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Lambert Engineering Holdings Limited

Report and Financial Statements

Year Ended

31 December 2007

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Lambert Engineering Holdings Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

M A Williams
I P Hampton
M M Cox
P Newby
W Lambert

Secretary and registered office

M A Williams, Station Estate, Station Road, Tadcaster, North Yorkshire, LS24 9SG

Company number

03197833

Auditors

BDO Stoy Hayward LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Lambert Engineering Holdings Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

Interim dividends of £3,994 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

On 15 March 2007 the shareholders and executive management enacted a management buyout. The management buyout enabled the retirement of two directors and the promotion of three experienced members of staff to board level.

Lambert Automation Limited was formed to acquire the allotted ordinary share capital of Lambert Engineering Group Limited and the current redeemable preference shareholders agreed to roll over their preference shares into the new company.

During the year the company has received dividends from group companies of £809,008 and paid dividends to group companies of £798,756.

Directors

The directors of the company during the year were

M A Williams	
R E Wheelwright	(resigned 15 March 2007)
B D Morley	(resigned 15 March 2007)
I P Hampton	
M M Cox	(appointed 15 March 2007)
P Newby	(appointed 15 March 2007)
W Limbert	(appointed 15 March 2007)

Lambert Engineering Holdings Limited

Report of the directors for the year ended 31 December 2007 (Continued)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year. 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

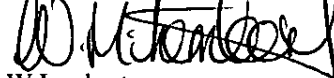
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



W Limbert

Director

25 September 2008

Lambert Engineering Holdings Limited

Independent auditor's report

To the shareholders of Lambert Engineering Holdings Limited

We have audited the financial statements of Lambert Engineering Holdings Limited for the year ended 31 December 2007 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).

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Lambert Engineering Holdings Limited

Independent auditor's report (*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 31 December 2007 and of its profit 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



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Leeds

Date *26/09/08*

Lambert Engineering Holdings Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		-	30,875
Administrative expenses		35	(148,184)
Operating (loss)/profit		(35)	179,059
Income from shares in group undertakings		809,008	2,105,000
Other interest receivable and similar income		-	6
Interest payable and similar charges	3	(1,402)	(19,985)
Profit on ordinary activities before taxation		807,571	2,264,080
Taxation on profit on ordinary activities	4	5,823	(32,487)
Profit on ordinary activities after taxation		813,394	2,231,593

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

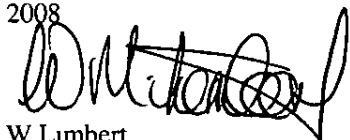
The notes on pages 7 to 11 form part of these financial statements

Lambert Engineering Holdings Limited

Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Fixed asset investments	6		5,376,500		5,376,500
Current assets					
Debtors	7	1,082,992		1,860,000	
Cash at bank and in hand		-		350	
		<u>1,082,992</u>		<u>1,860,350</u>	
Creditors: amounts falling due within one year	8	800		34,690	
		<u></u>		<u></u>	
Net current assets			<u>1,082,192</u>		<u>1,825,660</u>
Total assets less current liabilities			<u>6,458,692</u>		<u>7,202,160</u>
Creditors: amounts falling due after more than one year	9		2,934,394		3,692,500
			<u>2,934,394</u>		<u>3,692,500</u>
Capital and reserves					
Called up share capital	10		200		200
Profit and loss account	11		3,524,098		3,509,460
			<u>3,524,298</u>		<u>3,509,660</u>
Shareholders' funds	12		<u>3,524,298</u>		<u>3,509,660</u>

The financial statements were approved by the board of directors and authorised for issue on 25 September 2008



W Lambert
Director

The notes on pages 7 to 11 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Lambert Automation Limited and the company is included in consolidated financial statements.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Employees

There were no staff costs or directors' emoluments during the year (2006: £nil).

The average number of employees (all directors) during the year was 5 (2006: 4).

Lambert Engineering Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

3 Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	-	260
All other loans (excluding loans from group companies)	-	18,322
Other interest payable	1,402	1,403
	<u>1,402</u>	<u>19,985</u>

4 Taxation on profit on ordinary activities

	2007 £	2007 £	2006 £	2006 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	-		5,300	
Adjustment in respect of previous periods	(5,823)		27,187	
	<u>(5,823)</u>		<u>27,187</u>	
Total current tax		<u>(5,823)</u>		<u>32,487</u>

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	<u>807,571</u>	<u>2,264,080</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 19%)	242,271	430,175
Effect of:		
Expenses not deductible for tax purposes	-	3,481
Adjustment to tax charge in respect of previous periods	(5,823)	27,187
Investment income	(237,902)	(399,950)
Profit on disposal of fixed assets	-	(28,162)
Group relief surrendered	431	-
Other	-	(244)
	<u>(1,023)</u>	<u>32,487</u>
Current tax charge for year	<u>(1,023)</u>	<u>32,487</u>

Lambert Engineering Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

5 Dividends

	2007 £	2006 £
Ordinary shares		
Interim paid of £3,994 (2006 - £10,000) per share	798,756	2,000,000

6 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 January 2007 and 31 December 2007	5,376,500

Subsidiary undertakings

The principal undertakings are as follows

	Class of share capital held	Proportion of share capital held	Nature of business
Lambert Engineering Limited	Ordinary	100%	Design, manufacture and installation of automation systems

7 Debtors

	2007 £	2006 £
<i>Amounts receivable after more than one year</i>		
Amounts owed by group undertakings	1,082,992	1,860,000

Lambert Engineering Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Corporation tax	-	33,889
Accruals and deferred income	800	801
	<u>800</u>	<u>34,690</u>

9 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Amounts owed to group undertakings	2,934,394	3,692,500
	<u>2,934,394</u>	<u>3,692,500</u>

10 Share capital

	2007 £	Authorised 2006 £	Allotted, called up and fully paid 2007 £	2006 £
Ordinary A shares shares of £1 each	90	90	90	90
Ordinary B shares shares of £1 each	110	110	110	110
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

11 Reserves

	Profit and loss account £
At 1 January 2007	3,509,460
Profit for the year	813,394
Dividends	(798,756)
	<u>3,524,098</u>
At 31 December 2007	<u>3,524,098</u>

Lambert Engineering Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	813,394	2,231,593
Dividends	(798,756)	(2,000,000)
	<hr/>	<hr/>
Net additions to shareholders' funds	14,638	231,593
Opening shareholders' funds	3,509,660	3,278,067
	<hr/>	<hr/>
Closing shareholders' funds	3,524,298	3,509,660
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13 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Lambert Automation Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

14 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Lambert Engineering Group Limited, a company incorporated in England and Wales. The ultimate parent company is Lambert Automation Limited which is incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Lambert Automation Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.