

Tunstall Healthcare (UK) Limited

**Directors' report and financial
statements**

Registered number 1332249

Year ended 30 September 2009

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Tunstall Healthcare (UK) Limited	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Cash flow statement	9
Notes to the cash flow statement	10
Notes	12

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2009

Principal activities

The principal activities of the company are the development, manufacture, marketing, installation, monitoring and service of telecare, telehealth and hospital systems in the UK and overseas

Business Review

Despite the current economic climate, Tunstall has seen its domestic revenues increase from £68.1 million to £71.0 million, an increase of 4% year on year, with particular success in the emerging telehealth market. However, export sales reduced from £25.3 million to £15.4 million as European markets suffered from healthcare spending constraints. Overall, therefore, revenues declined by 8% from £93.4 million to £86.4 million, and operating profits fell 9% to £25.8 million.

Domestic sales benefited from continued growth in unit volumes with the increasing recognition of the value of the Telecare solution. Whilst the volume of base unit sales remained consistent year on year, higher peripheral content resulted in an increase in the average package price of 5%. Sales of telehealth systems, where patients can be monitored at home using diagnostic equipment linked to their GP or local hospital, increased from £1.7 million to £4.3 million, with particular success in the Whole System Demonstrator trials held in Cornwall.

The Assisted Living market, serving Sheltered and Extra Care Housing Communities, saw a decline in revenues from £22.7 million to £21.0 million, with the full year impact of reduced Private Developer activity and resulting reduction in new build demand, and the suspension by BT of their 21CN network digitalisation programme.

Service and monitoring revenues increased from £21.3 million to £22.1 million, up 4% year on year.

Export sales reduced significantly, down £9.9 million year on year, driven by a reduction in healthcare spending in several international markets. Volumes of sales to Spain reduced by 60% on 2008, reverting to 2007 levels, resulting in a £7.7 million reduction in revenues. 2008 benefitted from £3.4 million of sales relating to a one-off contract with the City of Madrid. Elsewhere in Spain, along with several other countries, sales volumes reduced as their respective Governments re-prioritised public spending.

The profit for the year after taxation was £20.7 million (2008: £20.6 million).

Summary of risks and uncertainties

Foreign exchange risk

The company sells to a number of international territories, invoicing in local currency, and sources its product in a number of currencies. As such, the company is exposed to foreign exchange risk, principally against the Euro and US dollar. The risk in relation to the Euro is managed through a natural hedge in respect of the denomination of bank borrowings of the parent companies. The US dollar risk is managed through a series of foreign exchange contracts to purchase sufficient quantities of US dollars to meet production requirements.

Credit risk

The company sells to both government and non-government customers and is therefore subject to credit risk. The risk is managed through operating policies relating to credit approvals for non-government customers.

Future Prospects

Although 2009 was a challenging year, Tunstall demonstrated that its domestic market is robust, having posted overall revenue growth in a tumultuous economic climate. Tunstall expects to continue to grow the domestic market, with further increase in telecare package content. Following the success in the telehealth trials in Cornwall, Tunstall is forecasting further pilot schemes to be launched, and mainstreaming of those regions trialing through 2009 into volume deployment. Both the telecare and telehealth solutions support the Department of Health's targeted saving through technology efficiencies.

Directors' report *(continued)*

Future Prospects *(continued)*

2010 sees the launch of Tunstall's range of next-generation, digital-ready telecare solutions, designed to give both service users and care providers more choice and flexibility. These latest product releases include the digital-ready PNC6 call monitoring and management system and the IP Connect+, the latest addition to Tunstall's home telecare unit range, which for the first time gives service users the flexibility to communicate with monitoring centres using standard telephone, Internet and also GSM networks, all from a single home unit.

Whilst the telephony network digitalisation programme was suspended during 2009, there is still a need to drive towards digital readiness and Tunstall is working with many of its customers to make the transition and plan for a programmatic approach to the replacement of non digital-ready solutions. There will be renewed focus on the large corporate Private Developer market to ensure we are well placed to support the market recovery and resumption in new build community housing schemes.

