

RAINFORD EMC SYSTEMS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008

CHADWICK LLP

Chartered Accountants & Registered Auditors
Tower Building
Water Street
Liverpool
L3 1PQ

THURSDAY



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COMPANIES HOUSE

RAINFORD EMC SYSTEMS LIMITED

**INDEPENDENT AUDITORS' REPORT TO RAINFORD EMC SYSTEMS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of Rainford EMC Systems Limited for the year ended 31 July 2008 set out on pages 2 to 8, together with the financial statements of the company for the year ended 31 July 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

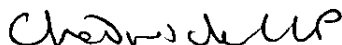
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 'The special auditors' report on abbreviated accounts in the United Kingdom' issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 8 have been properly prepared in accordance with those provisions.

**CHADWICK LLP**

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Registered Auditors

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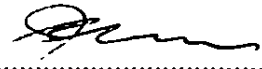
3 February 2009

RAINFORD EMC SYSTEMS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2008

	Note	£	2008 £	£	2007 £	£
FIXED ASSETS						
Intangible fixed assets	2		1,648,049		1,735,420	
Tangible fixed assets	3		101,087		103,528	
			<u>1,749,136</u>		<u>1,838,948</u>	
CURRENT ASSETS						
Stocks		69,378		67,868		
Debtors		1,517,368		680,852		
Cash at bank and in hand		3,457		83,896		
		<u>1,590,203</u>		<u>832,616</u>		
CREDITORS: amounts falling due within one year	4	(1,794,107)		(897,119)		
NET CURRENT LIABILITIES			(203,904)		(64,503)	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,545,232</u>		<u>1,774,445</u>	
CREDITORS: amounts falling due after more than one year	5		(1,503,607)		(1,810,030)	
PROVISIONS FOR LIABILITIES						
Deferred tax		(11,788)		(6,846)		
Other provisions		(5,790)		(2,648)		
		<u>(17,578)</u>		<u>(9,494)</u>		
NET ASSETS/(LIABILITIES)			<u>24,047</u>		<u>(45,079)</u>	
CAPITAL AND RESERVES						
Called up share capital	6		990		965	
Share premium account			154,010		149,660	
Profit and loss account			(130,953)		(195,704)	
SHAREHOLDERS' FUNDS/(DEFICIT)			<u>24,047</u>		<u>(45,079)</u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved and authorised for issue by the board and were signed on its behalf by:



J.A. Noonan
 Director

Date: 22/12/08

The notes on pages 3 to 8 form part of these financial statements.

RAINFORD EMC SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Turnover

Turnover is recognised in accordance with agreed contract milestones on a contract by contract basis. The milestones represent stages of completion of contracts which are agreed with customers prior to contract commencement. Full provision is made for any turnover amounts not deemed fully recoverable.

Turnover is stated net of Value Added Tax.

1.4 Intangible fixed assets and amortisation

Positive purchased goodwill is capitalised, classified as an asset on the balance sheet and amortised over its useful economic life as estimated by the directors.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and subsequently as and when necessary when circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	over 20 years
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1.5 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:

Plant and machinery	-	15-25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15-25% reducing balance

1.6 Stocks

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

1.7 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

RAINFORD EMC SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.9 Pensions costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.10 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.12 Long-term contracts

Long term contracts are established in such a way that turnover is recognised in advance of contract costs being incurred. At the year end date, costs are accrued to ensure that the reported gross profit margin is in accordance with current expectations of contract profitability.

All expected contract losses are recognised at the earliest available opportunity.

The company does not therefore carry long-term contract work-in-progress at the year end date.

1.13 Capitalised deal costs

Legal expenses incurred by the company on raising debt finance to fund the acquisition of the subsidiary company, Blackbeam Limited, have been deferred and are being charged over the lifetime of the borrowing being seven years. The capitalised costs not yet released at the year end date are included within prepayments.

