

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009
FOR
SOUTH MIDLAND^S COMMUNICATIONS LIMITED



SOUTH MIDLAND COMMUNICATIONS LIMITED

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FOR THE YEAR ENDED 30 JUNE 2009

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SOUTH MIDLAND COMMUNICATIONS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS.

B D Gardner
J Lightfoot
Mrs S Brown
G Griffin
M D Gardner
Mrs J Y Diamond
Mrs S Nutbrown

SECRETARY:

Mrs D B Gardner

REGISTERED OFFICE:

S M House
School Close
Chandlers Ford Industrial Estate
Eastleigh
Hampshire
SO53 4BY

REGISTERED NUMBER:

603500 (England and Wales)

AUDITORS:

Martin and Company
Chartered Accountants
and Statutory Auditors
25 St Thomas Street
Winchester
Hampshire
SO23 9HJ

BANKERS:

National Westminster Bank Plc
123 Winchester Road
Chandlers Ford
Eastleigh
Hampshire
SO53 2UA

SOUTH MIDLAND COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 30 JUNE 2009**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2009

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of manufacturing and marketing commercial radio communications equipment and systems

REVIEW OF BUSINESS

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

The Group has had another successful year

Whilst turnover is down, this is entirely due to a single, high value contract, which was completed in 2007-08. Margins are again at an encouraging level, reflecting a product mix with a high proportion of in-house labour content. The balance sheet continues to be strong, with good cash reserves.

The order book at the end of the year was substantial, which has helped guarantee continued profitability for the group.

A continued commitment to investment in product and market development, together with a high percentage of export sales, should sustain the business during and beyond the world economic recession.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2009

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2008 to the date of this report

B D Gardner
J Lightfoot
Mrs S Brown
G Griffin
M D Gardner
Mrs J Y Diamond
Mrs S Nutbrown

GROUP'S POLICY ON PAYMENT OF CREDITORS

The group makes purchases from suppliers according to the terms and conditions agreed in advance between the two parties. Payments are made to suppliers when goods or services have been received and the terms and conditions of the agreement have been met.

FINANCIAL INSTRUMENTS

The group's principal financial instruments including loans, cash and various items, such as trade debtors and trade creditors, arise directly from its operations. The main purpose of these financial instruments is to manage the cash flow. The group does not enter into derivative transactions.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments should be undertaken. The main risk arising from the group's financial instruments is liquidity risk.

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

SOUTH MIDLAND COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 30 JUNE 2009**

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 accounting 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.

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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Martin and Company, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD


J Lightfoot - Director

Date 26 01 10

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTH MIDLAND COMMUNICATIONS LIMITED**

We have audited the financial statements of South Midland Communications Limited for the year ended 30 June 2009 on pages five to twenty one. 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 Sections 495 and 496 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 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

- 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 30 June 2009 and of the group's 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 by the parent company, or returns adequate for 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.



D J C Barr (Senior Statutory Auditor)
for and on behalf of Martin and Company
Chartered Accountants
and Statutory Auditors
25 St Thomas Street
Winchester
Hampshire
SO23 9HJ

Date

29 March 2010

SOUTH MIDLAND COMMUNICATIONS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	30.6.09 £	£	30 6 08 £	£
TURNOVER	2		8,526,798		11,926,950
Cost of sales			<u>5,963,184</u>		<u>8,107,104</u>
GROSS PROFIT			2,563,614		3,819,846
Distribution costs		348,522		706,397	
Administrative expenses		<u>2,003,235</u>		<u>2,478,601</u>	
			<u>2,351,757</u>		<u>3,184,998</u>
			211,857		634,848
Other operating income			<u>13,464</u>		<u>20,232</u>
OPERATING PROFIT	4		225,321		655,080
Interest receivable and similar income			<u>58,015</u>		<u>95,509</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			283,336		750,589
Tax on profit on ordinary activities	5		<u>71,409</u>		<u>217,886</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>211,927</u>		<u>532,703</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2009

	30 6 09	30 6 08
	£	£
PROFIT FOR THE FINANCIAL YEAR	211,927	532,703
Property revaluation	<u>-</u>	<u>991,191</u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u>211,927</u>	<u>1,523,894</u>

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED**CONSOLIDATED BALANCE SHEET****30 JUNE 2009**

