

REGISTERED NUMBER: 05452086 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
ACHILLES PROFESSIONAL SERVICES LIMITED**

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CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2010

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

ACHILLES PROFESSIONAL SERVICES LIMITED

COMPANY INFORMATION

For The Year Ended 31 December 2010

DIRECTORS:

J Lockhart
D M Kerr
D K Boyce
D P Silvey

REGISTERED OFFICE:

1 Carnegie Road
Newbury
Berkshire
RG14 5DJ

REGISTERED NUMBER:

05452086 (England and Wales)

AUDITORS:

Banks & Co Limited
Statutory Auditors
1 Carnegie Road
Newbury
Berkshire
RG14 5DJ

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)

REPORT OF THE DIRECTORS

For The Year Ended 31 December 2010

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review continued to be that of the provision of maintenance and support services for telephony and data systems to indirect partners

REVIEW OF BUSINESS

The Directors are pleased with the continued development of the company and as expected the sales mix has changed with an increase in our maintenance based business, although we continue to deliver a high quality service offering in our field of expertise. In addition to the above we have seen our partners requesting that we not only deliver our value added services in our field of expertise but also act as a facilitator and central point of contact for such services. We are able to deliver the management of other third party partners in order that customers only have one point of contact with full responsibility for the delivery of the total service offering.

The continued risk of a double dip recession and predicted low economic growth levels for 2011/2012 will continue to affect sales and margin levels. The company will continue to review its business, its offerings and its profit margin in order to protect its business and customer services levels and solutions offered wherever possible.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

FUTURE DEVELOPMENTS

The company continues an active programme of research and development in all areas of its activities, with the constant review of existing services and development of new services being an integral part of this programme.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

J Lockhart
D M Kerr
D K Boyce
D P Silvey

Other changes in directors holding office are as follows

J Emerson - resigned 18 August 2010

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's policy, which is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that the suppliers are made aware of the terms of the payment and abide by the terms of the payment. Trade creditors of the company at 31 December 2010 are as shown in note 8 in the Financial Statements and relate to 0 days purchases (2009 - 8 days) outstanding at the year end.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

The company does not make use of an overdraft facility with its bankers as it maintains a substantial cash balance. Trade creditors are either very low or non-existent as the majority of the services the company provides are through its parent company and the company maintains a current loan account to facilitate this.

Liquidity risk

The company actively maintains a level of finance which is designed to ensure the company has sufficient available funds for operations and planned activities. There are additional funds available within the group should these be required.

Market risk

The company is not significantly exposed to exchange rate fluctuations as it operates predominantly in the United Kingdom. Neither is the company affected by interest rate fluctuations as it does not make use of bank borrowing facilities.

REPORT OF THE DIRECTORS
For The Year Ended 31 December 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 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 judgements and accounting 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



D K Boyce - Director

Date 23rd June 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ACHILLES PROFESSIONAL SERVICES LIMITED

We have audited the financial statements of Achilles Professional Services Limited for the year ended 31 December 2010 on pages five to nine. 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 a Report of the Auditors 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 three, 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.

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 31 December 2010 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Richard Mark Lodge Taylor FCCA (Senior Statutory Auditor)
for and on behalf of Banks & Co Limited
Statutory Auditors
1 Carnegie Road
Newbury
Berkshire
RG14 5DJ

Date

23 June 2011

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)**PROFIT AND LOSS ACCOUNT****For The Year Ended 31 December 2010**

		Year ended 31 12 10 £	Period 1.5.09 to 31 12 09 £
	Notes		
TURNOVER	2	810,224	577,023
Cost of sales		800,936	595,288
GROSS PROFIT/(LOSS)		9,288	(18,265)
Administrative expenses		1,413	11,814
OPERATING PROFIT/(LOSS)	4	7,875	(30,079)
Cost of fundamental reorganisation	5	-	100,000
		7,875	(130,079)
Interest receivable and similar income		237	153
		8,112	(129,926)
Interest payable and similar charges	6	93	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		8,019	(129,926)
Tax on profit/(loss) on ordinary activities	7	1,214	14,151
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		6,805	(144,077)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous period


ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)

