

# **Hudson Electronic Systems Limited**

## **Annual report and financial statements**

### **for the year ended 30 June 2008**

**Registered Number 04512219**

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# **Hudson Electronic Systems Limited**

## **Annual report and financial statements for the year ended 30 June 2008**

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# **Hudson Electronic Systems Limited**

## **Directors and advisors**

### **Directors**

C A Cheshire

N S Williams

P J Rushent

### **Secretary**

N S Williams

### **Registered office**

Kinetics House

181-189 Garth Road

Morden

Surrey

SM4 4LL

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

First Point

Buckingham Gate

Gatwick

RH6 0PP

### **Registered number**

04512219



# Hudson Electronic Systems Limited

## Directors' report for the year ended 30 June 2008

The directors present their report and the audited financial statements of the company for the year ended 30 June 2008. The comparative period in these financial statements is the eighteen month period ended 30 June 2007.

### Business review and principal activities

The principal activity of the company is as a non-trading holding company.

The company did not trade during the year.

### Future developments

The results for the year and the financial position at the period end were considered satisfactory. The company will continue as a non trading intermediate holding company in the next financial year.

### Results and dividends

The company's profit for the financial year was £181,751 (2007: £640,703). The directors do not recommend the payment of a final dividend (2007: £nil).

### Principle risks and uncertainties

Risk and uncertainty is an integral part of operating in a commercial environment. The company is a wholly owned subsidiary of Kinetics Group Limited (see note 12). At an operating level, the company as a non-trading, intermediate holding company applies the group wide policies as far as is practically possible. Kinetics Group companies mitigate their principal risks by utilising a balanced scorecard approach to measuring and defining business objectives coupled with the utilisation of a risk register to identify and prioritise risk management and develop appropriate action plans to minimise potential impact. The company operates under a scheme of delegation which clearly defines the levels of authorisation covering all key areas of the business. Compliance with the scheme of delegation and review of the risk registers is tested by our internal processes of 'peer-on-peer' review.

### Financial risk management

Cash flow is a key driver within the Kinetics Group. Cash flow risk is mitigated at group level by Board monitoring and control on a daily, weekly and monthly basis. Liquidity risk, commodity price risk, credit risk and interest rate risk are also considered and mitigated at group level, however given the size of the company's operations, the directors consider the costs of managing such exposure for this non-trading holding company, exceed any potential benefits. The company's principal financial instruments comprise intercompany trade debtors that arose directly from its operations, which represent the company's maximum exposure to credit risk in relation to financial assets.

### Directors

The following directors held office during the year and up to the date of the signing of the financial statements are stated below:

P A Teese	(Resigned 30 November 2007)
N S Williams	(Appointed 30 November 2007)
C A Cheshire	
P J Rushent	(Appointed 1 May 2008)

# Hudson Electronic Systems Limited

## Directors' report for the year ended 30 June 2008 (continued)

### Environment

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. During the year the company has not incurred any fines or penalties or been investigated for any breach of environmental regulations. Our environmental commitments are underlined by our environmental accreditations where the Kinetics Group Limited is accredited to the internationally recognised environmental standard ISO 14001.

### Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual 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 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). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

At the date of approval of this report each of the company's directors, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

# Hudson Electronic Systems Limited

## Directors' report for the year ended 30 June 2008 (continued)

### Auditors

On 18 July 2008 Grant Thornton UK LLP resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill a casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the forthcoming Annual General Meeting.

### By order of the Board



**N S Williams**

**Director**

30 APRIL 2009





# **Hudson Electronic Systems Limited**

## **Independent auditors' report to the members of Hudson Electronic Systems Limited**

We have audited the financial statements of Hudson Electronic Systems Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.


# Hudson Electronic Systems Limited

## Independent auditors' report to the members of Hudson Electronic Systems Limited (continued)

### 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 30 June 2008 and of its result 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.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
Gatwick

30 April 2009

# Hudson Electronic Systems Limited

## Profit and loss account for the year ended 30 June

	Note	12 months ended 30 June 2008 £	18 months ended 30 June 2007 £
Other interest receivable and similar income	3	-	822,455
<b>Profit on ordinary activities before taxation</b>		-	822,455
Tax on profit on ordinary activities	4	181,751	(181,752)
<b>Profit for the financial year/period</b>	10	181,751	640,703

The profit and loss account has been prepared on the basis that all operations are continuing.

There are no recognised gains and losses other than stated in the profit and loss account.  
Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year/period stated above and their historical cost equivalents.

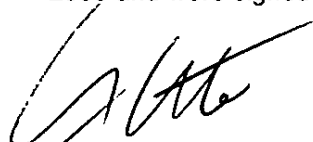


# Hudson Electronic Systems Limited

## Balance sheet as at June 2008

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Investments	5	15,001	15,001
<b>Current assets</b>			
Debtors	6	561,506	552,515
		561,506	552,515
<b>Creditors:</b> amounts falling due within one year	7	-	(172,760)
<b>Net current assets</b>		561,506	379,755
<b>Net assets</b>		576,507	394,756
<b>Capital and reserves</b>			
Called up share capital	8	950	950
Share premium account	9	24,550	24,550
Profit and loss account	9	551,007	369,256
<b>Total shareholders' funds</b>	10	576,507	394,756

The financial statements on pages 7 to 13 were approved by the board of directors on 30 April 2009 and were signed on its behalf by:



**C A Cheshire**  
Director



**P J Rushent**  
Director

# **Hudson Electronic Systems Limited**

## **Notes to the financial statements for the year ended 30 June 2008**

### **1 Accounting policies**

#### **Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

#### **Cash flow and related party disclosures**

The company is a wholly owned subsidiary of Kinetics Group Limited and included in the consolidated financial statements of Kinetics Holdings Limited, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1. The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Kinetics Holdings Limited group.

