombs & Son at the Annual General Meeting.

By order of the board



A Banks
Director

Park House
Clifton Park Avenue
York
North Yorkshire
YO30 5PB

13th August 2010


Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 estimates that are reasonable and prudent,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



A Banks
Director
13th August 2010

Independent auditors report to the shareholders of Cellhire plc

We have audited the financial statements of Cellhire plc for the year ended 30th April 2010 on pages 7 to 29. 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 members, 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 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 explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 group's and the parent 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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30th April 2010 and of the group's profit for the year then ended,
- the group financial statements 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors report to the shareholders of Cellhire plc

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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

G W D Jenkinson FCA (Senior Statutory Auditor)
for and on behalf of Thomas Coombs & Son
Statutory Auditor
Chartered Accountants
Century House
29 Clarendon Road
Leeds
LS2 9PG

13th August 2010

Consolidated profit and loss account

for the year ended 30 April 2010

	Note	2010 £	2009 £
Group Turnover	1	16,492,000	16,802,681
Cost of sales		(9,032,594)	(8,576,741)
Gross Profit		7,459,406	8,225,940
Distribution costs		(424,770)	(510,692)
Administrative expenses		(6,416,077)	(7,713,239)
		(6,840,847)	(8,223,931)
Operating Profit		618,559	2,009
Exceptional Items			
Other exceptional costs	2	(96,158)	(264,492)
		(96,158)	(264,492)
Profit/(Loss) on ordinary activities before interest		522,401	(262,483)
Interest payable and similar charges	5	(46,164)	(119,122)
Profit/(Loss) on ordinary activities before taxation	2	476,237	(381,605)
Tax on profit/(loss) on ordinary activities	6	(176,722)	183,778
Profit/(Loss) for the financial year	16	299,515	(197,827)

Consolidated balance sheet
at 30 April 2010

	Note	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	7	804,100		770,555	
Tangible assets	8	4,397,419		4,356,523	
		5,201,519		5,127,078	
Current assets					
Stocks	10	33,284		32,086	
Debtors	11	3,777,058		3,837,974	
Cash at bank and in hand		644,821		759,986	
		4,455,163		4,630,046	
Creditors: amounts falling due within one year	12	(5,561,977)		(5,346,013)	
Net current liabilities		(1,106,814)		(715,967)	
Total assets less current liabilities		4,094,705		4,411,111	
Creditors: amounts falling due after more than one year	13	(29,558)		(658,160)	
Provisions for liabilities and charges	14	(403,414)		(348,791)	
		3,661,733		3,404,160	
Capital and Reserves					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	3,561,733		3,304,160	
Equity shareholders' funds	17	3,661,733		3,404,160	
		3,661,733		3,404,160	

These financial statements were approved by the board of directors on 13th August 2010 and were signed on its behalf by



TJ Williams
Director



A Banks
Director

Company balance sheet
at 30 April 2009

	Note	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	7		54,678		517
Tangible assets	8		3,455,781		3,368,288
Investments in subsidiary undertakings	9		294,626		294,626
			<hr/>		<hr/>
			3,805,085		3,663,431
Current assets					
Stocks	10	19,651		12,451	
Debtors	11	3,348,411		3,866,197	
Cash at bank and in hand		534,926		678,890	
			<hr/>		<hr/>
			3,902,988		4,557,538
Creditors: amounts falling due within one year	12	(4,461,421)		(4,211,530)	
			<hr/>		<hr/>
Net current assets/(liabilities)			(558,433)		346,008
			<hr/>		<hr/>
Total assets less current liabilities			3,246,652		4,009,439
Creditors: amounts falling due after more than one year	13		(29,558)		(658,160)
Provisions for liabilities and charges	14		(319,549)		(368,045)
			<hr/>		<hr/>
			2,897,545		2,983,234
			<hr/>		<hr/>
Capital and Reserves					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	2,797,545		2,883,234	
			<hr/>		<hr/>
Equity shareholders' funds	17		2,897,545		2,983,234
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13th August 2010 and were signed on its behalf by



TJ Williams
Director



A Banks
Director

Consolidated cash flow statement
for the year ended 30 April 2010

	<i>Note</i>	2010 £	2009 £
Net cash inflow from operating activities	22	1,475,575	1,998,611
Returns on investments and servicing of finance	24	(46,164)	(119,122)
Taxation	24	(27,343)	(100,495)
Capital expenditure and financial investment	24	(713,439)	(1,453,199)
Cash inflow before financing		688,629	325,795
Cash inflow before financing		688,629	325,795
Financing	25		
Repayment of hire purchase agreements		(118,856)	(57,313)
Repayment of other loans		(554,765)	90,982
Increase in cash in the year		15,008	359,464

