

Jackson Lloyd Limited

**Directors' Report and financial
statements**

Registered number 981979

31 December 2008

FRIDAY



A13

AKFEPEC2

23/10/2009

53

COMPANIES HOUSE

Contents

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditor's report to the members of Jackson Lloyd Limited	6
Profit and loss account	8
Statement of total recognised gains and losses	8
Balance sheet	9
Notes	10

Directors' Report

The directors present their Directors' Report and financial statements of the Company for the year ended 31 December 2008.

Business review

The Company's principal activity is that of a building contractor, providing responsive and planned building repair and maintenance services to a wide social housing customer base located in North West England. The majority of customers are public sector bodies or related entities, although the client base also includes housing associations and other private sector customers.

Principal risks and uncertainties

The public sector work stream is determined by UK and local government policy, which requires the provision of decent quality housing stock and its timely repair. The ability of public sector bodies to provide this service is dependent on the continuing availability of adequate funding from central government and from local taxation. If government policy changed, or there were to be a reduction in the funding available to public sector bodies or the scope of their responsibilities, then this could impact on the amount of spend allocated to social housing.

In these circumstances, the anticipated level of turnover derived from this client base could alter. However, in practice shortfalls in one area would be likely to be offset by additional opportunities in others, and there is no evidence that government policy is likely to move away from the provision of decent quality social housing.

In most cases, the Company provides maintenance services under contracts of varying duration, awarded after a thorough tendering process, with contracts typically lasting from one to five years. Each year a proportion of contracts expire but are replaced by new tendering opportunities with both existing and new clients. Our management structure is designed to give equal emphasis to the provision of a quality offering to existing customers and to the winning of new contracts.

Performance and development throughout the year

Following the acquisition of the Company and injection of substantial new working capital in late 2007, and the restructuring of the senior management team, Jackson Lloyd has made progress in a number of areas.

Improvements have been made in both operations and business development during 2008 as outlined below:

- The successful mobilisation of the 5 year £23M partnership with Community Gateway Association, including the establishment of a new, "flagship" branch in Preston.
- The seamless continuation of the long-standing partnership with West Lancashire District Council following the re-award of a further 4 year contract.
- The mid-summer extension of the scope of the Contour Housing contract and subsequent award of a new 5 year partnership for 6 out of 7 areas of the RSL's whole housing stock, with the option to extend for a further 5 years.
- The award and mobilisation of a new 4 year contract with Mosscafe Housing.
- The re-admittance to the GM Procure Framework and the delivery of planned maintenance works.
- The further strengthening of the senior Operations management team with the recruitment of two Operations Directors with a wealth of experience in the sector.
- The restructuring of HR and the Business Development Team, including the recruitment of experienced personnel to the roles of Head of Business Development and Estimator.
- Significant investment has been made during the year in market-leading contract management and workforce scheduling systems. Whilst this investment is on going the new platform has been initially rolled out to all major clients with operational efficiency gains evident. This investment together with further planned investments in 2009 will ensure that Jackson Lloyd will be at the forefront of sector standards in IT systems.
- The smooth inward transfer of 66 employees from Preston City Council under TUPE Regulations, including the conclusion of a successful Trade Union Recognition Agreement, evidences the Company's strength in managing a new contract mobilisations with minimum disruption to all stakeholders; clients, customers and employees.

Directors' Report *(continued)*

Unfortunately, our Finance Director, who joined in November 2007, left the business in June 2009 following a period of ill health. However, the finance team as a whole has been strengthened and restructured with the addition of a new financial controller and an Interim chief financial officer, whilst the Company looks for a permanent replacement FD.

During the year Jackson Lloyd achieved the industry standard accreditations of CHAS and ROSPA. In addition management performed reviews of internal procedures and developed new versions of the following:

- Employee SHE Handbook.
- Safety Health and Environmental Management System.
- 'Selection and Management of Contractors' system.

The strong history of Jackson Lloyd and its approach to the area of Customer & Community has seen:

- Achievement of the TPAS accreditation in the industry-standard tenant participation arena.
- Establishment of Jackson Lloyd Customer Panel and Corporate Social Responsibility Group.
- Delivery of 28 Community Projects across the business, utilising over 700 hours of staff volunteer time across areas of education, elderly, vulnerable and special needs and homeless.
- Delivery of Resident Skills events across 6 Clients, with further events programmed for 2009/10 together with Construction Skills events, encouraging underrepresented groups into construction, primarily females and BME groups.

Planned developments for 2009 are centred on continued improvements in operational efficiency, significant further investment in information technology systems, including the full implementation of Hand-Held Technology for the operational teams, and the establishment of a Resource Management/Call Centre within the Skelmersdale Head-Office to take orders from our clients and schedule workloads directly to our operating teams.

The Directors remain very pleased with progress to date in turning around the performance of the Company. Substantial investment has been made in improving systems which has been rewarded with further long-term contract wins. Notwithstanding the losses incurred in the first full year of the turnaround, the performance of the Company is on track to achieve the goals established when the investment was made.

