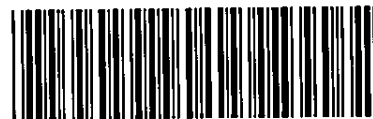


**Malling Investments Limited**

**Annual Report and Financial Statements for the fifteen months ended 31 December 2007**

**The Company's registration number is 5946442**

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**Financial Statements - for the fifteen month period ended 31 December 2007**

	<b>Pages</b>
<b>Directors and Advisers</b>	<b>1</b>
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## **Directors and Advisers**

### **Directors**

K E Randail  
M E Randall

### **Secretary**

J Watt

### **Registered Office**

Shepherds Oast, 70 The Heath  
East Malling  
West Malling  
Kent  
ME19 6JL

### **Bankers**

National Westminster Bank Plc  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA

### **Auditors**

CLB Littlejohn Frazer  
1 Park Place  
Canary Wharf  
London  
E14 4HJ

### **Registered Number**

5946442

**Report of the Directors  
For the fifteen month period ended 31 December 2007**

The Directors have pleasure in presenting their Report together with the audited financial statements for the period ended 31 December 2007

**Principal Activities**

The Company was formed to acquire and develop a patent of a system to improve productivity in the building industry. The venture has not been successful to date and no income has yet been earned. The Directors have decided that the Company should cease to trade.

**Review of the Business and Future Developments**

The Company was incorporated on 26 September 2006.

The profit and loss account for the period from incorporation to 31 December 2007 is set out on page 6.

No dividend was paid in the period ended 31 December 2007.

**Directors**

The names of the Directors at the date of this Report appear on page 1.

Mr K E Randall was appointed on 26 September 2006, Mr M E Randall was appointed on 11 October 2006. Mr R Ghassemi was appointed on 11 October 2006 and ceased to be a Director on 17 September 2007.

**Company Secretary**

Mr J Watt was appointed Company Secretary on 26 September 2006.

**Directors' and Officers' Liability Insurance**

As permitted by the Companies Act 1985, an insurance policy has been purchased on a group basis which covers the Directors of the Company.

**Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware:

- there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors****For the fifteen month period ended 31 December 2007 (continued)****Auditors**

CLB Littlejohn Frazer are the Company's auditors. An election to dispense with the annual appointment of auditors was in force before 1 October 2007 and accordingly CLB Littlejohn Frazer are deemed to be reappointed under the Companies Act 2006.

**Statement of Directors' Responsibilities**

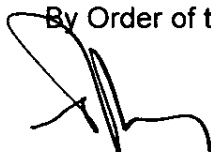
Company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The Directors also confirm that applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the financial statements.

In the light of their decision that the Company should cease to trade the Directors have not prepared the financial statements on the going concern basis. They have kept proper accounting records which 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. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Report of the Directors is prepared in accordance with company law in the United Kingdom.

This Report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

By Order of the Board



K E Randall  
Director

21 May 2008

**Independent Auditors' report to the Shareholders of  
Malling Investments Limited**

We have audited the Financial Statements of Malling Investments Limited for the fifteen month period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders 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 Report of the Directors 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 Report of the Directors 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 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.

**Independent Auditors' report to the Shareholders of  
Malling Investments Limited (continued)**

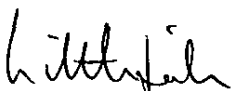
**Emphasis of matter - Going Concern and Parent Company Support**

In forming our opinion on the Financial Statements, which is not qualified, we draw attention to the disclosures in the Basis of Accounting section of Note 1 to the Financial Statements concerning the non-going concern status of the Company and the continued support of the Company's immediate parent undertaking to enable the Company to continue to deal with its affairs and pay its debts as they fall due

**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 loss for the period then ended,
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the Financial Statements