Research & Development

Despite the economic downturn, Tunstall invested £3.3 million in research & development, up 10% year on year, representing 3.8% of revenues (2008 3.2%). Tunstall has invested in the development of an IP platform to address the changing requirements of its customer base, together with researching the long term requirements in developing its product roadmap. For the first time, certain items of expenditure have met the accounting standards criteria for capitalisation as disclosed in notes 1 and 10.

KPI's

UK total orders on hand at £20.2 million are down £1 million (5%) on the opening orderbook level.

As at September 2009, UK Assisted Living order coverage amounted to 55% of planned revenues for the first 6 months of 2009/10, compared with 57% in 2008/09.

Dividend

During the year, an interim dividend of £nil was paid (2008 £2.5 million). The directors do not propose the payment of a final dividend (2008 £nil).

Directors

The directors who held office during the year and subsequently were as follows:

NA Duffy
JP Buckley (resigned 14th January 2010)
J Lowe
E Quinn

Payments to suppliers

The company agrees payment terms and conditions with its suppliers according to local laws and generally accepted trading practices within its business and geographical region. It is the company's normal practice to pay suppliers in accordance with these terms provided that the suppliers meet their obligations.

Trade creditors represent 28 days purchases (2008 33 days).

Political and charitable contributions

During the year, the company contributed £1,142 (2008 £2,268) to charity. No political contributions were made (2008 £nil).

Directors' report *(continued)*

Agency companies

The following companies trade as agents of the company

Tunstall Electronics Limited
Tunstall International Limited
Tunstall Central Services Limited
Tunstall Response Limited

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued its previous practice of ensuring effective two-way communication on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal meetings and the company magazine. Employees are consulted monthly on a wide range of matters affecting their current and future interests.

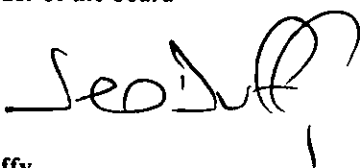
Disclosure of information to auditors

The directors who hold office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



N Duffy
Company Secretary

Whitley Lodge
Whitley Bridge
Doncaster
DN14 0HR

26 January 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the directors' report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditors' report to the members of Tunstall Healthcare (UK) Limited

We have audited the financial statements of Tunstall Healthcare (UK) Limited for the year ended 30 September 2009 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Tunstall Healthcare (UK) Limited *(continued)*

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



PN Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

26 January 2010

Profit and loss account
for the year ended 30 September 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	86,374	93,438
Costs and overheads	3	(60,560)	(64,949)
Operating profit		25,814	28,489
Interest receivable and similar income	7	2,984	1,015
Interest payable and similar charges	8	(24)	(33)
Profit on ordinary activities before taxation	4	28,774	29,471
Taxation	9	(8,106)	(8,813)
Profit for the financial year	20	20,668	20,658

All activities have been classified as continuing

Balance sheet
at 30 September 2009


	<i>Note</i>	2009 £000	2008 £000
Fixed assets			
Intangible assets	<i>10</i>	1,004	-
Tangible assets	<i>11</i>	6,719	6 890
		7,723	6 890
Current assets			
Stocks	<i>13</i>	7,890	8,881
Debtors	<i>14</i>	57,453	49,936
Cash at bank and in hand		29,518	14,224
		94,861	73,041
Creditors Amounts falling due within one year	<i>15</i>	(28,027)	(26,028)
Net current assets		66,834	47,013
Total assets less current liabilities		74,557	53 903
Creditors Amounts falling due after more than one year	<i>16</i>	(10)	(141)
Provisions for liabilities and charges	<i>18</i>	(598)	(481)
Net assets		73,949	53,281
Capital and reserves			
Called up share capital	<i>19</i>	150	150
Share premium account	<i>20</i>	3	3
Revaluation reserve	<i>20</i>	680	714
Profit and loss account	<i>20</i>	73,116	52,414
Equity shareholders' funds	<i>21</i>	73,949	53,281

These financial statements were approved by the board of directors on 26 January 2010 and were signed on its behalf by

J Lowe
 Director



NA Duffy
 Director



Company registered number 1332249

Statement of total recognised gains and losses
for the year ended 30 September 2009