#### **Investments**

Investments held as fixed assets are stated at cost plus incidental expenses less provision for any diminution in value.

#### **Taxation**

Corporation tax, where payable, is provided on taxable profits at the current rate.

### **2 Employee information**

There were no employees other than executive directors during the year, (2007: nil) and there were no costs associated with these employees (2007: nil).

### **3 Interest receivable and similar income**

Other income of £822,455 in 2007 related to a favourable settlement of a third party debtor balance during the year.

# Hudson Electronic Systems Limited

## Notes to the financial statements for the year ended 30 June 2008 (continued)

### 4 Tax on the profit on ordinary activities

	2008 £	2007 £
Current tax:		
UK corporation tax on profits for the year/period	-	181,752
Adjustments in respect of previous periods	<u>(181,751)</u>	<u>-</u>
Total current tax	<u>(181,751)</u>	<u>181,752</u>
Total tax on profit on ordinary activities	<u>(181,751)</u>	<u>181,752</u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below.

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>-</u>	<u>822,455</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 29.5% (2007: 19%)	-	246,737
Effects of:		
Small company relief	-	(5,504)
Adjustments to tax charge in respect of previous period	<u>(181,751)</u>	<u>-</u>
Group relief	<u>-</u>	<u>(59,481)</u>
Current tax (credit)/charge for the year/period	<u>(181,751)</u>	<u>181,752</u>

The standard rate of Corporation Tax in the UK changed to 28% with effect from 1 April 2008.



# Hudson Electronic Systems Limited

## Notes to the financial statements for the year ended 30 June 2008 (continued)

### 5 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 July 2007	15,001
<b>At 30 June 2008</b>	<b>15,001</b>

Additional information on the subsidiary undertaking, which is incorporated in England and Wales is as follows:

Name	Class of Shares held	Holding of issued shares %	Principal activity
Hudson Engineering Services Limited	Ordinary	100	Electrical, security and general building services

### 6 Debtors

	2008 £	2007 £
Amounts owed by parent and fellow subsidiary undertakings	379,755	552,515
Corporation tax recoverable	181,751	-
	<b>561,506</b>	<b>552,515</b>

Amounts owed by parent and fellow subsidiary undertakings are non-interest bearing, have no fixed repayment date and have no security attached to them.

### 7 Creditors: amounts falling due within one year

	2008 £	2007 £
Corporation tax	-	172,760
	<b>-</b>	<b>172,760</b>

# Hudson Electronic Systems Limited

## Notes to the financial statements for the year ended 30 June 2008 (continued)

### 8 Share capital

	2008 £	2007 £
<b>Authorised</b>		
500 'A' ordinary shares of £1 each (2007: 500)	500	500
450 'B' ordinary shares of £1 each (2007: 450)	450	450
50 'C' ordinary shares of £1 each (2007: 50)	50	50
	<u>1,000</u>	<u>1,000</u>
<b>Allotted and fully paid</b>		
500 'A' ordinary shares of £1 each (2007: 500)	500	500
450 'B' ordinary shares of £1 each (2007: 450)	400	400
50 'C' ordinary shares of £1 each (2007: 50)	50	50
	<u>950</u>	<u>950</u>

The above share classes rank pari passu in all respects.

### 9 Reserves

	Share premium £	Profit and loss account £
At 1 July 2007	<u>24,550</u>	<u>369,256</u>
At 30 June 2008	<u>24,550</u>	<u>551,007</u>

### 10 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year/period	181,751	640,703
Opening shareholders' funds/(deficit)	394,756	(220,947)
Buy back of share capital	-	(25,000)
Closing shareholders' funds	<u>576,507</u>	<u>394,756</u>

On 8 March 2007 the company bought back 50 £1 'B' Ordinary shares for £25,000. As a result of this transaction £29,950 was deducted from the Share Premium account.

# **Hudson Electronic Systems Limited**

## **Notes to the financial statements for the year ended 30 June 2008 (continued)**

### **11 Contingencies and commitments**

The company has entered into an unlimited cross guarantee with its parent company and fellow subsidiaries and a legal mortgage and mortgage debenture in relation to banking facilities with Yorkshire Bank plc. At 30 June 2008 borrowings subject to this guarantee amounted to £3,160,085 (2007: £7,462,440).

### **12 Intermediate and ultimate parent undertaking**

The immediate parent undertaking is Kinetics Group Limited. The ultimate parent undertaking and the controlling party is Kinetics Holdings Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Kinetics Holding Limited consolidated financial statements can be obtained from the Company Secretary at Kinetics House, 181-189 Garth Road, Morden, Surrey, SM4 4LL.

### **13 Ultimate controlling party**

The directors do not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Partners LLP have an interest of 80% in the equity share capital of Kinetics Holdings Limited at 30 June 2008.