
CLM ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007



CLM ENGINEERING SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

N J Earley
R Empson

COMPANY SECRETARY

N Earley

COMPANY NUMBER

01685136

REGISTERED OFFICE

82 Hampton Road West
Hanworth
Middlesex
TW13 6DZ

AUDITORS

Barnes Roffe LLP
Chartered Accountants and Registered Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

CLM ENGINEERING SERVICES LIMITED

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CLM ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- 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 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.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of plant and machinery maintenance specialists.

DIRECTORS

The directors who served during the year were:

N J Earley
R Empson

At 31 December 2007, the company is a wholly owned subsidiary of CLM Limited, a company controlled by the directors, N J Earley and R W Empson.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any 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.

CLM ENGINEERING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

AUDITORS

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on *16th April, 2009* and signed on its behalf.



N Earley
Secretary

CLM ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLM ENGINEERING SERVICES LIMITED

We have audited the financial statements of CLM Engineering Services Limited for the year ended 31 December 2007, set out on pages 5 to 13. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 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

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).

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 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.

However, with respect to stock having a carrying value of £517,207 at 31 December 2007 and 2006, the evidence available to us was limited because we were unable to confirm that the company's stock value has been properly calculated in accordance with the company's accounting policy. The company's stock principally comprises an accumulation of engineering service parts and machinery spares which in a number of cases have been held for a number of years and by their nature can be slow moving. Owing to the historic nature of this stock, it has not been possible to obtain sufficient evidence as to the cost of these items or to establish whether a reasonable provision has been made against the carrying value of each stock item to take account of its age since purchase and its slow moving nature.

CLM ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLM ENGINEERING SERVICES LIMITED

Also with regard to work in progress valued at £309,877 at 31 December 2007, the evidence available to us was limited because we were unable to confirm that the company's work in progress has been properly calculated in accordance with the company's accounting policy due to the fact that we were unable to determine from the accounting records whether the cost of such work in progress was accurate. Because of the potential significance of these items, we have been unable to form a view on the financial statements.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION: Disclaimer on view given by the financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether proper accounting records have been maintained.

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements.



BARNES ROFFE LLP

Chartered Accountants and Registered Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Date: 20-04-09

CLM ENGINEERING SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
TURNOVER		2,086,866	3,516,860
Cost of sales		(1,529,828)	(2,579,091)
GROSS PROFIT		557,038	937,769
Administrative expenses		(808,498)	(1,626,306)
OPERATING LOSS	2	(251,460)	(688,537)
Interest payable		(584)	(29,451)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(252,044)	(717,988)
Tax on loss on ordinary activities	3	-	53,500
LOSS FOR THE FINANCIAL YEAR	11	(252,044)	(664,488)

The notes on pages 8 to 13 form part of these financial statements.

CLM ENGINEERING SERVICES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible fixed assets	4	79,484	123,691
Fixed asset investments	5	-	179
		<u>79,484</u>	<u>123,870</u>
CURRENT ASSETS			
Stocks		827,084	876,097
Debtors	6	882,652	1,351,568
Cash at bank		122,667	69,988
		<u>1,832,403</u>	<u>2,297,653</u>
CREDITORS: amounts falling due within one year	7	<u>(696,330)</u>	<u>(978,922)</u>
NET CURRENT ASSETS		<u>1,136,073</u>	<u>1,318,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,215,557</u>	<u>1,442,601</u>
CREDITORS: amounts falling due after more than one year	8	(2,525,000)	(2,500,000)
PROVISIONS FOR LIABILITIES			
Deferred Tax	9	(949)	(949)
NET LIABILITIES		<u>(1,310,392)</u>	<u>(1,058,348)</u>
CAPITAL AND RESERVES			
Called up share capital	10	825	825
Share premium account	11	8,100	8,100
Other reserves	11	175	175
Profit and loss account	11	(1,319,492)	(1,067,448)
SHAREHOLDERS' DEFICIT		<u>(1,310,392)</u>	<u>(1,058,348)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

CLM ENGINEERING SERVICES LIMITED

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2007**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

16th April, 2009



N J Earley
Director

The notes on pages 8 to 13 form part of these financial statements.

CLM ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

1.2 Going Concern

The financial statements record net liabilities amounting to £1,310,392 which indicates that the company may not be able to continue to trade for the foreseeable future.

The directors are the ultimate shareholders of the company's parent company CLM Limited. They and certain other companies which they control currently intend to continue to support the company until it is in a position to finance itself and start to repay the loans to its parent company. The directors do not expect any substantial loan repayments until at least 2010 when they believe the company will start to generate profit and positive cash flow.

On the basis of the above, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2007).