	Notes	30 6 09 £	30 6 08 £
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	2,874,990	2,953,376
Investments	9	-	-
		<u>2,874,990</u>	<u>2,953,376</u>
CURRENT ASSETS			
Stocks	10	2,358,307	2,597,417
Debtors	11	1,076,238	1,161,002
Cash at bank and in hand		<u>1,735,112</u>	<u>2,610,543</u>
		5,169,657	6,368,962
CREDITORS			
Amounts falling due within one year	12	<u>2,365,305</u>	<u>3,852,955</u>
NET CURRENT ASSETS		<u>2,804,352</u>	<u>2,516,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,679,342	5,469,383
PROVISIONS FOR LIABILITIES	13	<u>21,476</u>	<u>23,444</u>
NET ASSETS		<u>5,657,866</u>	<u>5,445,939</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,150,000	1,150,000
Revaluation reserve	15	2,090,145	2,090,145
Other reserves	15	13,821	13,821
Profit and loss account	15	<u>2,403,900</u>	<u>2,191,973</u>
SHAREHOLDERS' FUNDS	19	<u>5,657,866</u>	<u>5,445,939</u>

The financial statements were approved by the Board of Directors on its behalf by

26 03 10

and were signed on


J Lightfoot - Director

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED**COMPANY BALANCE SHEET****30 JUNE 2009**

	Notes	30.6 09 £	£	30 6 08 £	£
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		2,841,309		2,906,354
Investments	9		<u>9,774</u>		<u>9,774</u>
			2,851,083		2,916,128
CURRENT ASSETS					
Stocks	10	2,103,476		2,356,386	
Debtors	11	1,434,380		2,464,019	
Cash at bank and in hand		<u>1,499,730</u>		<u>857,278</u>	
		5,037,586		5,677,683	
CREDITORS					
Amounts falling due within one year	12	<u>2,247,761</u>		<u>3,162,909</u>	
NET CURRENT ASSETS			<u>2,789,825</u>		<u>2,514,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,640,908		5,430,902
PROVISIONS FOR LIABILITIES	13		<u>21,476</u>		<u>23,444</u>
NET ASSETS			<u>5,619,432</u>		<u>5,407,458</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,150,000		1,150,000
Revaluation reserve	15		1,927,349		1,927,349
Profit and loss account	15		<u>2,542,083</u>		<u>2,330,109</u>
SHAREHOLDERS' FUNDS	19		<u>5,619,432</u>		<u>5,407,458</u>

The financial statements were approved by the Board of Directors on 26 03 10 and were signed on its behalf by


J Lightfoot - Director

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	30 6.09 £	30 6 08 £
Net cash (outflow)/inflow from operating activities	1	(727,849)	2,039,070
Returns on investments and servicing of finance	2	58,015	95,509
Taxation		(197,166)	(47,439)
Capital expenditure	2	<u>(5,206)</u>	<u>(24,534)</u>
		(872,206)	2,062,606
Financing	2	<u>(3,225)</u>	<u>7,628</u>
(Decrease)/Increase in cash in the period		<u>(875,431)</u>	<u>2,070,234</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(875,431)</u>	<u>2,070,234</u>
Change in net funds resulting from cash flows		<u>(875,431)</u>	<u>2,070,234</u>
Movement in net funds in the period		(875,431)	2,070,234
Net funds at 1 July		<u>2,610,543</u>	<u>540,309</u>
Net funds at 30 June		<u>1,735,112</u>	<u>2,610,543</u>

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 30 JUNE 2009**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	30.6.09 £	30.6.08 £
Operating profit	225,321	655,080
Depreciation charges	83,522	73,894
Loss on disposal of fixed assets	71	11,077
Decrease in stocks	239,110	435,716
Decrease in debtors	84,763	1,944,126
Decrease in creditors	<u>(1,360,636)</u>	<u>(1,080,823)</u>
Net cash (outflow)/inflow from operating activities	<u>(727,849)</u>	<u>2,039,070</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.6.09 £	30.6.08 £
Returns on investments and servicing of finance		
Interest received	<u>58,015</u>	<u>95,509</u>
Net cash inflow for returns on investments and servicing of finance	<u>58,015</u>	<u>95,509</u>
Capital expenditure		
Purchase of tangible fixed assets	(6,430)	(24,532)
Sale of tangible fixed assets	<u>1,224</u>	<u>(2)</u>
Net cash outflow for capital expenditure	<u>(5,206)</u>	<u>(24,534)</u>
Financing		
Amount introduced by directors	-	7,628
Amount withdrawn by directors	<u>(3,225)</u>	<u>-</u>
Net cash (outflow)/inflow from financing	<u>(3,225)</u>	<u>7,628</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.08 £	Cash flow £	At 30.6.09 £
Net cash			
Cash at bank and in hand	<u>2,610,543</u>	<u>(875,431)</u>	<u>1,735,112</u>
	<u>2,610,543</u>	<u>(875,431)</u>	<u>1,735,112</u>
Total	<u>2,610,543</u>	<u>(875,431)</u>	<u>1,735,112</u>

