

REGISTERED NUMBER: 05452086 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
ACHILLES PROFESSIONAL SERVICES LIMITED**

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For The Year Ended 31 December 2011

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ACHILLES PROFESSIONAL SERVICES LIMITED

COMPANY INFORMATION

For The Year Ended 31 December 2011

DIRECTORS:

D M Kerr
D K Boyce
P J C Francis

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 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

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

The directors are satisfied with the performance of the company during 2011, and expect the level of activity to continue to grow into the future. The principal risks of the general economic environment within the territories our customers operate are becoming tougher and they are faced with making changes within their businesses to be successful. In addition to continuing to support and extend the useful economic life of the end user legacy systems we are investing in and deploying new solutions that support the changes required within their businesses.

The company will continue to review its structure, roles and responsibilities to maximise the efficiencies and cost control, enabling informed business decisions for future investments.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011

FUTURE DEVELOPMENTS

The company continues an active programme of research and development of its solutions portfolio, reviewing existing service offerings and the development and introduction of new products and services as an integral part of this programme.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

D M Kerr
D K Boyce

Other changes in directors holding office are as follows

J Lockhart - resigned 6 September 2011
D P Silvey - resigned 31 October 2011
P J C Francis - appointed 5 December 2011

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 2011 are as shown in note 8 in the Financial Statements and relate to 0 days purchases (2010 - 0 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.

ACHILLES PROFESSIONAL SERVICES LIMITED

REPORT OF THE DIRECTORS

For The Year Ended 31 December 2011

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

17 May 2012

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

We have audited the financial statements of Achilles Professional Services Limited for the year ended 31 December 2011 on pages five to ten. 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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

17 May 2012

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)**PROFIT AND LOSS ACCOUNT****For The Year Ended 31 December 2011**

| | Notes | 2011 £ | 2010 £ |
|--|-------|-----------|-----------|
| TURNOVER | 2 | 1,452,655 | 810,224 |
| Cost of sales | | 1,333,888 | 800,936 |
| GROSS PROFIT | | 118,767 | 9,288 |
| Administrative expenses | | 8,143 | 1,413 |
| OPERATING PROFIT | 4 | 110,624 | 7,875 |
| Interest receivable and similar income | | - | 237 |
| | | 110,624 | 8,112 |
| Interest payable and similar charges | 5 | - | 93 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 110,624 | 8,019 |
| Tax on profit on ordinary activities | 6 | 22,665 | 1,214 |
| PROFIT FOR THE FINANCIAL YEAR | | 87,959 | 6,805 |

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)**BALANCE SHEET
31 December 2011**

| | Notes | 2011 £ | 2010 £ |
|--|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 3,200 | - |
| CURRENT ASSETS | | | |
| Debtors | 8 | 345,934 | 141,389 |
| Cash at bank | | 198,656 | 222,701 |
| | | 544,590 | 364,090 |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | 403,047 | 307,306 |
| NET CURRENT ASSETS | | 141,543 | 56,784 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 144,743 | 56,784 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 1 | 1 |
| Profit and loss account | 11 | 144,742 | 56,783 |
| SHAREHOLDERS' FUNDS | 14 | 144,743 | 56,784 |

The financial statements were approved by the Board of Directors on 17 May 2012 and were signed on its behalf by



P J C Francis - Director



D K Boyce - Director

The notes on pages 7 to 10 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2011

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

Turnover comprises the value of sales (excluding VAT, similar taxes & trade discounts) of goods, services and maintenance contracts provided in the normal course of business. Revenue is generally recognised when goods are despatched, this is the point at which the risks & rewards of ownership pass to the customer, although income may be deferred in line with milestones. Turnover in respect of services is recognised when the company obtains the right to receive consideration for those services provided. Turnover in respect of maintenance contracts is recognised on a straight line basis over the term of the contract.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Computer equipment - Straight line over 3 years

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below

| | 2011 | 2010 |
|--------|------------------|----------------|
| | £ | £ |
| UK | 1,128,862 | 746,303 |
| Europe | 323,793 | 63,921 |
| | <u>1,452,655</u> | <u>810,224</u> |

3 STAFF COSTS

There were no staff costs for the year ended 31 December 2011 nor for the year ended 31 December 2010.

4 OPERATING PROFIT

The operating profit is stated after charging

| | 2011 | 2010 |
|---|----------|----------|
| | £ | £ |
| Depreciation - owned assets | 400 | - |
| Auditors' remuneration | 2,500 | - |
| Auditors' remuneration for non audit work | 3,364 | - |
| Foreign exchange losses/(gains) | 529 | - |
| | <u>-</u> | <u>-</u> |
| Directors' remuneration | - | - |

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2011

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2011 | 2010 |
|--------------------------|------|------|
| | £ | £ |
| Corporation tax interest | - | 93 |

6 TAXATION

Analysis of the tax charge

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

| | 2011 | 2010 |
|--------------------------------------|--------|-------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | 22,665 | 1,214 |
| Tax on profit on ordinary activities | 22,665 | 1,214 |

Factors affecting the tax charge

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

| | 2011 | 2010 |
|--|---------|-------|
| | £ | £ |
| Profit on ordinary activities before tax | 110,624 | 8,019 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 21%) | 22,125 | 1,684 |
| Effects of | | |
| General provision for bad debt | - | (703) |
| Entertaining | 181 | 233 |
| Change in tax rate | 276 | - |
| Overprovision | 83 | - |
| Current tax charge | 22,665 | 1,214 |

7 TANGIBLE FIXED ASSETS

| | Computer equipment |
|-----------------------|--------------------|
| | £ |
| COST | |
| Additions | 3,600 |
| At 31 December 2011 | 3,600 |
| DEPRECIATION | |
| Charge for year | 400 |
| At 31 December 2011 | 400 |
| NET BOOK VALUE | |
| At 31 December 2011 | 3,200 |

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2011

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2011 | 2010 |
|----------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 305,479 | 134,203 |
| Accrued income | 6,201 | 2,735 |
| Prepayments | 34,254 | 4,451 |
| | <u>345,934</u> | <u>141,389</u> |

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2011 | 2010 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 420 | - |
| Amounts owed to group undertakings | 47,496 | 84,615 |
| Tax | 22,665 | 1,214 |
| VAT | 12,144 | 3,970 |
| Deferred income | 265,457 | 213,991 |
| Accrued expenses | 54,865 | 3,516 |
| | <u>403,047</u> | <u>307,306</u> |

10 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid | | | 2011 | 2010 |
|---------------------------------|----------|---------------|----------|----------|
| Number | Class | Nominal value | £ | £ |
| 1 | Ordinary | £1 | <u>1</u> | <u>1</u> |

11 RESERVES

| | Profit and loss account £ |
|---------------------|------------------------------|
| At 1 January 2011 | 56,783 |
| Profit for the year | 87,959 |
| At 31 December 2011 | <u>144,742</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

ACHILLES PROFESSIONAL SERVICES LIMITED (REGISTERED NUMBER: 05452086)

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2011

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2011 £ | 2010 £ |
|--|-----------|-----------|
| Profit for the financial year | 87,959 | 6,805 |
| Net addition to shareholders' funds | 87,959 | 6,805 |
| Opening shareholders' funds | 56,784 | 49,979 |
| Closing shareholders' funds | 144,743 | 56,784 |