	2009	2008
	£000	£000
Profit for the financial year and total recognised gains and losses relating to the year	20,668	20,658
Gains on foreign currency translation	-	5
	<hr/>	<hr/>
Total recognised gains and losses in the year	20,668	20,663
	<hr/> <hr/>	<hr/> <hr/>

Cash flow statement
for the year ended 30 September 2009

	<i>Note</i>	2009	2008
		£000	£000
Net cash inflow from operating activities	<i>(iii)</i>	23,169	6,258
Returns on investments and servicing of finance	<i>(iv)</i>	2,960	982
Taxation		(8,880)	(5,671)
Capital expenditure	<i>(v)</i>	(1,780)	(737)
		<hr/>	<hr/>
		15,469	832
Financing	<i>(vi)</i>	(175)	(270)
		<hr/>	<hr/>
Increase in cash		15,294	562
		<hr/> <hr/>	<hr/> <hr/>

Notes to the cash flow statement
for the year ended 30 September 2009

(i) Reconciliation of net cash flow to movement in net funds

	2009	2008
	£000	£000
Increase in cash	15,294	562
Cash flow from increase in net funds	175	270
	<hr/>	<hr/>
Movement in net funds resulting from cash flows	15,469	832
Exchange adjustments	-	5
	<hr/>	<hr/>
Movement in net funds	15,469	837
Opening net funds	13,915	13,078
	<hr/>	<hr/>
Closing net funds	29,384	13,915
	<hr/> <hr/>	<hr/> <hr/>

(ii) Analysis of changes in net funds

	At 1 October 2008 £000	Cash flow £000	Non-cash movements £000	At 30 September 2009 £000
Cash at bank and in hand	14,224	15,294	-	29,518
Hire purchase				
Due within one year	(168)	175	(131)	(124)
Due after more than one year	(141)	-	131	(10)
	<hr/>	<hr/>	<hr/>	<hr/>
	(309)	175	-	(134)
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	13,915	15,469	-	29,384
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(iii) Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£000	£000
Operating profit	25,814	28,489
Depreciation charges	1,186	1,228
Decrease in stocks	991	8
Increase in debtors	(7,267)	(17,655)
Increase/(decrease) in creditors	2,445	(5,812)
	<hr/>	<hr/>
Net cash inflow from operating activities	23,169	6,258
	<hr/> <hr/>	<hr/> <hr/>

Notes to the cash flow statement *(continued)*
for the year ended 30 September 2009

(iv) Returns on investments and servicing of finance

	2009 £000	2008 £000
Interest received	2,050	1,015
Currency gains	934	-
Interest paid	(24)	(33)
	<u>2,960</u>	<u>982</u>

(v) Capital expenditure

	2009 £000	2008 £000
Purchase of intangible fixed assets	(1,004)	-
Purchase of tangible fixed assets	(776)	(737)
	<u>(1,780)</u>	<u>(737)</u>

(vi) Financing

	2009 £000	2008 £000
Repayment of hire purchase debt	(175)	(270)
	<u>(175)</u>	<u>(270)</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain tangible fixed assets

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of Tunstall Healthcare Group Limited which prepares consolidated financial statements which are publicly available. These financial statements present information about the company as an individual undertaking and not about its group.

Related party transactions

The company is a wholly owned subsidiary of Tunstall Healthcare Group Limited and has taken advantage of the exemption within FRS 8 not to disclose transactions with entities that are part of that group, as the financial statements of that company are publicly available.

Tangible fixed assets and depreciation

Freehold property is stated at revalued amounts less accumulated depreciation. Other fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives as follows:

Freehold buildings	-	2% straight line
Plant, fixtures and vehicles	-	10% - 33% straight line

No depreciation is provided on freehold land.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in, first out basis. Work in progress and finished goods include an appropriate proportion of attributable labour and overheads.

Installation contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Payments received on account in excess of work done and work in progress are included within creditors.