The notes form part of these financial statements

SOUTH MIDLAND COMMUNICATIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of three years

Tangible fixed assets

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

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15-25% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

Deferred tax

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred

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.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

SOUTH MIDLAND COMMUNICATIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 30 JUNE 2009**

1 ACCOUNTING POLICIES - continued

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Financial costs and gains or losses relating to financial liabilities are included in the profit and loss account. Financial costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below.

	30.6.09	30.6.08
	£	£
Rest of World	5,643,046	9,886,781
United Kingdom	1,783,522	538,048
Europe	<u>1,100,230</u>	<u>1,502,121</u>
	<u>8,526,798</u>	<u>11,926,950</u>

3 STAFF COSTS

	30.6.09	30.6.08
	£	£
Wages and salaries	2,641,863	3,445,828
Social security costs	321,850	471,260
Other pension costs	<u>253,361</u>	<u>66,589</u>
	<u>3,217,074</u>	<u>3,983,677</u>

The average monthly number of employees during the year was as follows.

	30.6.09	30.6.08
Selling and distribution	15	15
Production and design	36	40
Administration	<u>11</u>	<u>11</u>
	<u>62</u>	<u>66</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**4 OPERATING PROFIT**

The operating profit is stated after charging

	30.6.09	30.6.08
	£	£
Depreciation - owned assets	83,522	73,640
Loss on disposal of fixed assets	71	11,077
Auditors' remuneration	7,000	6,500
Auditors' remuneration for non audit work	<u>3,000</u>	<u>3,000</u>

Directors' remuneration	852,766	1,420,664
Directors' pension contributions to money purchase schemes	<u>228,363</u>	<u>44,417</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>6</u>	<u>6</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	30.6.09	30.6.08
	£	£
Emoluments etc	<u>390,414</u>	<u>555,843</u>

5 TAXATION**Analysis of the tax charge**

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

	30.6.09	30.6.08
	£	£
Current tax		
UK corporation tax	71,696	212,227
Prior periods tax	<u>1,681</u>	-
Total current tax	73,377	212,227
Deferred tax	<u>(1,968)</u>	<u>5,659</u>
Tax on profit on ordinary activities	<u>71,409</u>	<u>217,886</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 30 JUNE 2009**

5 TAXATION - continued

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

	30 6 09	30 6 08
	£	£
Profit on ordinary activities before tax	<u>283,336</u>	<u>750,589</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	79,334	225,177
Effects of		
Expenses not deductible for tax purposes	-	159
Depreciation in excess of capital allowances	13,528	10,668
Research and development deduction	(17,162)	(18,152)
Change in corporation tax rates	-	(3,323)
marginal tax relief	(4,018)	-
Prior periods taxation	1,682	-
Foreign tax	<u>13</u>	<u>(2,302)</u>
Current tax charge	<u>73,377</u>	<u>212,227</u>

6 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £211,974 (2008 - £489,888)

7 INTANGIBLE FIXED ASSETS

Group

	Goodwill
	£
COST	
At 1 July 2008 and 30 June 2009	<u>180,500</u>
AMORTISATION	
At 1 July 2008 and 30 June 2009	<u>180,500</u>
NET BOOK VALUE	
At 30 June 2009	<u>-</u>
At 30 June 2008	<u>-</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**7 INTANGIBLE FIXED ASSETS - continued****Company****Goodwill
£****COST**At 1 July 2008
and 30 June 2009180,500**AMORTISATION**At 1 July 2008
and 30 June 2009180,500**NET BOOK VALUE**

At 30 June 2009

-

At 30 June 2008

-**8 TANGIBLE FIXED ASSETS****Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 July 2008	2,757,260	531,405	123,328	16,100	3,428,093
Additions	-	5,944	486	-	6,430
Disposals	-	(2,788)	-	-	(2,788)
At 30 June 2009	<u>2,757,260</u>	<u>534,561</u>	<u>123,814</u>	<u>16,100</u>	<u>3,431,735</u>
DEPRECIATION					
At 1 July 2008	18,288	360,276	86,844	9,308	474,716
Charge for year	41,288	31,899	8,637	1,698	83,522
Eliminated on disposal	-	(1,493)	-	-	(1,493)
At 30 June 2009	<u>59,576</u>	<u>390,682</u>	<u>95,481</u>	<u>11,006</u>	<u>556,745</u>
NET BOOK VALUE					
At 30 June 2009	<u>2,697,684</u>	<u>143,879</u>	<u>28,333</u>	<u>5,094</u>	<u>2,874,990</u>
At 30 June 2008	<u>2,738,972</u>	<u>171,129</u>	<u>36,484</u>	<u>6,792</u>	<u>2,953,377</u>

