

Company Registration No 2518921

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**

**DIRECTORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2007**

Milton Avis  
Chartered Accountants  
Registered Auditors  
Wellington Building  
28-32 Wellington Road  
St John's Wood  
London NW8 9SP

WEDNESDAY



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COMPANIES HOUSE

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

M J Meller

D R Meller

J N Curtis FCA

J McGrath ACMA - appointed 2 February 2008

**SECRETARY**

J N Curtis FCA - resigned 2 February 2008

J McGrath ACMA - appointed 2 February 2008

**REGISTERED OFFICE**

Sunderland Road  
Sandy  
Bedfordshire  
SG19 1QY

**AUDITORS**

Milton Avis  
Chartered Accountants  
Registered Auditors  
Wellington Building  
28-32 Wellington Road  
St John's Wood  
London NW8 9SP

**PRINCIPAL BANKERS**

Lloyds TSB plc  
P O Box 72  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

**COMPANY REGISTRATION**

NO: 2518921

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**

**CONTENTS OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

The directors present their report on the affairs of the company together with the financial statements for the above year.

**PRINCIPAL ACTIVITIES**

The principal activity of the company continued to be that of provision of management services, which it re-charges to other group companies.

**RESULTS AND DIVIDENDS**

The results for the period are set out on page 5.

The directors do not recommend the payment of an ordinary dividend ( period ended 31 December 2006 : nil ).

**DIRECTORS AND THEIR INTERESTS**

The following directors have held office since 1 January 2007 :

M J Meller

D R Meller

J N Curtis FCA

**Directors' interests**

There are no directors' interests requiring disclosure under the Companies Act 1985. Their interests in the parent undertaking are disclosed in that company's financial statements.

**STATEMENT OF DISCLOSURE TO AUDITORS**

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2007

**REGISTERED AUDITORS**

Milton Avis, Chartered Accountants, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

**STATEMENT OF 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 then 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;
- 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 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.

**By order of the Board**



J N Curtis FCA  
Director

27 June 2008

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Julius A Meller Management Services Limited for the year ended 31 December 2007 on pages 5 to 17. These financial statements have been prepared under the historical cost convention and 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**

As described in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Standards ).

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 report of the directors 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 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.

INDEPENDENT AUDITORS' REPORT - continued  
TO THE MEMBERS OF  
JULIUS A MELLER MANAGEMENT SERVICES LIMITED

**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 judgements 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 December 2007 and of its profit 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.



Milton Avis  
Chartered Accountants  
Registered Auditors  
Wellington Building  
28-32 Wellington Road  
St John's Wood  
London NW8 9SP

27 June 2008

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2007**

		01.01.07 TO 31.12.07 £	03.04.06 TO 31.12.06 £
	<b>Notes</b>		
<b>TURNOVER</b>	<b>2</b>	2,372,000	1,962,914
Administration expenses		(1,488,300)	(1,249,591)
Exceptional costs	<b>3</b>	-	(593,345)
<b>OPERATING PROFIT</b>	<b>3</b>	883,700	119,978
(Loss)/income from partnership		(92,702)	246,063
Other interest receivable and similar income		102,294	-
Interest payable and similar charges	<b>4</b>	(75,172)	(61,265)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		818,120	304,776
Tax on profit on ordinary activities	<b>6</b>	(86,982)	(86,374)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		731,138	218,402

There are no recognised gains and losses other than those passing through the profit and loss account.

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

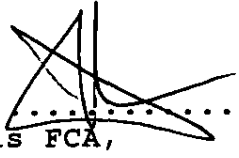
The notes on pages 7 to 17 form part of these financial statements.



**BALANCE SHEET****AS AT 31 DECEMBER 2007**

		£	<u>2007</u> £	£	<u>2006</u> £
	<u>Notes</u>				
<b>FIXED ASSETS</b>					
Tangible assets	7		654		1,095
Investments	8		63,879		306,581
			<u>64,533</u>		<u>307,676</u>
<b>CURRENT ASSETS</b>					
Debtors	9	3,862,118		1,679,277	
Cash at bank and in hand		138,864		2,399,616	
				<u>4,078,893</u>	
<b>CREDITORS - amounts falling due within one year</b>	10	(1,246,318)		(2,007,725)	
				<u>4,000,982</u>	
<b>NET CURRENT ASSETS</b>			2,754,664		2,071,168
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,819,197</u>		<u>2,378,844</u>
<b>CREDITORS - amounts falling due after more than one year</b>	11		(1,268,320)		(1,559,105)
			<u>1,550,877</u>		<u>819,739</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,000		1,000
Profit and loss account	14		1,549,877		818,739
			<u>1,550,877</u>		<u>819,739</u>
<b>SHAREHOLDERS' FUNDS</b>	15		<u>1,550,877</u>		<u>819,739</u>

Approved by the Board on 27 June 2008

.....  
  
