

LJJ LTD

**FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007**

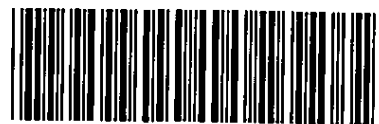
Registered number: 04234695

LYONS & CO

CHARTERED ACCOUNTANTS

STOCKTON-ON-TEES

THURSDAY



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LJJ LTD
FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007

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The following page does not form part of the statutory accounts

Detailed trading and profit
and loss account

Appendices 1 & 2

LJJ LTD**DIRECTORS' REPORT
YEAR ENDED 31 JULY 2007****Report and financial statements**

The directors present their report and the audited financial statements for the year ended 31 July 2007

Principal activity

The principal activity of the company during the year was electrical and mechanical installation contractors

Chairman's report

The company has continued to perform well over the last financial year. The only disappointment throughout the year was a bad debt from a long standing client which has meant that the profit margin this year is below expectations. Had it not been for the bad debt, we believe our results would have been similar to the results that were reported in the previous year. Despite this, we have made full provision within the year's accounts to incorporate all of the bad debt and we look forward to the coming year with enthusiasm and confidence as we have a full order book for the current financial year.

The relationship with our clients has continued to strengthen over the past year. As a result we are now carrying out increased workloads for our partnered/preferred clients. We have recently strengthened our infrastructure to accommodate the increased turnover. Our relationship with our supply chain has remained strong and is an important factor for the continued success we have again achieved during the current year. We would like to thank our suppliers and sub-contractors for the continued contribution and co-operation we have received throughout the year.

The main goals for the company for the current year are to continue to provide our clients with the high level of service they have experienced over the previous years whilst maintaining the efficiencies which LJJ have developed to enable the benefits to be enjoyed by our clients.

Finally may I take this opportunity to thank all our operatives and staff for the continued excellent performance maintained throughout the year. It is encouraging that we go into the new financial year with high expectations of enjoying our working environment and continuing a successful relationship with our clients.

Results and dividends

The results for the year are shown in the profit and loss account on page 4.

Dividends of £390,000 were paid during the year. The retained loss for the year of £95,176 to be transferred to reserves.

The company's balance sheet as detailed on page 5 shows a satisfactory position with shareholders' funds amounting to £1,133,201.

Fixed assets

Changes in fixed assets during the year are set out in notes 5 and 6 to the financial statements.

LJJ LTD

**DIRECTORS' REPORT
YEAR ENDED 31 JULY 2007**

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 July 2007			31 July 2006		
	Ordinary Shares			Ordinary Shares		
	A Shares	B Shares	C Shares	A Shares	B Shares	C Shares
Mr I R Rennison	70,000	45	-	70,000	45	-
Mr B Osborne	-	-	10	-	-	10
Mr R Wiffen	5,000	5	10	5,000	5	10
Mr S Livesey	5,000	5	10	5,000	5	10
Mr L Rennison	-	-	-	-	-	-
	<u>80,000</u>	<u>55</u>	<u>30</u>	<u>80,000</u>	<u>55</u>	<u>30</u>

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that financial statements comply with the Companies Act 1985. They are also responsible for safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no information relevant to the audit of which the directors are unaware and the directors have taken the necessary steps to ensure they are aware of all relevant audit information and make sure the auditors are aware of it.

Events since the end of the year

There have been no material post balance sheet events.

Auditors

A resolution to re-appoint the auditors, Lyons & Co, and to authorise the directors to agree their remuneration will be proposed at the forthcoming Annual General Meeting.

**Signed on behalf of the
board of directors:**


Mr B Osborne
Company Secretary

22 October 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LJJ LTD

We have audited the financial statements of LJJ Ltd for the year ended 31 July 2007 which comprise the profit and loss account, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely for 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 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 described in the directors' report the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement 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.

Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985. The information given in the directors' report is consistent with the financial statements.