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are rather readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise of term deposits of less than one year

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Where the grant is awarded as a contribution towards costs expensed, the grant receivable in the period is matched against costs incurred and credited to the profit and loss account in the period

Turnover

Turnover is stated net of value added tax, trade discounts and returns. Installation income represents the value of work done on contracts within the year. Maintenance and monitoring income is recognised on a straight line basis over the contract life. Rental income is recognised on a straight line basis over the period of the lease. All other sales are recognised on despatch or on the transfer of legal title

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. 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

Pension costs

The company participates in the Tunstall Group Limited Pension Scheme, which is a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Because the company is unable to identify its share of the scheme assets on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if it were a defined contribution scheme

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Research and development expenditure

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are not expected to exceed related future sales and adequate resources exist to enable the project to be completed

Expenditure not meeting this criteria is written off to the profit and loss account in the year in which it is incurred

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences, except as otherwise required by FRS 19

Notes (continued)

2 Segmental information

Since the company has only one principal business, no segmental information is presented by class of business. All turnover originates in the United Kingdom.

	2009 £000	2008 £000
<i>Analysis of turnover by country of destination</i>		
United Kingdom	71,037	68,110
Other European countries	14,226	22,850
Rest of the world	1,111	2,478
	<u>86,374</u>	<u>93,438</u>

3 Costs and overheads

	2009 £000	2008 £000
Movement in stocks	991	8
Raw materials and consumables	32,382	36,124
Other external charges	8,056	10,304
Staff costs	17,945	17,285
Depreciation	1,186	1,228
	<u>60,560</u>	<u>64,949</u>

4 Profit on ordinary activities before taxation

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Research and development costs	2,258	2,982
Operating lease rentals		
Land and buildings	92	111
Motor vehicles	1,550	1,307
	<u>2,258</u>	<u>2,982</u>

Audit fees of £80,000 (2008 £78,500) were borne by the parent company, Tunstall Group Limited.

Notes (continued)

5 Remuneration of directors

The directors received the following emoluments for their services to the company and its subsidiaries

	2009 £000	2008 £000
Directors' emoluments	298	211
Pension contributions in respect of money purchase schemes	20	11
	<u>318</u>	<u>222</u>
Highest paid director Emoluments	<u>189</u>	<u>84</u>

Two directors (2008 four) accrued benefits under the group's defined benefit pension scheme in respect of qualifying services during the year. Two directors (2008 two) accrued benefits under defined contribution schemes

6 Staff numbers and costs

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

	Number of employees	
	2009	2008
Production and distribution	410	432
Sales and administration	196	187
Research and development	28	28
	<u>634</u>	<u>647</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	15,668	15,124
Social security costs	1,507	1,478
Other pension costs	770	683
	<u>17,945</u>	<u>17,285</u>

7 Interest receivable and similar income

	2009 £000	2008 £000
Bank interest	28	94
Interest from parent undertakings	2,022	921
Currency gains	934	-
	<u>2,984</u>	<u>1,015</u>

Notes *(continued)*

8 Interest payable and similar charges

	2009 £000	2008 £000
On hire purchase contracts	24	33

9 Taxation

Analysis of charge in year

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current year	8,693	8,976
Adjustments in respect of prior years	(98)	-
	<u>8,595</u>	<u>8,976</u>
<i>Deferred tax</i>		
Current year	(274)	(87)
Adjustments in respect of prior years	(215)	(76)
	<u>(489)</u>	<u>(163)</u>
Total tax charge	<u>8,106</u>	<u>8,813</u>

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (*2008 higher*) than the standard rate of corporation tax in the UK of 28% (*2008 29%*). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	28,774	29,471
	<u>28,774</u>	<u>29,471</u>
Current tax at 28% (<i>2008 29%</i>)	8,057	8,547
<i>Effects of</i>		
Expenses not deductible for tax purposes	361	73
Capital allowances less than depreciation	242	356
Other timing differences	33	-
Adjustments in respect of prior years	(98)	-
	<u>538</u>	<u>429</u>
Total current tax charge (see above)	<u>8,595</u>	<u>8,976</u>

Factors affecting future tax charges

The tax charge in future periods will be affected by the group's ability to utilise its deferred tax asset as set out in note 18

Notes (continued)