BALANCE SHEET
31 December 2010

	Notes	2010 £	2009 £
CURRENT ASSETS			
Debtors	8	141,389	321,462
Cash at bank		222,701	77,384
		<u>364,090</u>	<u>398,846</u>
CREDITORS			
Amounts falling due within one year	9	307,306	348,867
		<u>56,784</u>	<u>49,979</u>
NET CURRENT ASSETS			
		<u>56,784</u>	<u>49,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,784</u>	<u>49,979</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	56,783	49,978
		<u>56,784</u>	<u>49,979</u>
SHAREHOLDERS' FUNDS	14	<u>56,784</u>	<u>49,979</u>

The financial statements were approved by the Board of Directors on 23rd June 2011 and were signed on its behalf by


D P Silvey - Director


D K Boyce - Director

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2010

1 ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

Turnover

Maintenance contracts are recognised on an accruals basis. Income is deferred and released to the profit and loss account over the term of the contract. Income from the supply of services and equipment is recognised at the point of supply.

Turnover is included net of Value Added Tax

2 TURNOVER

The turnover and profit (2009 - loss) before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	Year ended 31 12 10 £	Period 1 5 09 to 31 12 09 £
UK	746,303	551,394
Europe	63,921	22,556
Rest of World	-	3,073
	<u>810,224</u>	<u>577,023</u>

3 STAFF COSTS

There were no staff costs for the year ended 31 December 2010 nor for the period ended 31 December 2009

4 OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging

	Year ended 31 12 10 £	Period 1 5 09 to 31 12 09 £
Auditors' remuneration	-	3,333
	<u>-</u>	<u>3,333</u>
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

5 EXCEPTIONAL ITEMS

The exceptional item totalling £100,000 in the prior period relates to a write off of the debtor due from its fellow subsidiary, Unified Network Services Limited. The directors believed that Unified Network Services Limited would not have sufficient reserves available to repay the full amount due to the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2010

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 12 10 £	Period 1.5 09 to 31 12 09 £
Corporation tax interest	93	-

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	Year ended 31 12 10 £	Period 1 5 09 to 31 12 09 £
Current tax		
UK corporation tax	1,214	-
Prior year under/(over)		
UK corporation tax	-	14,151
	<u>1,214</u>	<u>14,151</u>
Tax on profit/(loss) on ordinary activities	<u>1,214</u>	<u>14,151</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	Year ended 31 12 10 £	Period 1 5 09 to 31 12 09 £
Profit/(loss) on ordinary activities before tax	8,019	(129,926)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 28%)	1,684	(36,379)
Effects of		
General provision for bad debt	(703)	1,400
Entertaining	233	-
Exceptional item - Group bad debt	-	28,000
Trading losses surrendered to group	-	6,979
Prior year under provision	-	14,151
Current tax charge	<u>1,214</u>	<u>14,151</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	134,203	261,973
Amounts owed by group undertakings	-	55,793
Accrued income	2,735	3,100
Prepayments	4,451	596
	<u>141,389</u>	<u>321,462</u>

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2010

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade creditors	-	3,457
Amounts owed to group undertakings	84,615	22,062
Tax	1,214	14,151
VAT	3,970	5,840
Deferred income	213,991	301,024
Accrued expenses	3,516	2,333
	<u>307,306</u>	<u>348,867</u>

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

11 RESERVES

	Profit and loss account £
At 1 January 2010	49,978
Profit for the year	<u>6,805</u>
At 31 December 2010	<u>56,783</u>

12 ULTIMATE PARENT COMPANY

The company is under the control of Proximity Communications plc, which owns the entire issued share capital of the company

Copies of the consolidated accounts are available by writing to the registered office at 1 Carnegie Road, Newbury, RG14 5DJ

13 RELATED PARTY DISCLOSURES

The company takes the exemption under Financial Reporting Standard number 8 not to disclose related party transactions on the basis that the company is a wholly owned subsidiary and the results of the company are included in the consolidated accounts of Proximity Communications plc

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	<u>6,805</u>	<u>(144,077)</u>
Net addition/(reduction) to shareholders' funds	6,805	(144,077)
Opening shareholders' funds	<u>49,979</u>	<u>194,056</u>
Closing shareholders' funds	<u><u>56,784</u></u>	<u><u>49,979</u></u>