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30th April 2010. Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Turnover

Turnover represents the amounts invoiced and accrued income, excluding value added tax or local sales taxes, in respect of goods and services supplied during the year

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Fixtures, fittings, IT and office equipment	- 10% to 33 ^{1/3} %
Cellular telephone equipment	- 10% to 33 ^{1/3} %
Motor vehicles	- 20%

During the year the company completed a re-assessment of the residual values and useful economic lives of its tangible assets, the results of which are included in these financial statements

Intangible fixed assets

Trademarks purchased by the company are amortised to nil by equal annual instalments over their estimated useful economic lives, generally their respective unexpired periods, of 10 years

Goodwill arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised over its estimated useful economic life. During the year the directors reviewed the useful economic life of the goodwill associated with specific businesses and continued the assessed life as an indefinite period

In accordance with FRS 10 an annual impairment review is completed for each income generating unit associated with goodwill

This policy represents a departure from statutory accounting principles, which requires amortisation of purchased goodwill. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view

Stocks

Stocks are stated at the lower of cost and net realisable value

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 using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Profit/losses of overseas subsidiary undertakings are translated at the average monthly rate. Gains and losses arising on retranslation to the year end rate are taken through reserves.

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.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Pension costs

The Group contributes to defined contribution schemes on behalf of some of its employees. These contributions are charged to the profit and loss account when accrued.

Notes (continued)

2 Profit on ordinary activities before taxation

	2010	2009
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of owned assets	673,564	810,177
Depreciation of assets held under finance arrangements	24,374	57,313
Amortisation of intangible assets	7,844	7,416
Operating leases - land and buildings	473,439	579,128
<i>Auditors remuneration</i>		
Group	50,558	51,904
Company	26,600	25,909
<i>Exceptional costs</i>		
Relocation costs	-	129,512
Restructuring costs	96,158	134,980

Notes *(continued)*

3 Remuneration of Directors

	2010 £	2009 £
Directors' emoluments	488,561	699,211
Company contributions to money purchase schemes (2 directors)	27,864	28,039
	<u>516,425</u>	<u>727,250</u>
Remuneration of the highest paid director	137,000	172,351
Company contributions to money purchase schemes	22,699	14,241
	<u>159,699</u>	<u>186,592</u>

4 Staff number and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	Number of employees 2010	2009
Directors	4	6
Staff	95	117
	<u>99</u>	<u>123</u>

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and Salaries	3,388,508	4,129,388
Social security costs	553,697	638,261
Other pension costs	91,529	108,813
	<u>4,033,734</u>	<u>4,876,462</u>

Notes *(continued)*

5 Other interest payable and similar charges

	2010	2009
	£	£
Bank loans and overdrafts	32,271	88,607
Interest on hire purchase and finance lease contracts	13,893	30,515
	<hr/> 46,164 <hr/>	<hr/> 119,122 <hr/>

Notes (continued)

6 Taxation

Analysis of charge in year

	2010		2009
	£	£	£
<i>UK corporation tax</i>			
Current tax on income for the year	6,338		(71,517)
Adjustments in respect of prior years	36,489		(69,239)
	<hr/>		<hr/>
		42,827	(140,756)
<i>Foreign tax</i>			
Current tax on income for the year	54,813		11,702
Adjustments in respect of prior years	4,459		25,972
	<hr/>		<hr/>
		59,272	37,674
	<hr/>		<hr/>
Total current tax	102,099		(103,082)
<i>Deferred tax</i>			
Origination and reversal of timing differences	74,623		(80,696)
	<hr/>		<hr/>
Total deferred tax	74,623		(80,696)
	<hr/>		<hr/>
Tax on profit/(loss) on ordinary activities	176,722		(183,778)
	<hr/> <hr/>		<hr/> <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the period is lower (2009 lower credit) than the standard rate of corporation tax in the UK. The differences are explained below.