10 Intangible fixed assets

	Research and development expenditure £000
<i>Cost</i>	
At beginning of year	-
Additions	1,004
	<hr/>
At end of year	1,004
	<hr/> <hr/>
<i>Amortisation</i>	
At beginning and end of year	-
	<hr/> <hr/>
<i>Net book value</i>	
At 30 September 2009	1,004
	<hr/> <hr/>
At 30 September 2008	-
	<hr/> <hr/>

The capitalised research and development expenditure of £1,004,000 relates to the development of a technical and architectural framework which will allow the business to develop the next generation of platforms capable of both meeting and setting the standards within the health and social care environment across the world

The project is ongoing and is expected to be completed in early 2010 and, as such, no amortisation has been charged in the year. Once completed, the project costs will be amortised over four years, being the expected useful economic life of the first generation of products to which it relates

11 Tangible fixed assets

	Freehold property £000	Plant, fixtures and vehicles £000	Total £000
<i>Cost or valuation</i>			
At beginning of year	5,427	18,722	24,149
Additions	-	776	776
Transfers	-	394	394
	<hr/>	<hr/>	<hr/>
At end of year	5,427	19,892	25,319
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of year	1,112	16,147	17,259
Charge for year	139	1,047	1,186
Transfers	-	155	155
	<hr/>	<hr/>	<hr/>
At end of year	1,251	17,349	18,600
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 30 September 2009	4,176	2,543	6,719
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2008	4,315	2,575	6,890
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Tangible fixed assets (continued)

Included within plant, fixtures and vehicles are assets held under finance leases with a net book value of £122,000 (2008 £302,000) The depreciation charge for the year on these assets was £180,000 (2008 £270,000) During the year, ownership of certain fixed assets previously held under finance leases transferred to the company

Asset transfers in the year represent Local Hosted PNC5 Equipment previously shown within debtors

Freehold property was revalued on 31 March 1998 by Knight Frank, Chartered Surveyors, on an open market basis If freehold property had not been revalued, it would have been included on an historical cost basis as follows

	2009 £000	2008 £000
Cost	5,222	5,222
Accumulated depreciation	(1,683)	(1,578)
	<u>3,539</u>	<u>3,644</u>

12 Fixed asset investments

The company owns the entire issued share capital of the following companies, all of which are dormant companies registered in England and Wales

Tunstall Central Services Limited
 Tunstall International Limited
 Tunstall Electronics Limited
 Tunstall Response Limited

13 Stocks

	2009 £000	2008 £000
Raw materials	1,001	322
Work in progress	1,240	1,849
Contract work in progress	1,289	2,583
Finished goods	4,360	4,127
	<u>7,890</u>	<u>8,881</u>

Notes (continued)

14 Debtors

	2009 £000	2008 £000
Due within one year		
Trade debtors	9,576	13,951
Amounts recoverable on contracts	-	2,687
Amounts owed by other group undertakings	45,014	31,045
Prepayments	1,192	1,071
Due after one year		
Deferred tax (see note 18)	1,671	1,182
	<u>57,453</u>	<u>49,936</u>

Included within amounts owed by other group undertakings are certain loans which are repayable on demand and bear interest at a rate which reflects the cost of borrowing of the group

During the year, the company aligned its invoicing policy on contract work in progress with the revenue recognition policy. As a result, the amount recoverable on contracts is £Nil (2008 £2,687,000)

15 Creditors amounts falling due within one year

	2009 £000	2008 £000
Obligations under hire purchase contracts (see note 17)	124	168
Trade creditors	3,886	6,016
Amounts owed to other group undertakings	5,379	2,139
Corporation tax	8,691	8,976
Other taxes and social security	1,126	1,554
Accruals and deferred income	8,821	7,175
	<u>28,027</u>	<u>26,028</u>

Amounts owed to other group undertakings are repayable on demand and bear interest at a rate which reflects the cost of borrowing of the group

16 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Obligations under hire purchase contracts (note 17)	<u>10</u>	<u>141</u>

17 Obligations under hire purchase agreements

	2009 £000	2008 £000
Amount payable		
Within one year	124	168
Within two to five years	10	141
	<u>134</u>	<u>309</u>

These borrowings are secured on the assets to which they relate

Notes (continued)