Included in cost of land and buildings is freehold land of £950,000 (2008 - £950,000) which is not depreciated

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**8 TANGIBLE FIXED ASSETS - continued****Company**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 July 2008	2,757,260	472,511	122,998	16,100	3,368,869
Additions	-	5,944	-	-	5,944
Disposals	-	(1,564)	-	-	(1,564)
At 30 June 2009	<u>2,757,260</u>	<u>476,891</u>	<u>122,998</u>	<u>16,100</u>	<u>3,373,249</u>
DEPRECIATION					
At 1 July 2008	18,288	348,073	86,844	9,308	462,513
Charge for year	41,288	19,547	8,387	1,698	70,920
Eliminated on disposal	-	(1,493)	-	-	(1,493)
At 30 June 2009	<u>59,576</u>	<u>366,127</u>	<u>95,231</u>	<u>11,006</u>	<u>531,940</u>
NET BOOK VALUE					
At 30 June 2009	<u>2,697,684</u>	<u>110,764</u>	<u>27,767</u>	<u>5,094</u>	<u>2,841,309</u>
At 30 June 2008	<u>2,738,972</u>	<u>124,438</u>	<u>36,154</u>	<u>6,792</u>	<u>2,906,356</u>

Included in cost or valuation of land and buildings is freehold land of £950,000 (2008 - £950,000) which is not depreciated

Cost or valuation at 30 June 2009 is represented by

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2007	1,676,460	-	-	-	1,676,460
Cost	<u>1,080,800</u>	<u>476,891</u>	<u>122,998</u>	<u>16,100</u>	<u>1,696,789</u>
	<u>2,757,260</u>	<u>476,891</u>	<u>122,998</u>	<u>16,100</u>	<u>3,373,249</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**8 TANGIBLE FIXED ASSETS - continued****Group**

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	30 6.09	30 6 08
	£	£
Cost	<u>1,080,800</u>	<u>1,080,800</u>
Aggregate depreciation	<u>212,102</u>	<u>193,586</u>
Value of land in freehold land and buildings	<u>155,000</u>	<u>155,000</u>

Freehold land and buildings were valued on an open market basis on 7 February 2007 by Vail Williams, which has been reflected in the accounts

9 FIXED ASSET INVESTMENTS**Company**

	Shares in group undertakings £
COST	
At 1 July 2008 and 30 June 2009	<u>9,774</u>
NET BOOK VALUE	
At 30 June 2009	<u>9,774</u>
At 30 June 2008	<u>9,774</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries**Communication Technical Services Limited**

Nature of business Dormant

	%		
Class of shares	holding		
Ordinary	100 00		
		30.6.09	30 6 08
		£	£
Aggregate capital and reserves		<u>300</u>	<u>300</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**9 FIXED ASSET INVESTMENTS - continued****Hilomast Limited**

Nature of business Dormant

	% holding		
Class of shares			
Ordinary	100 00	30 6 09	30 6 08
		£	£
Aggregate capital and reserves		<u>7,400</u>	<u>7,400</u>

Minns Baluns Limited

Nature of business Dormant

	% holding		
Class of shares			
Ordinary	100 00	30 6 09	30 6 08
		£	£
Aggregate capital and reserves		<u>10</u>	<u>10</u>

AEL Communications Limited

Nature of business Dormant

	% holding		
Class of shares			
Ordinary	100 00	30 6 09	30 6 08
		£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

Astel Communications

Country of incorporation France

Nature of business Radio Communications

	% holding		
Class of shares			
Ordinary	100 00	30 6 09	30 6 08
		£	£
Aggregate capital and reserves		205,520	162,712
Profit for the year		<u>42,808</u>	<u>42,910</u>

Hilomast LLC

Country of incorporation United States

Nature of business Mast manufacture and sales

	% holding		
Class of shares			
Ordinary	100 00	30.6.09	30 6 08
		£	£
Aggregate capital and reserves		(164,712)	(121,856)
Loss for the year		<u>(42,856)</u>	<u>(93)</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**9 FIXED ASSET INVESTMENTS - continued****10 STOCKS**