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	476,237	(381,605)
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	133,346	(106,849)
<i>Effects of</i>		
Expenses not deductible for tax purposes	30,505	32,808
Fixed asset timing differences	(7,994)	21,632
Short term timing differences	(3,156)	(1,606)
Different tax rates on overseas income	(9,980)	(5,800)
Adjustments to tax charge in respect of previous periods	40,948	(43,267)
Tax losses carried forward	(81,570)	-
	<hr/>	<hr/>
Total current tax charge (see above)	102,099	(103,082)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Intangible fixed assets

Group	Trademarks	Goodwill	Total
	£	£	£
<i>Cost</i>			
At beginning of year	76,486	927,785	1,004,271
Exchange movements	-	(22,908)	(22,908)
Additions	62,005	-	62,005
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	138,491	904,877	1,043,368
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of year	75,969	157,747	233,716
Exchange movements	-	(2,292)	(2,292)
Charged in year	7,844	-	7,844
	<hr/>	<hr/>	<hr/>
At end of year	83,813	155,455	239,268
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2010	54,678	749,422	804,100
	<hr/>	<hr/>	<hr/>
At 30 April 2009	517	770,038	770,555
	<hr/>	<hr/>	<hr/>
<i>Company</i>			
<i>Cost</i>			
At beginning of year	74,183	-	74,183
Additions	62,005	-	62,005
	<hr/>	<hr/>	<hr/>
At end of year	136,188	-	136,188
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of year	73,666	-	73,666
Charged in year	7,844	-	7,844
	<hr/>	<hr/>	<hr/>
At end of year	81,510	-	81,510
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2010	54,678	-	54,678
	<hr/>	<hr/>	<hr/>
At 30 April 2009	517	-	517
	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

Group	Motor vehicles £	Cellular telephone equipment £	Fixtures, fittings, IT and office equipment £	Total £
<i>Cost</i>				
At beginning of year	215,487	4,988,129	5,240,267	10,443,883
Exchange movements	(1,145)	60,749	54,850	114,454
Additions	-	429,484	262,216	691,700
Disposals	(64,070)	(154,765)	(1,219)	(220,054)
At end of year	150,272	5,323,597	5,556,114	11,029,983
<i>Depreciation</i>				
At beginning of year	145,558	2,372,135	3,569,667	6,087,360
Exchange movements	-	14,324	15,527	29,851
Charge for year	13,925	401,910	282,103	697,938
On disposals	(57,663)	(124,658)	(264)	(182,585)
At end of year	101,820	2,663,711	3,867,033	6,632,564
Net book value At 30 April 2010	48,452	2,659,886	1,689,081	4,397,419
At 30 April 2009	69,929	2,615,994	1,670,600	4,356,523

Included in the total net book value of tangible fixed assets is £156,153 (2009 £275,011) in respect of assets held under finance leases. Depreciation for the year on these assets was £24,374 (2009 £57,313).

Notes (continued)

8 Tangible fixed assets (Continued)

Company	Motor vehicles £	Cellular telephone equipment £	Fixtures, fittings, IT and office equipment £	Total £
<i>Cost</i>				
At beginning of year	187,620	3,337,783	4,422,351	7,947,754
Additions	-	298,522	231,025	529,547
Disposals	(64,070)	(83,427)	(1,219)	(148,716)
At end of year	123,550	3,552,878	4,652,157	8,328,585
<i>Depreciation</i>				
At beginning of year	144,280	1,442,513	2,992,673	4,579,466
Charge for year	9,128	264,075	103,047	376,250
On disposals	(57,663)	(24,985)	(264)	(82,912)
At end of year	95,745	1,681,603	3,095,456	4,872,804
Net book value At 30 April 2010	27,805	1,871,275	1,556,701	3,455,781
At 30 April 2009	43,340	1,895,270	1,429,678	3,368,288

Included in the total net book value of tangible fixed assets is £156,153 (2009 £275,011) in respect of assets held under finance leases. Depreciation for the year on these assets was £24,374 (2009 £57,313)

Notes *(continued)*

9 Fixed asset investments

The following subsidiary undertakings at the end of the year have all been included in the consolidated financial statements

	Country of incorporation or registration	Nature of business	Percentage of shares held by Group
Cellhire Inc	USA	Holding an investment for the provision of international mobile communication solutions	100%
Cellhire USA, LLC	USA	Provision of international mobile communication solutions	100% (by Cellhire Inc)
The Telephone Company, LLC	USA	Dormant	100%
Cellhire (France) Sarl	France	Provision of international mobile communication solutions	100%
Cellhire UK Limited	UK	Dormant	100%
Cellhire International Limited	UK	Dormant	100%
FoneFix Limited	UK	Repair of mobile communications equipment	100%
Cellhire YK	Japan	Provision of international mobile communication solutions	100%
Cellhire GmbH	Germany	Provision of international mobile communication solutions	100%

Notes (continued)

10 Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Raw materials and consumables	33,284	32,086	19,651	12,451
	<u>33,284</u>	<u>32,086</u>	<u>19,651</u>	<u>12,451</u>