J N Curtis FCA,  
Director

The notes on pages 7 to 17 form part of these financial statements.

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2007****1. ACCOUNTING POLICIES****1.1 BASIS OF ACCOUNTING**

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

**1.2 TURNOVER**

This represents the invoiced amounts of services provided, net of value added tax and trade discounts.

**1.3 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 less estimated residual value of each asset over its expected useful life as follows :

Fixtures, fittings & equipment	33% per annum straight line basis
Motor vehicles	25% per annum straight line basis

**1.4 LEASING AND HIRE PURCHASE COMMITMENTS**

Where assets are financed by leasing agreements that give rights approximating to ownership (''finance leases''), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are ''operating leases'' and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. ACCOUNTING POLICIES - continued**

**1.5 PENSIONS**

The company operates a defined contribution scheme covering the majority of its permanent employees. Pension costs charged against profit, represent the amounts payable to the scheme in respect of the period.

**1.6 DEFERRED TAXATION**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**2. TURNOVER**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

**3. OPERATING PROFIT**

	01.01.07 TO 31.12.07 £	03.04.06 TO 31.12.06 £
Operating profit is stated after charging/(crediting) : -		
Profit on disposal of assets	(19,750)	-
Depreciation of tangible assets	442	12,982
Auditors' remuneration	-	-
Directors' remuneration	1,009,165	798,117
	<u>          </u>	<u>          </u>

Remuneration of the company's auditors is borne by another group company.

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**4. INTEREST PAYABLE**

	<b>01.01.07 TO 31.12.07</b>	<b>03.04.06 TO 31.12.06</b>
	<b>£</b>	<b>£</b>
Other interest	75,172	61,265
	<u>          </u>	<u>          </u>

**5. EMPLOYEES AND DIRECTORS**

Number of employees

The average monthly number of employees (including directors) during the period was :

	<b>01.01.07 TO 31.12.07</b>	<b>03.04.06 TO 31.12.06</b>
	<b>Number</b>	<b>Number</b>
Office and management	5	5
	<u>          </u>	<u>          </u>
Employment costs	<b>£</b>	<b>£</b>
Wages and salaries	1,040,978	839,026
Social security costs	148,619	110,860
Other pension costs	29,411	116,536
	<u>          </u>	<u>          </u>
	<b>1,219,008</b>	<b>1,066,422</b>
	<u>          </u>	<u>          </u>
Directors' emoluments		
Emoluments for qualifying services	979,754	688,453
Company pension contributions to money purchase schemes	29,411	109,664
	<u>          </u>	<u>          </u>
	<b>1,009,165</b>	<b>798,117</b>
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 ( 31 December 2006 : 3 )

Emoluments disclosed above include the following amounts paid to the highest paid director :

Emoluments for qualifying services	309,309	236,162
	<u>          </u>	<u>          </u>

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

## 6. TAXATION

	<b><u>01.01.07</u></b> <b><u>TO</u></b> <b><u>31.12.07</u></b> <b>£</b>	<b><u>03.04.06</u></b> <b><u>TO</u></b> <b><u>31.12.06</u></b> <b>£</b>
Domestic current year tax		
U.K. Corporation tax @ 30.00% (2006 : 30.00%)	65,356	-
Deferred tax charge	21,626	86,374
	<u>86,982</u>	<u>86,374</u>
Factors affecting the tax charge for the year :		
Profit on ordinary activities before tax	818,120	304,776
	<u>245,436</u>	<u>91,433</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% ( 2006 : 30% )		
Effects of :		
Non deductible expenses	2,472	561
Depreciation add back	133	3,897
Capital allowances	(7,423)	(3,701)
Tax losses carried forward	-	(86,834)
Disposals of assets	(5,925)	-
Other tax adjustments	-	(5,356)
Group relief	(169,337)	-
	<u>(180,080)</u>	<u>(91,433)</u>
Current tax charge	65,356	-

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**7.TANGIBLE FIXED ASSETS**

	<b><u>Fixtures, fittings &amp; equipment</u></b> £	<b><u>Motor Vehicles</u></b> £	<b><u>Total</u></b> £
<b>Cost</b>			
At 1 January 2007	2,716	52,520	55,236
Disposals	-	(52,520)	(52,520)
	<u>2,716</u>	<u>-</u>	<u>2,716</u>
At 31 December 2007	<u>2,716</u>	<u>-</u>	<u>2,716</u>
<b>Depreciation</b>			
At 1 January 2007	1,621	52,520	54,141
Charge for the year	441	-	441
Disposals	-	(52,520)	(52,520)
	<u>2,062</u>	<u>-</u>	<u>2,062</u>
At 31 December 2007	<u>2,062</u>	<u>-</u>	<u>2,062</u>
<b>Net Book Value</b>			
at 31 December 2007	<u>654</u>	<u>-</u>	<u>654</u>
<b>Net Book Value</b>			
at 31 December 2006	<u>1,095</u>	<u>-</u>	<u>1,095</u>

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**8. FIXED ASSET INVESTMENT**

<u>Unlisted investment</u>	<u>2007</u> £	<u>2006</u> £
<u>Cost</u>		
At 1 January 2007	306,581	60,518
(Reduction)/additions	(242,702)	246,063
	<hr/>	<hr/>
At 31 December 2007	63,879	306,581
	<hr/>	<hr/>

The company has a 50% investment in Tecno Direct LLP. The company has included 50% of the loss for the year in the profit and loss account.

