

Resolution IT Services Limited

**Directors' report and financial
statements**

Registered number 04463864

26 November 2006

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Directors' report

The directors present their report and the audited financial statements for the year ended 26 November 2006

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activities

During the previous year, the principal activities of the company was business and management consultancy. During the 2004 financial year the decision was taken to terminate the operations of the business. The termination was completed in the first quarter of 2005. The company has not traded during the current financial year.

Result and dividend

The company has made neither a profit nor loss in the year (2005: loss of £4,964). The directors do not recommend the payment of a dividend (2005: £nil).

Business review

The company has not traded during the year and will remain dormant for the foreseeable future.

Directors

The directors who held office during the year and after the year end were as follows

IJ Brookes	(resigned 3 August 2007)
CD Hinton	(resigned 3 August 2007)
D O'Neill	(appointed 3 August 2007)
C Sawyer	(appointed 3 August 2007)
R Trew	(appointed 3 August 2007)

None of the directors received any emoluments in respect of their services during the year

Directors' interests

None of the directors held any interest in the share capital of the company. The interests of the directors holding office at the end of the year in the share capital of group companies are shown in the financial statements of Lorien plc.

Donations

The company made no political or charitable donations in the year (2005 £nil)

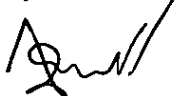
Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc is to be proposed at the forthcoming annual general meeting.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



D O'Neill
Director

Oak House
Park Lane
LEEDS
LS3 1EL

26 September 2007



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Resolution IT Services Limited

We have audited the financial statements of Resolution IT Services Limited for the year ended 26 November 2006 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.

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 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 on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you of, 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.

Independent auditors' report to the members of Resolution IT Services Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 November 2006 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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

26 September 2007

Profit and loss account
for the year ended 26 November 2006

		26 November 2006	27 November 2005
	<i>Note</i>	£	£
Turnover	<i>1</i>	-	68,800
Cost of sales		-	(57,495)
		<hr/>	<hr/>
Gross profit		-	11,305
Administrative expenses		-	(16,244)
		<hr/>	<hr/>
Operating loss	<i>2-4</i>	-	(4,939)
Interest payable and similar charges	<i>5</i>	-	(25)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	(4,964)
Tax on loss on ordinary activities	<i>6</i>	-	-
		<hr/>	<hr/>
Retained loss for the financial year		-	(4,964)
		<hr/>	<hr/>

There are no recognised gains or losses during the current or previous year other than the results stated above. The results for the previous year derived from discontinued operations.

Balance sheet
 at 26 November 2006

	<i>Note</i>	26 November 2006 £	27 November 2005 £
Current assets			
Debtors	7	60	60
Cash at bank and in hand		-	-
		<u>60</u>	<u>60</u>
Creditors amounts falling due within one year	8	<u>(75,276)</u>	<u>(75,276)</u>
Net current liabilities and net liabilities		<u><u>(75,216)</u></u>	<u><u>(75,216)</u></u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account reserve	11	<u>(75,316)</u>	<u>(75,316)</u>
Equity shareholders' deficit	12	<u><u>(75,216)</u></u>	<u><u>(75,216)</u></u>

These financial statements were approved by the board of directors on 26 September 2007 and were signed on its behalf by



D O'Neill
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The financial statements are prepared on the going concern basis on the grounds that continuing financial support has been guaranteed by the parent undertaking, Lorien plc.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future or a right to pay less tax in the future. Assets are not being recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year. Turnover of the company in the year derives from the provision of services predominantly in the United Kingdom. All turnover arises from the principal activity of the business.

Pension costs

The Lorien plc group operates a defined contribution pension scheme which employees are able to join. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year.

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental is charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences of a trading nature are dealt with in the profit and loss account.

Notes (continued)

2 Loss on ordinary activities before taxation

In the current and previous year the auditor's remuneration was borne by another group undertaking

3 Remuneration of directors

	Year ended 26 November 2006 £	Year ended 27 November 2005 £
Directors' emoluments	-	-

The company did not make any pension contributions in respect of the directors

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was nil (27 November 2005 1)

The aggregate payroll costs of these persons were as follows

	Year ended 26 November 2006 £	Year ended 27 November 2005 £
Wages and salaries	-	11,099
Social security costs	-	1,420
Other pension costs	-	1,055
	-	13,574

5 Interest payable and similar charges

	Year ended 26 November 2006 £	Year ended 27 November 2005 £
On bank loans and overdrafts	-	25

Notes (continued)

6 Taxation

	Year ended 26 November 2006 £	Year ended 27 November 2005 £
UK corporation tax at 30% (2005 30%)	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows

	Year ended 26 November 2006 £	Year ended 27 November 2005 £
Loss on ordinary activities before tax	-	(4,964)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	-	(1,489)
Utilisation of tax losses	-	1,489
Current tax charge for the year	-	-

7 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	60	60
	60	60

Notes (continued)

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	75,276	75,276
	<u>75,276</u>	<u>75,276</u>

9 Deferred taxation

A deferred tax asset in respect of trading losses of £671,000 (2005 £671,000) has not been recognised on the grounds of uncertainty over timing of future profits (trading ceased during 2005). There were no other provided or unprovided amounts in respect of deferred tax.

10 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
60 "A" Ordinary shares of £1 each	60	60
40 "B" Ordinary shares of £1 each	40	40
	<u> </u>	<u> </u>
	100	100
	<u> </u>	<u> </u>

The "A" and "B" ordinary shares attract one vote per share. The rights of the "A" and "B" shareholders are different in the event of a winding up of the company, as detailed in the Articles of Association of the Company.

Notes (continued)

11 Profit and loss account reserve

	2006 £
At the beginning of the year	(75,316)
Result for the year	-
	<hr/>
At the end of the year	(75,316)
	<hr/>

12 Reconciliation of movement in equity shareholders' deficit

	2006 £	2005 £
Opening equity shareholders' deficit	(75,216)	(70,252)
Retained loss for the year	-	(4,964)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(75,216)	(75,216)
	<hr/>	<hr/>

13 Pensions

The company makes pension payments for the benefit of employees via defined contribution pension schemes. The pension charge represents contributions payable by the company to the schemes and amounted to nil (2005 £1,055). There were no pension contributions outstanding at the year end.

14 Ultimate parent company

At the year end, the ultimate parent undertaking was Lorien plc which is registered in England and Wales. The consolidated accounts of Lorien plc, in which the results of the company are consolidated, are available to the public and may be obtained from the company secretary at the registered office.

On 21 August 2007, the entire issued ordinary share capital of Lorien plc was purchased by Contracting Solutions Group (Holdings) Plc. From this date Contracting Solutions Group (Holdings) Plc became the ultimate parent undertaking of the company.