	Group		Company	
	30.6.09	30.6.08	30.6.09	30.6.08
	£	£	£	£
Raw materials	743,641	866,313	743,641	866,313
Work-in-progress	115,633	1,161,448	115,633	1,161,448
Finished goods	<u>1,499,033</u>	<u>569,656</u>	<u>1,244,202</u>	<u>328,625</u>
	<u>2,358,307</u>	<u>2,597,417</u>	<u>2,103,476</u>	<u>2,356,386</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.09	30.6.08	30.6.09	30.6.08
	£	£	£	£
Trade debtors	731,238	1,106,296	548,142	820,982
Amounts owed by group undertakings	-	-	541,238	1,588,331
Other debtors	282,341	2,138	282,341	2,138
Tax	2,501	2,501	2,501	2,501
Prepayments and accrued income	<u>60,158</u>	<u>50,067</u>	<u>60,158</u>	<u>50,067</u>
	<u>1,076,238</u>	<u>1,161,002</u>	<u>1,434,380</u>	<u>2,464,019</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.09	30.6.08	30.6.09	30.6.08
	£	£	£	£
Trade creditors	594,765	724,668	575,223	424,937
Tax	73,377	197,166	73,377	197,166
Social security and other taxes	296,220	658,220	198,218	267,905
Directors' loan accounts	11,872	15,097	11,872	15,097
Accruals and deferred income	<u>1,389,071</u>	<u>2,257,804</u>	<u>1,389,071</u>	<u>2,257,804</u>
	<u>2,365,305</u>	<u>3,852,955</u>	<u>2,247,761</u>	<u>3,162,909</u>

13 PROVISIONS FOR LIABILITIES

	Group		Company	
	30.6.09	30.6.08	30.6.09	30.6.08
	£	£	£	£
Deferred tax	<u>21,476</u>	<u>23,444</u>	<u>21,476</u>	<u>23,444</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 JUNE 2009**13 PROVISIONS FOR LIABILITIES - continued****Group**

	Deferred tax £
Balance at 1 July 2008	23,444
Movement	<u>(1,968)</u>
Balance at 30 June 2009	<u>21,476</u>

Company

	Deferred tax £
Balance at 1 July 2008	23,444
Accelerated capital allowances	<u>(1,968)</u>
Balance at 30 June 2009	<u>21,476</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	30 6.09 £	30 6 08 £
1,150,000	Ordinary Class A		<u>1,150,000</u>	<u>1,150,000</u>

15 RESERVES**Group**

	Profit and loss account £	Revaluation reserve £	Other reserves £	Totals £
At 1 July 2008	2,191,973	2,090,145	13,821	4,295,939
Profit for the year	<u>211,927</u>			<u>211,927</u>
At 30 June 2009	<u>2,403,900</u>	<u>2,090,145</u>	<u>13,821</u>	<u>4,507,866</u>

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2008	2,330,109	1,927,349	4,257,458
Profit for the year	<u>211,974</u>		<u>211,974</u>
At 30 June 2009	<u>2,542,083</u>	<u>1,927,349</u>	<u>4,469,432</u>

SOUTH MIDLAND COMMUNICATIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2009

15 RESERVES - continued

16 CONTINGENT LIABILITIES

The group had contingent liabilities in respect of letters of credit drawn by National Westminster Bank Plc. At 30th June 2009 there were outstanding liabilities under bonds and guarantees of £160,553 (2008 £90,000)

17 RELATED PARTY DISCLOSURES

Included within creditors amounts due within one year is £11,872 which is owed to J Lightfoot (Director)

During the year the group made a loan to Clearsky Properties Limited of £142,857, a company in which Mrs J Y Diamond is a director and shareholder

18 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is B D Gardner (Director)

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	30.6.09	30.6.08
	£	£
Profit for the financial year	211,927	532,703
Other recognised gains and losses relating to the year (net)	-	991,191
Net addition to shareholders' funds	211,927	1,523,894
Opening shareholders' funds	<u>5,445,939</u>	<u>3,922,045</u>
Closing shareholders' funds	<u>5,657,866</u>	<u>5,445,939</u>

Company

	30.6.09	30.6.08
	£	£
Profit for the financial year	211,974	489,888
Other recognised gains and losses relating to the year (net)	-	991,191
Net addition to shareholders' funds	211,974	1,481,079
Opening shareholders' funds	<u>5,407,458</u>	<u>3,926,379</u>
Closing shareholders' funds	<u>5,619,432</u>	<u>5,407,458</u>