11 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,736,285	1,513,713	777,947	554,749
Amounts owed by group undertakings	-	-	1,122,279	1,680,012
Prepayments and accrued income	1,946,313	2,116,267	1,427,325	1,617,982
Other debtors	94,460	144,118	20,860	13,454
Corporation tax	-	63,876	-	-
At end of year	<u>3,777,058</u>	<u>3,837,974</u>	<u>3,348,411</u>	<u>3,866,197</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank overdrafts	545,313	675,486	510,131	604,786
Bank and other loans	526,316	540,541	526,316	540,541
Trade creditors	2,487,648	2,549,935	1,773,713	1,861,391
Other creditors	10,455	27,748	10,455	-
Taxation and social security	300,742	363,751	172,679	295,575
Client deposits	375,317	331,954	226,072	168,265
Corporation tax	30,880	-	37,754	24,054
Obligations under finance leases and hire purchase contracts	126,597	157,391	126,597	157,391
Accruals and deferred income	727,720	281,698	606,351	142,018
Amounts due to related parties	430,989	417,509	471,353	417,509
	<u>5,561,977</u>	<u>5,346,013</u>	<u>4,461,421</u>	<u>4,211,530</u>

Notes (continued)

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Obligations under finance leases and hire purchase contracts	29,558	117,620	29,558	117,620
Bank loan	-	540,540	-	540,540
	29,558	658,160	29,558	658,160

Analysis of debt:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Debt can be analysed as falling due				
Less than one year	1,198,226	1,373,418	1,163,044	1,302,718
Between one and two years	29,558	583,936	29,558	583,936
Between two and five years	-	74,224	-	74,224
	1,227,784	2,031,578	1,192,602	1,960,878

A \$2,000,000 loan was acquired during the financial year ended 30th April 2008. The rate of interest on this loan is calculated on the LIBOR basis with a 2% margin applied. This loan and the bank overdrafts are both secured on the assets of the group under a debenture dated 14th February 2003. \$800,000 was outstanding as at 30th April 2010. The balance is due to be repaid by 6th March 2011. Repayments are scheduled to be \$200,000 per quarter. This financial instrument was purchased to mitigate against the foreign exchange risk realised by the inter company loan between PLC and LLC. The resulting exchange rate effect is netted off against the exchange rate effect of the inter company loan.

Notes (continued)

14 Provisions for liabilities and charges

	Deferred taxation £
Group	
At beginning of year	348,791
Charged in year	54,623
At end of year	403,414

The amounts provided for deferred taxation, which is the full potential liability are set out below

	2010 Provided £	2009 Provided £
Difference between accumulated depreciation and amortisation and capital allowances	578,985	470,297
Other short term timing differences	(175,571)	(121,506)
	403,414	348,791

	Deferred taxation £
Company	
At beginning of year	368,045
Charged in year	(48,496)
At end of year	319,549

The amounts provided for deferred taxation are the full potential liability

	2010 Provided £	2009 Provided £
Difference between accumulated depreciation and amortisation and capital allowances	435,149	405,558
Other short term timing differences	(115,600)	(37,513)
	319,549	368,045

Notes (continued)

15 Called up share capital

	2010 £	2009 £
Authorised		
10,000,000 ordinary shares of 10p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1,000,000 ordinary shares of 10p each	<u>100,000</u>	<u>100,000</u>

16 Profit and loss account

	2010 £
Group	
At the beginning of year	3,304,160
Retained profit for the year	299,515
Exchange adjustments	(41,942)
At end of year	<u>3,561,733</u>
Company	
At the beginning of year	2,883,234
Retained loss for the year	(85,689)
Exchange adjustments	-
At end of year	<u>2,797,545</u>

Notes (continued)

17 Reconciliation of movements in shareholders' funds

Group	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Profit/(Loss) for the year	299,515	(197,827)	(85,689)	(81,818)
Exchange adjustments	(41,942)	223,564	-	-
Net addition to/(reduction from) equity Shareholders' funds	257,573	25,737	(85,689)	(81,818)
Opening equity shareholders' funds	3,404,160	3,378,423	2,983,234	3,065,052
Closing equity shareholders' funds	3,661,733	3,404,160	2,897,545	2,983,234

18 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings £	2009 Land and buildings £
Operating leases which expire		
Less than one year	43,176	112,805
Between two and five years	430,263	251,323
After five years	-	215,000
At end of year	473,439	579,128

Notes *(continued)*

19 Contingent Liabilities

On 14th February 2003 and 12th February 2009 the company entered into two separate agreements guaranteeing the amounts due to Barclays Bank plc by certain other Group companies, to include Cellhire Group Limited, Cellhire UK Limited, Fonefix Limited and Cellhire (Holdings) Limited. The amounts due are included in Group bank loans and overdrafts.