Dividends

The directors do not recommend payment of a dividend (2007: *£nil*).

Directors

The directors who served the Company during the year or have been appointed since the year end were as follows:

Mr SW Yates
Mr GI MacLeod
Mr WA Lloyd
Mrs JA Spellacy (resigned 23 September 2009)
Mr DJ Batterton (resigned 14 September 2009)
Mr GJ Chisnall
Mr D Williams (appointed 24 January 2008)
Mr S Coe (appointed 24 January 2008)
Mr L G Bainbridge (appointed 24 January 2008 and resigned 3 July 2009)
Mr S Hinshelwood (appointed 18 September 2009)

Disabled employees

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

Directors' Report *(continued)*

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal meetings and the company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors

The directors who held 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mr S Hinshelwood
Director

Unit 2, Paddock Road
Skelmersdale
Lancashire
WN8 9L

15 October 2009

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).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Jackson Lloyd Limited

We have audited the financial statements of Jackson Lloyd Limited for the year ending 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report to the members of Jackson Lloyd Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ken W

KPMG LLP
Chartered Accountants
Registered Auditor

15/10/2009

Profit and loss account
for the year ending 31 December 2008

	<i>Note</i>	Year to 31 December 2008 £000	Nine month period to 31 December 2007 £000
Turnover	<i>1</i>	31,523	20,577
Cost of sales		(25,732)	(14,713)
Gross profit		5,791	5,864
Administrative expenses		(6,030)	(6,943)
Operating loss	<i>2</i>	(239)	(1,079)
Interest receivable	<i>5</i>	71	2
Interest payable and similar charges	<i>6</i>	(210)	(166)
Loss on ordinary activities before taxation		(378)	(1,243)
Tax on profit/(loss) on ordinary activities	<i>7</i>	12	-
Retained loss for the year/period	<i>16</i>	(366)	(1,243)

All amounts relate to continuing operations.

Statement of total recognised gains and losses
for the year ending 31 December 2008

	Year to 31 December 2008 £000	Nine month period to 31 December 2007 £000
Loss for the financial year/period	(366)	(1,243)
Total recognised losses relating to the financial year/period	(366)	(1,243)

Balance sheet
At 31 December 2008

	<i>Note</i>	2008 £000	£000	2007 £000	£000
Fixed assets					
Tangible assets	8		1,592		1,025
			<u>1,592</u>		<u>1,025</u>
Current assets					
Stocks	9	522		249	
Debtors	10	5,714		4,784	
Cash at bank and in hand		768		3,466	
		<u>7,004</u>		<u>8,499</u>	
Creditors: amounts falling due within one year	11	(5,885)		(6,277)	
Net current assets			1,119		2,222
Total assets less current liabilities			2,711		3,247
Creditors: amounts falling due after more than one year	12		(2,241)		(2,411)
Net assets			470		836
Capital and reserves					
Called up share capital	15		534		534
Profit and loss account	16		(64)		302
Equity shareholders' funds	17		470		836

The financial statements were approved by the board of directors on 23 September 2009 and were signed on its behalf by:



Mr S Hinshelwood
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual and not about its group.

Under Financial Reporting Standard ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The financial statements have been prepared on a Going Concern basis.

Whilst the business made a loss after tax in the year of £366,000 the Directors, as noted in the Directors Report, remain optimistic about the long term prospects of the business.

As a result of the losses incurred the Company breached certain covenants set by its bank in relation to its borrowings. The Company's bank confirmed in writing that these breaches were waived. It also confirmed it will continue to provide facilities in line with the Company's forecasts.

On the basis of the above considerations the Directors consider that the Going Concern assumption is appropriate as a basis of preparation of these financial statements.

Related party transactions

The directors have taken advantage of the exemption available on FRS 8 paragraph 3 (c) and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property and investments	- straight line over the period of the lease
Fixtures and fittings	- 33% straight line
Plant and equipment	- 20% reducing balance
Computer equipment	- 20-33% straight line

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period 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 between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of production overheads, where applicable.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the period.

All turnover is derived wholly in the United Kingdom.

Pensions

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in the profit and loss accounts as incurred.

2 Operating loss

Operating loss is stated after charging:

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Depreciation of owned fixed assets	286	130
Auditors' remuneration		
in respect of audit	20	15
in respect of taxation	5	5
Operating lease costs - plant and machinery	53	40
- land and buildings	196	147
Hire of equipment	450	325
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Emoluments receivable	803	392
Value of company pension contributions to defined contribution schemes	38	-
	<u>841</u>	<u>392</u>

Emoluments of highest paid director:

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Total emoluments	230	107
Value of company pension contributions to defined contribution schemes	11	-
	<u>241</u>	<u>107</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Year ended 31 December 2008 No	9 month period ended 31 December 2007 No
Defined contribution schemes	<u>6</u>	<u>-</u>

4 Staff numbers and costs

The average number of staff employed by the company during the financial period/year amounted to:

	Year ended 31 December 2008 No	9 month period ended 31 December 2007 No
Number of production staff	271	238
Number of administrative staff	113	111
	<u>384</u>	<u>349</u>