The company was owed £58,667 at the end of year. ( 31 December 2006 - £105,806 )

Tecno Diect LLP has now ceased to trade.

**9. DEBTORS**

	<u>2007</u> £	<u>2006</u> £
Amounts owed by parent and fellow subsidiary undertakings	3,782,822	1,221,896
Amount owed by associated company	-	218,740
Corporation tax	9,703	9,011
Other debtors	63,534	106,574
Prepayments and accrued income	6,059	123,056
	<hr/>	<hr/>
	3,862,118	1,679,277
	<hr/>	<hr/>

Included in other debtors is a deferred tax asset of nil ( 31 December 2006 - £ 21,626 ) which related to trading losses carried forward.

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**10. CREDITORS - AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	<b><u>2007</u></b>	<b><u>2006</u></b>
	£	£
Amounts owed to subsidiary undertakings	-	998,298
Taxes and social security costs	501,365	146,216
Corporation tax payable	65,356	-
Other creditors	590,648	288,021
Accruals and deferred income	88,949	575,190
	<hr/>	<hr/>
	1,246,318	2,007,725
	<hr/>	<hr/>



**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**11. CREDITORS : AMOUNTS FALLING DUE AFTER  
MORE THAN ONE YEAR**

	<u>2007</u>	<u>2006</u>
	£	£
Other loans	1,268,320	1,559,105
	<u>          </u>	<u>          </u>
Analysis of loans		
Wholly repayable within five years	1,560,239	1,847,126
	<u>          </u>	<u>          </u>
	1,560,239	1,847,126
Less: included in current liabilities	291,919	288,021
	<u>          </u>	<u>          </u>
	1,268,320	1,559,105
	<u>          </u>	<u>          </u>
Loan maturity analysis :		
In more than one year but not more than two years	268,320	291,919
In more than two years but not more than five years	1,000,000	1,267,186
	<u>          </u>	<u>          </u>

Other loans represent two loans from the company's self-administered pension scheme and a loan from the directors. The first loan bears interest at 5% per annum above bank base rate and is repayable by installments over a 10 year period to March 2010. The second loan bears interest at a rate of 2.5% per annum above bank base rate and is repayable by instalments over a 7 year period to December 2011.

Interest paid on the pension loans in the year ended 31 December 2007 amounted to £75,172 ( to 31 December 2006 - £61,265 ).

The loan from the directors is repayable in full after 2008 and was interest free up to 30 April 2007. Interest will be charged after that date at a rate to be agreed but will not become payable until after 30 April 2008.

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**12. PENSION COSTS**

	<b><u>01.01.07</u></b> <b>TO</b> <b><u>31.12.07</u></b>	<b><u>03.04.06</u></b> <b>TO</b> <b><u>31.12.06</u></b>
	£	£
Contributions payable by the company for the year/period	29,411	116,536
	<u>          </u>	<u>          </u>

**13. SHARE CAPITAL**

	<b><u>2007</u></b> <b>£</b>	<b><u>2006</u></b> <b>£</b>
<u>Authorised</u>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<u>Allotted, called up and fully paid</u>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>

**14. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT**

	<b><u>2007</u></b> <b>£</b>	<b><u>2006</u></b> <b>£</b>
Opening balance	818,739	600,337
Profit for the year/period	731,138	218,402
	<u>          </u>	<u>          </u>
Closing balance	1,549,877	818,739
	<u>          </u>	<u>          </u>

**JULIUS A MELLER MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2007</u>	<u>2006</u>
	£	£
Opening shareholders' funds	819,739	601,337
Profit for the financial year/period	731,138	218,402
Closing shareholders' funds	<u>1,550,877</u>	<u>819,739</u>

**16. CONTINGENT LIABILITIES**

The company has guaranteed the borrowings of its subsidiary companies as part of group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31 December 2007 the contingent liability in respect of the guarantee was £1,656,295 (period to 31 December 2006 - £9,034,202).

The company is included in a group registration for VAT purposes. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2007 the contingent liability in respect of this group registration was £1,288,578 ( at 31 December 2006 - £1,196,305 ).

**17. CONTROL**

The company's ultimate parent company is Meller Group Limited.

Copies of the group financial statements of Meller Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The directors consider there to be no ultimate controlling party.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

**18. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.