STOCKTON-ON-TEES

22 October 2007


LYONS & CO
Chartered Accountants and
Registered Auditors

LJJ LTD

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2007

		2007	2006
		£	£
	Notes		
Turnover	1	10,335,129	7,587,113
Cost of sales		<u>(8,095,487)</u>	<u>(5,545,175)</u>
Gross profit		2,239,642	2,041,938
Operating expenses			
Administrative expenses		(1,398,994)	(1,246,595)
Exceptional item - bad debts	2	<u>(456,675)</u>	<u>-</u>
Operating profit	2A	383,973	795,343
Bank interest receivable		22,593	35,449
Hire purchase interest payable		<u>(4,648)</u>	<u>(4,288)</u>
Profit on ordinary activities before taxation		401,918	826,504
Taxation	4	<u>(107,094)</u>	<u>(246,736)</u>
Profit on ordinary activities after taxation		294,824	579,768
Dividends		<u>(390,000)</u>	<u>-</u>
Retained (Loss)/profit for the year		(95,176)	579,768
Retained profit brought forward		<u>1,128,217</u>	<u>548,449</u>
Retained profit carried forward		<u><u>1,033,041</u></u>	<u><u>1,128,217</u></u>

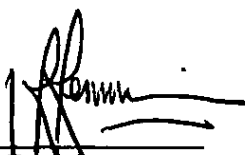
None of the company's activities were acquired or discontinued during the above financial year. All income and expenses are for continuing operations.

There are no recognised gains or losses in 2007 or 2006 other than the profit for the year.

LJJ LTD
BALANCE SHEET
AS AT 31 JULY 2007

	Notes	2007	2006
		£	£
Fixed assets			
Tangible assets	5	217,173	317,547
Investments	6	<u>36,000</u>	<u>20,000</u>
		253,173	337,547
Current assets			
Debtors	7	2,394,561	1,763,730
Cash and bank		<u>276,366</u>	<u>711,216</u>
		2,670,927	2,474,946
Creditors: amounts falling due within one year	8	<u>(1,774,521)</u>	<u>(1,526,500)</u>
Net current assets		896,406	948,446
Total assets less current liabilities		1,149,579	1,285,993
Creditors: amounts falling due after more than one year	9	(16,378)	(53,923)
Provisions for liabilities and charges	10	-	(3,693)
Net assets		<u>1,133,201</u>	<u>1,228,377</u>
Capital and reserves			
Called up share capital	11	100,160	100,160
Profit and loss account		<u>1,033,041</u>	<u>1,128,217</u>
Total shareholders' funds		<u>1,133,201</u>	<u>1,228,377</u>

The financial statements were approved by the board of directors on 22 October 2007 and signed on its behalf by



Mr I R Rennison
Director

LJJ LTD

CASH FLOW STATEMENT
YEAR ENDED 31 JULY 2007

	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	383,973	795,343
Depreciation	113,180	93,562
(Profit)/loss on disposal of fixed assets	(744)	6,010
Decrease(Increase) in stocks	-	1,170
(Increase)/decrease in debtors	(678,217)	1,100,891
Increase/(decrease) in creditors	384,428	(859,139)
Net cash inflow from operating activities	<u>202,620</u>	<u>1,137,837</u>

Cash Flow Statement

Net cash inflow from operating activities	202,620	1,137,837
Returns on investments and servicing of finance		
- Interest received	22,593	35,449
- Dividends	(390,000)	(375,000)
Interest paid	(4,648)	(4,288)
Taxation	(247,449)	(213,618)
Capital expenditure		
- payment to acquire intangible fixed assets	(16,000)	(20,000)
- payment to acquire tangible fixed assets	(38,063)	(212,231)
- Receipts from disposal of tangible fixed assets	26,000	69,300
Financing		
- Hire purchase advances	-	68,162
Loan advances	47,405	(95,900)
Debt due after one year		
- Capital element of hire purchase	(37,308)	(47,188)
(Decrease)/ Increase in cash in year	<u>(434,850)</u>	<u>342,523</u>

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash during the year	(434,850)	342,523
Net funds at 1 August 2006	711,216	368,693
Net funds at 31 July 2007	<u>276,366</u>	<u>711,216</u>

LJJ LIMITED**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007****1 Accounting policies****Basis of accounting**

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

Depreciation

Depreciation of fixed assets is calculated to write off their cost over their estimated useful lives as follows

Fixtures and fittings	10% to 33% reducing balance
Motor vehicles	25% reducing balance

Lease and hire purchase agreements

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at cost or the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the contract on a straight line basis.

Rentals paid under operating leases are charged to income as incurred.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences arising from items included in the profit and loss account in periods different from those in taxation computations.

Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts, monies received in advance and value added tax.

LJJ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007

2 Exceptional Items - Bad Debts

During the year a major customer went into liquidation owing the company £456,675 excluding vat. The company's charge to Corporation Tax is reduced by approximately £150,000 due to the bad debt.