20 Related party transactions

Cellhire (Holdings) Limited is the parent company of Cellhire plc. The ultimate parent company of Cellhire (Holdings) Limited is Cellhire Group Limited, a company controlled by TJ Williams.

On the 1st August 2007, Wireless CCTV Limited demerged from Cellhire plc, into a new group controlled by TJ Williams. During the year ended 30th April 2010 Cellhire plc provided tangible products and services to Wireless CCTV Limited totalling £295,816. During the year ended 30th April 2010 Cellhire plc made £1,800 of purchases from Wireless CCTV Limited.

The company has taken advantage of the exemption allowed by FRS 8 not to show transactions with other Group companies during the year in these accounts as they are included in the consolidated accounts of the Group which are publicly available. The companies, Cellhire plc and Fonefix Limited, were charged rents by The Hire Group Limited, and management charges were invoiced by Cellhire plc to that company, net sums of which amounted to £46,657 payable to The Hire Group Limited. A director, T J Williams, has a material interest in this company.

21 Pension Scheme

The Group operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the Group to the scheme and amounted to £91,529 (2009 £108,813).

There were no outstanding contributions payable to the scheme.

Notes *(continued)*

22 Reconciliation of operating profit to operating cash flows

	2010 £	2009 £
Operating profit/(loss)	522,401	(262,483)
Depreciation, amortisation and profit/loss on disposal	702,985	874,906
Decrease/(increase) in stocks	(1,198)	44,883
Decrease/(increase) in debtors	(2,960)	577,126
(Decrease)/increase in creditors	254,347	764,179
	<hr/>	<hr/>
Net cash inflow from operating activities	1,475,575	1,998,611
	<hr/>	<hr/>

23 Reconciliation of net cash inflow to movement in net debt

	2010 £	2009 £
Increase in cash in the year	15,008	359,464
Cash outflow from decrease in debt and lease financing	721,885	149,082
	<hr/>	<hr/>
Change in net debt resulting from cash flows	736,893	508,546
New leases	(48,264)	(182,751)
	<hr/>	<hr/>
Movement in net debt in the year	688,629	325,795
Net debt at beginning of year	(1,271,592)	(1,597,387)
	<hr/>	<hr/>
Net debt at end of period (note 26)	(582,963)	(1,271,592)
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Notes *(continued)*

24 Analysis of cash flows

	2010	2009
	£	£
Returns on investments and servicing of finance		
Hire purchase interest paid	(13,893)	(30,515)
Bank interest paid	(32,271)	(88,607)
	<u>(46,164)</u>	<u>(119,122)</u>
	<u>(46,164)</u>	<u>(119,122)</u>
 Taxation		
Corporation tax paid	(27,343)	(100,495)
	<u>(27,343)</u>	<u>(100,495)</u>
	<u>(27,343)</u>	<u>(100,495)</u>
 Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(691,700)	(1,453,199)
Receipts from sale of tangible fixed assets	40,266	-
Payments to acquire intangible fixed assets	(62,005)	-
	<u>(713,439)</u>	<u>(1,453,199)</u>
	<u>(713,439)</u>	<u>(1,453,199)</u>

Notes (continued)

25 Financing

	2010 £	2009 £
Payments for the capital elements of hire purchase agreements	(167,120)	(240,064)
Repayments for the capital element of other loans	(554,765)	90,982
New hire purchase agreements	48,264	182,751
	<u>(673,621)</u>	<u>33,669</u>

26 Analysis of net debt

	At beginning of year £	Cash flow £	New HP/ other changes £	At end of year £
Cash in hand, at bank	759,986	(115,165)	-	644,821
Overdrafts	(675,486)	130,173	-	(545,313)
	<u>84,500</u>	<u>15,008</u>	<u>-</u>	<u>99,508</u>
Debt due within one year	(540,541)	14,225	-	(526,316)
Debt due after one year	(540,540)	540,540	-	-
Leases and HP agreements	(275,011)	167,120	(48,264)	(156,155)
	<u>(1,356,092)</u>	<u>721,885</u>	<u>(48,264)</u>	<u>(682,471)</u>
Total	<u>(1,271,592)</u>	<u>736,893</u>	<u>(48,264)</u>	<u>(582,963)</u>

27 Major non cash transactions

During the year the company entered into hire purchase and finance lease arrangements in respect of assets with a total value at the inception of the leases of £48,264 (2009 £182,751)

28 Ultimate parent company and parent undertaking of larger Group of which the company is a member

The company is a subsidiary undertaking of the intermediate holding company Cellhire (Holdings) Limited. The ultimate parent company is Cellhire Group Limited, both these companies are incorporated in the UK and are controlled by a director, TJ Williams.