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.5 Invoice discounting

Trade debtors subject to invoice discounting arrangements are shown gross in accordance with FRS 5 Substance of transactions.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

S/Term Leasehold Property	-	over the length of the lease
Plant & Machinery	-	20% straight line
Motor Vehicles	-	20% straight line
Fixtures & Fittings	-	20% straight line
Office Equipment	-	20% straight line

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

CLM ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (continued)

1.8 Stocks and work in progress

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

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. OPERATING LOSS

The operating loss is stated after charging:

	2007 £	2006 £
Depreciation of tangible fixed assets:		
- owned by the company	48,655	63,005
Auditors' remuneration	5,100	5,000
Pension costs	6,123	19,091
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2006 - £NIL).

3. TAXATION

	2007 £	2006 £
UK corporation tax charge/(credit) on loss for the year	-	(53,500)
	<u> </u>	<u> </u>

CLM ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

3. TAXATION (continued)

Factors affecting tax charge for the year

The company made losses of approximately £252,000 during the period. The taxable losses of approximately £183,000 were lower than the accounting losses by approximately £69,000 due to there being expenses of that amount that were disallowable for corporation tax purposes.

Factors that may affect future tax charges

The company has tax losses available to be carried forward for offset against future profits amounting to approximately £862,000 (2006 - £679,000).

4. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost					
At 1 January 2007	116,324	552,883	61,662	380,970	1,111,839
Additions	19,570	-	-	700	20,270
Disposals	(19,917)	(101,746)	(14,689)	(11,617)	(147,969)
At 31 December 2007	115,977	451,137	46,973	370,053	984,140
Depreciation					
At 1 January 2007	89,225	484,577	52,968	361,378	988,148
Charge for the year	11,990	24,912	1,000	10,753	48,655
On disposals	(10,214)	(101,494)	(9,994)	(10,445)	(132,147)
At 31 December 2007	91,001	407,995	43,974	361,686	904,656
Net book value					
At 31 December 2007	24,976	43,142	2,999	8,367	79,484
At 31 December 2006	27,099	68,306	8,694	19,592	123,691

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 1 January 2007	179
Disposals	(179)
At 31 December 2007	-

CLM ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

6. DEBTORS

	2007 £	2006 £
Trade debtors	817,238	1,281,380
Other debtors	65,414	70,188
	<u>882,652</u>	<u>1,351,568</u>

Trade debts of £817,238 (2006 - £1,281,380) are subject to factoring arrangements.

**7. CREDITORS:
Amounts falling due within one year**

	2007 £	2006 £
Bank loans and overdrafts	-	28,398
Trade creditors	131,814	235,457
Amounts owed to group undertakings	416,767	457,771
Social security and other taxes	131,631	56,873
Other creditors	16,118	200,423
	<u>696,330</u>	<u>978,922</u>

The amount advanced by the company's debt finance provider, included in other creditors, is £Nil (2006 - £154,075), which are secured against the book debts of the company.

**8. CREDITORS:
Amounts falling due after more than one year**

	2007 £	2006 £
Amounts owed to group undertakings	<u>2,525,000</u>	<u>2,500,000</u>

9. DEFERRED TAXATION

	2007 £	2006 £
At 1 January 2007 and 31 December 2007	<u>949</u>	<u>949</u>

CLM ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

9. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	949	949

10. SHARE CAPITAL

	2007 £	2006 £
Authorised		
1,000 'A' ordinary shares of £1 each	1,000	1,000
1,000 'B' ordinary shares of £1 each	1,000	1,000
1,000 'C' ordinary shares of £1 each	1,000	1,000
	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid		
590 'A' ordinary shares of £1 each	590	590
235 'B' ordinary shares of £1 each	235	235
	<u>825</u>	<u>825</u>

The 'A', 'B' and 'C' Ordinary shares allow for different rates of dividend but rank pari passu in all other respects.

11. RESERVES

	Share premium account £	Other reserves £	Profit and loss account £
At 1 January 2007	8,100	175	(1,067,448)
Loss for the year			(252,044)
	<u>8,100</u>	<u>175</u>	<u>(1,319,492)</u>
At 31 December 2007	8,100	175	(1,319,492)

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions for the year amounted to £6,123 (2006 - 19,091).

CLM ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

13. OPERATING LEASE COMMITMENTS

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£	£
Expiry date:		
Between 2 and 5 years	106,418	106,418
After more than 5 years	3,960	3,960

14. RELATED PARTY TRANSACTIONS

During the year the company had the following transactions with its related companies. All the companies are related through common directorship and control.

During the year CLM Limited, the parent company met certain expenses amounting to £1,197,793 (2006 - £2,523,996) on behalf of the company. The amount due in respect of these expenses at the year end amounted to £2,941,767 (2006 - £2,962,737).

During the company made sales of £nil (2006 - £100,000) to Temple Security Limited, a company controlled by the directors N J Earley and R W Empson.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by N J Earley and R W Empson by virtue of their shareholdings in the parent company, CLM Limited.