18 Provisions for liabilities and charges

	Warranty provision £000	Deferred tax £000
At beginning of year	481	(1,182)
Utilised	(481)	-
Charge to the profit and loss account in the year	598	(489)
	<hr/>	<hr/>
At end of year	598	(1,671)
	<hr/> <hr/>	<hr/> <hr/>

Warranty provisions relate to warranties provided as part of product sales in respect of which liabilities exist for the following year

The company has the following recognised deferred tax assets (at 28%)

	Recognised	
	2009 £000	2008 £000
Excess book depreciation over tax allowances on fixed assets	1,503	1,056
Other timing differences	168	126
	<hr/>	<hr/>
	1,671	1,182
	<hr/> <hr/>	<hr/> <hr/>

There are no unrecognised deferred tax assets

The utilisation of deferred tax assets relies on a number of factors including the future profitability of the UK and overseas companies

Current forecasts indicate that recoverability of these amounts will occur within the foreseeable future and, therefore, the deferred tax asset has been recognised as disclosed in note 14

19 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
300 000 ordinary shares of £1 each	300	300
	<hr/>	<hr/>
<i>Allotted, called up and fully paid.</i>		
150,000 ordinary shares of £1 each	150	150
	<hr/>	<hr/>

20 Reserves

	Share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	150	3	714	52,414
Profit for the financial year	-	-	-	20,668
Other movements	-	-	(34)	34
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	150	3	680	73,116
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

21 Equity shareholders' funds

	2009 £000	2008 £000
Opening equity shareholders' funds	53,281	35,118
Profit for the financial year	20,668	20,658
Interim dividend paid	-	(2,500)
Gains on foreign currency translations	-	5
	<u>73,949</u>	<u>53,281</u>
Closing equity shareholders' funds	<u>73,949</u>	<u>53,281</u>

22 Guarantees and other financial commitments

(a) Operating lease commitments

At 30 September 2009, the company had the following commitments outstanding

	Land and buildings		Plant, machinery and vehicles	
	2009 £000	2008 £000	2009 £000	2008 £000
Minimum annual lease rentals under operating leases which expire				
Within one year	-	-	515	479
Within two to five years	49	23	916	854
After five years	88	88	-	-
	<u>137</u>	<u>111</u>	<u>1,431</u>	<u>1,333</u>
	<u>137</u>	<u>111</u>	<u>1,431</u>	<u>1,333</u>

The leases of land and buildings are subject to rent reviews at various intervals specified in the leases

(b) Contingencies

At 30 September 2009, the company had contingent liabilities in respect of performance bonds totalling £428,500 (2008 £500,000) given to certain of its customers by the group's bankers

(c) Security

The assets of the company are pledged by TGH Finance Limited to their bankers as security against loans

Notes (continued)

23 Pension scheme

The company is a member of a larger group wide pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets on a consistent and reasonable basis, as permitted by FRS 17 "Retirement benefits", the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

As at 30 September 2009, the scheme had net liabilities amounting to £9.0 million. The Group are taking steps to manage and reduce this deficit over the forthcoming year.

The latest actuarial valuation was carried out at 6 April 2007 and was updated for FRS 17 purposes to 30 September 2009, by a qualified independent actuary. The regular contributions for the year were £520,000 (2008 £543,000). Contributions for the year ended September 2010 are expected to be £696,000. Employer contribution rates to the defined benefit scheme were 7.20% (2008 8.75% to July 2008, from July 2008 onwards, 7.20%).

The company also paid £250,000 (2008 £140,000) in respect of defined contribution arrangements. The accrued contributions at the end of the financial year were £62,000 (2008 £58,000).

24 Ultimate parent company

The ultimate holding company is Tunstall Healthcare Group Limited.

The results of the company are consolidated into the financial statements of Tunstall Group Limited. The consolidated financial statements of that group may be obtained from Tunstall Group Limited, Whitley Lodge, Whitley Bridge, Yorkshire DN14 0HR or from the Registrar of Companies.

The results of the company are also consolidated into the financial statements of Tunstall Healthcare Group Limited, which are filed with the Registrar of Companies.