The aggregate payroll costs of the above were:

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Wages and salaries	9,906	6,235
Social security costs	910	563
Other pension costs	161	-
	<u>10,977</u>	<u>6,798</u>

Notes *(continued)*

5 Interest receivable

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Bank interest	71	2
	<u>71</u>	<u>2</u>

6 Interest payable and similar charges

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Interest payable on bank borrowing	195	164
Amortisation of debt issue costs	15	2
	<u>210</u>	<u>166</u>

7 Taxation

Analysis of charge in year/period

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
In respect of the year:		
UK corporation tax based on the results for the year/period at 28.5% (31 December 2007: 30%)	-	-
Over provision in prior year	(12)	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
	<u>(12)</u>	<u>-</u>

Notes (continued)

7 Taxation (continued)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (31 December 2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £000	9 month period ended 31 December 2007 £000
Loss on ordinary activities before taxation	(366)	(1,243)
Loss on ordinary activities by rate of tax	(104)	(373)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	23
Depreciation in excess of capital allowances	12	20
Losses carried forward	88	330
Overprovision in respect of prior year	(12)	-
Total current tax	(12)	-

No deferred tax assets have been recognised in either year due to the uncertainty over the ability to utilise losses against future profits.

8 Tangible fixed assets

	Leasehold property improvements £000	Fixtures & fittings £000	Total £000
<i>Cost</i>			
At beginning of period	983	354	1,337
Additions	28	825	853
At end of period	1,011	1,179	2,190
<i>Depreciation</i>			
At beginning of period	132	180	312
Charged in period	77	209	286
At end of period	209	389	598
<i>Net book value</i>			
At 31 December 2008	802	790	1,592
At 31 December 2007	851	174	1,025

9 Stocks

	2008 £000	2007 £000
Raw materials and consumables	522	249

Notes (continued)

10 Debtors

	2008 £000	2007 £000
Trade debtors	2,883	2,829
Amounts recoverable on contracts	2,411	1,613
Other debtors	132	86
Directors' current accounts	-	34
Prepayments and accrued income	276	141
Corporation tax recoverable	-	81
Amounts due from group undertakings	12	-
	<u>5,714</u>	<u>4,784</u>

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdrafts	185	-
Trade creditors	3,739	1,739
Amounts owed to group undertakings	50	191
Other taxation and social security	872	2,084
Other creditors	7	29
Accruals and deferred income	1,032	2,234
	<u>5,885</u>	<u>6,277</u>

12 Creditors: amounts falling due in more than one year

	£000	£000
Bank loans and overdrafts	2,300	2,500
Debt issue costs	(59)	(89)
	<u>2,241</u>	<u>2,411</u>

Bank loans

Including within bank loans are the following amounts which are repayable by instalments:

	£000	£000
Instalments payable		
Within one year	200	-
Between one and two years	400	200
Between two and five years	1,900	1,700
After five years	-	600
Debt issue costs	(74)	(89)
	<u>2,426</u>	<u>2,411</u>

The term loan of £2,500,000 is repayable by quarterly instalments, commencing March 2009. Interest is charged at 2.25% above LIBOR. The loan is secured on certain assets of the group.

13 Contingent liabilities

The company has issued bonds with a total value of £112,976 outstanding at the period/year end.

Notes (continued)

14 Transactions with the directors

The following amounts were owed by the directors at the period end:

	WA Lloyd £	DJ Cleary £
Balance at the start of the period	9,509	24,493
Balance at the end of the period	-	-
Maximum overdrawn in the period	9,509	24,493

Movements in the year are in respect of provided accounts being written off. There is no interest charged on overdrawn balances and no repayment schedule. All amounts previously provided for have been written off.

15 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
3,504,645 ordinary shares of £1 each	3,505	3,505

	No	2008 £000	No	2007 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	533,717	534	533,717	534

16 Movement in reserves

	Profit and loss account £000
At 1 January 2008	302
Loss for the year	(366)
At 31 December 2008	(64)

17 Reconciliation of movements in equity shareholders' funds

	2008 £000	2007 £000
Loss for the financial year/period	(366)	(1,243)
New share capital subscribed	-	3,450
Cancellation of share capital	-	(2,970)
Transfer to profit and loss reserve	-	2,970
Net addition in shareholders' funds	(366)	2,207
Opening shareholders' funds	836	(1,371)
Closing shareholders' funds	470	836

Notes (continued)

18 Commitments under operating leases

At the year end the Company had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	-	145	-	118
In the second to fifth years inclusive	48	365	48	348
After five years	100	-	100	-
	<u>148</u>	<u>510</u>	<u>148</u>	<u>466</u>

19 Ultimate parent company and parent company

The company is a wholly owned subsidiary undertaking of Jackson Lloyd Group Limited a company registered in England and Wales.

The ultimate parent company is Jackson Lloyd Holdings Limited, a company registered in England and Wales. The consolidated accounts of this group are available to the public and may be obtained from:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