2A Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	80,305	76,492
- held under hire purchase	32,874	17,070
Hire of plant and machinery	89,213	46,087
(Profit)/loss on sale of tangible fixed assets	(744)	6,010
Auditors remuneration	<u>4,750</u>	<u>4,500</u>

3 Staff and directors

	2007	2006
	£	£
Bonuses	105,245	95,675
Wages and salaries	1,381,348	1,058,496
Employers national insurance	144,612	120,947
Pensions (defined contribution scheme)	<u>5,935</u>	<u>12,039</u>
	<u>1,637,140</u>	<u>1,287,157</u>

The average number of people employed during the year was

	Number	Number
Office and management	16	16
Mechanical and electrical	<u>28</u>	<u>21</u>
	<u>44</u>	<u>37</u>

Directors' emoluments

	£	£
Fees	225,833	227,000
Bonuses	44,500	76,200
Benefits in kind	49,728	37,855
Pensions (defined contribution scheme)	<u>5,935</u>	<u>12,039</u>
	<u>325,996</u>	<u>353,094</u>

The highest paid director received £83,395 in salary and bonus and £2645 in pension contributions. Pension payments are made in respect of two directors.

LJJ LTD

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007

4 Taxation	2007	2006
	£	£
Corporation tax on the profit from ordinary activities at 24.3% (2006 28.1%)		
- current year	116,911	253,573
- previous year	(6,124)	-
Deferred taxation credit	(3,693)	(6,837)
	<u>107,094</u>	<u>246,736</u>

5 Tangible fixed assets	Fixtures, fittings and equipment	Motor Vehicles	Total
	£	£	£
Cost			
At 1 August 2006	56,488	360,858	417,346
Additions	9,110	28,953	38,063
Disposals	-	(43,640)	(43,640)
At 31 July 2007	<u>65,598</u>	<u>346,171</u>	<u>411,769</u>
Depreciation			
At 1 August 2006	27,276	72,523	99,799
Charge for year	13,472	99,708	113,180
Disposals	-	(18,383)	(18,383)
At 31 July 2007	<u>40,748</u>	<u>153,848</u>	<u>194,596</u>
Net book amount			
At 31 July 2007	<u>24,850</u>	<u>192,323</u>	<u>217,173</u>
At 31 July 2006	<u>29,212</u>	<u>288,335</u>	<u>317,547</u>

Motor vehicles held under hire purchase contracts are included above with owned assets and had a net book value at 31 July 2007 of £75,553 (2006 £108,428)

6 Investments	2007	2006
	£	£
Investment fund	<u>36,000</u>	<u>20,000</u>

Monies have been invested in a balanced investment fund administered by a leading life assurance and investment company. The investment is valued at cost.

7 Debtors	2007	2006
	£	£
Amounts falling due within one year		
Trade debtors	2,306,104	1,644,401
Prepayments and accrued income	39,943	23,429
Other loans	48,514	95,900
	<u>2,394,561</u>	<u>1,763,730</u>

LJJ LTD

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2007**

8 Creditors: amounts falling due within one year	2007 £	2006 £
Hire purchase	39,810	39,563
Trade creditors	1,286,143	646,249
Corporation tax	116,911	253,573
Other taxation and social security	162,126	126,777
Accruals and deferred income	64,554	80,513
Receipts in advance	104,969	379,825
	<u>1,774,521</u>	<u>1,526,500</u>

The hire purchase liability is secured on the assets to which it relates

9 Creditors: amounts falling due after more than one year	2007 £	2006 £
Hire purchase	<u>16,378</u>	<u>53,923</u>

10 Provisions for liabilities and charges	2007 £	2006 £
Deferred taxation at 30% in respect of Capital allowances in excess of depreciation		
Brought forward	3,693	10,530
Movement in year	(3,693)	(6,837)
Deferred tax liability carried forward	<u>-</u>	<u>3,693</u>

11 Called up share capital	2007 £	2006 £
Authorised		
'A' Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
'B' Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
'C' Ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted called up and fully paid		
'A' Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
'B' Ordinary shares of £1 each	<u>100</u>	<u>100</u>
'C' Ordinary shares of £1 each	<u>60</u>	<u>60</u>

Voting rights are only attached to 'A' Ordinary shares

12 Controlling interest

During the year the company was controlled by Mr I Rennison