RAINFORD EMC SYSTEMS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008****1. ACCOUNTING POLICIES (continued)****1.14 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 August 2007 and 31 July 2008	1,735,420
Amortisation	
At 1 August 2007	-
Charge for the year	87,371
At 31 July 2008	87,371
Net book value	
At 31 July 2008	1,648,049
At 31 July 2007	1,735,420

3. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 August 2007	103,528
Additions	17,747
At 31 July 2008	121,275
Depreciation	
At 1 August 2007	-
Charge for the year	20,188
At 31 July 2008	20,188
Net book value	
At 31 July 2008	101,087
At 31 July 2007	103,528

RAINFORD EMC SYSTEMS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

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

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2008	2007
	£	£
Bank loans and overdrafts	442,473	189,474
Hire purchase agreements	8,854	7,562
Other creditors including taxation and social security	62,508	57,299
Total	<u>513,835</u>	<u>254,335</u>

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

The following liabilities disclosed under creditors falling due after more one year are secured by the company:

	2008	2007
	£	£
Bank loans and overdrafts	426,315	615,789
Hire purchase agreements	5,432	9,873
Other creditors	1,071,860	1,184,368
Total	<u>1,503,607</u>	<u>1,810,030</u>

Included within creditors falling due after more than one year is an amount of £nil (2007: £187,500) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

RAINFORD EMC SYSTEMS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

6. SHARE CAPITAL

	2008 £	2007 £
Authorised		
600 Ordinary shares of £1 each	600	600
390 "A" Ordinary shares of £1 each	390	390
10 "B" Ordinary shares of £1 each	10	10
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
600 (2007 - 575) Ordinary shares of £1 each	600	575
390 "A" Ordinary shares of £1 each	390	390
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	990	965
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RAINFORD EMC SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

6. SHARE CAPITAL (continued)

During the year the company issued 25 ordinary shares of £1 each for total consideration of £4,375.

Subject always to there being no outstanding arrears of any payments due in respect of the 'B' ordinary shares, the profits of the company which are available for lawful distribution in respect of each financial year will be applied in the following order and priority:

First, the company shall pay to each of the members holding ordinary 'B' shares a cumulative net cash dividend of an aggregate sum (if any) which is equal to 1% of the consolidated profit before interest and tax (PBIT) of the group for the relevant financial year. This dividend is paid pro rata to 'B' ordinary shareholders, based upon holding and also based upon the number of days that these shares have been held during the relevant financial year.

This dividend (if any) is payable no later than four months after the end of each financial year, or no later than 14 days after the signing of the audit report by the company's auditors, whichever is the earlier.

Any arrears are cumulative and will increase on a daily basis at 3% over the Barclays Bank Plc base rate.

Next, subject to there being no arrears of the participating dividend in (i) above, there will be paid to the ordinary and ordinary 'A' shareholders a dividend, at the discretion of the board, up to such an amount as is equal to the participating dividend paid on 'B' ordinary shares.

Thereafter, the board may declare an ordinary dividend on all equity shares which shall be paid on the ordinary, ordinary 'A' and ordinary 'B' shares *pari passu*, as if they were all shares of the same class.

In respect of voting rights in relation to these shares, all ordinary, ordinary 'A' and ordinary 'B' shares have the right to attend, speak and vote at all general meetings of the company. They are permitted one vote for every share which is fully paid up or credited as fully paid.

In the event of a listing, or of a change of ownership, the 'A' ordinary and 'B' ordinary shares are both convertible, 'A' ordinary being converted to ordinary shares immediately prior to the changes, with 'B' ordinary shares being converted at the option of the subscriber, also through to ordinary shares.

In the event of a winding up of the company, the following order of precedence is taken:

- (i) first, 'B' ordinary shares. All arrears of dividends paid, then the issue price of the shares.
- (ii) next, 'A' ordinary shares. All arrears of dividends paid, then the issue price of the shares.
- (iii) then, ordinary shares, 'A' ordinary shares and 'B' ordinary shares. The remaining net assets are divided between these shares *pari passu*.