  
**CLB Littlejohn Frazer**  
Chartered Accountants  
and Registered Auditors  
22 May 2008

1 Park Place  
Canary Wharf  
London, E14 4HJ

**Profit and loss account**  
**For the fifteen months ended 31 December 2007**

	Notes	15 months to 31 December 2007 £
Turnover		-
Net operating expenses		(325,564)
		<hr/>
Loss on ordinary activities before taxation	2	(325,564)
Taxation on loss on ordinary activities	3	-
		<hr/>
Loss on ordinary activities after taxation	8	(325,564)
		<hr/>

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

All operations are discontinued

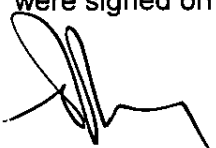
The accounting policies and notes on pages 8 to 11 form part of these financial statements



**Balance sheet**  
**As at 31 December 2007**

	<b>Note</b>	<b>2007 £</b>
<b>Fixed Assets</b>		
Intangible assets	4	-
<b>Current Assets</b>		
Debtors	5	3,500
		<u>3,500</u>
<b>Creditors</b> amounts falling due within one year	6	<u>(328,964)</u>
<b>Net current assets</b>		(325,464)
		<u>                    </u>
<b>Net assets</b>		<u><u>(325,464)</u></u>
<b>Capital and Reserves</b>		
Called up share capital	7	100
Profit and loss account	8	(325,564)
		<u>                    </u>
<b>Total Shareholder's funds</b>	9	<u><u>(325,464)</u></u>

The financial statements were approved by the Board of Directors on  
were signed on its behalf by,



**K. E. Randall**  
**Director**

21 May

and

The accounting policies and notes on pages 8 to 11 form part of these financial statements

**Notes to the financial statements**  
**For the fifteen months ended 31 December 2007**

**1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared under the historical cost basis of accounting. The Company has ceased trading and, as required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

The Company has borrowed from its parent company, Ludgate Insurance Company Limited, which at the Balance Sheet date was owed £318,949. The parent has confirmed it will continue to provide funds while the Company deals with its affairs. The parent has confirmed that it will not seek repayment of these borrowings if to do so would leave the Company unable to pay its debts as they fall due.

**Turnover**

Turnover represents the value of services rendered during the period, excluding VAT.

**Intangible Assets**

Goodwill and other intangible assets acquired on the purchase of a business are capitalised and amortised over the period of their useful life. In the circumstances of the Company ceasing to trade, the full amount has been amortised in the period.

**Deferred Taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

**2 Operating Loss**

**15 months to**  
**31 December 2007**  
**£**

This is stated after charging

Auditors' remuneration

- for audit of the financial statements

5,450

Amortisation of intangible fixed assets

200,000

Directors' Emoluments

-

Staff costs

-

**Notes to the financial statements**  
**For the fifteen months ended 31 December 2007 (continued)**

**3 Taxation**

No provision has been made in the financial statements for UK corporation tax on the results for the period as a tax loss arises

**Factors affecting tax charge for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below

	<b>15 months to 31 December 2007 £</b>
Loss on ordinary activities before tax	<u>(325,564)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(97,669)
Effects of	
Expenses not deductible for tax purposes	1,513
Other timing differences	1,050
Tax losses carried forward	95,106
	<u>                    </u>
Current tax charge for period	<u>                    -</u>

**Factors that may affect future tax charges**

The Company has tax losses arising in the UK of £300,000 that are available for offset against future taxable profits of the Company. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of its recovery.

**Notes to the financial statements**  
**For the fifteen months ended 31 December 2007 (continued)**

<b>4</b>	<b>Intangible fixed assets</b>	<b>Purchase of a business 2007 £</b>
	Purchased during period	200,000
	Amortised during period	(200,000)
	Net book value at 31 December 2007	<u>-</u>

On 2 October 2006, the Company purchased the business and assets of Building Dynamics (UK) Limited, including goodwill, intellectual property and blueprints, for a consideration of £200,000

<b>5</b>	<b>Debtors</b>	<b>2007 £</b>
	Other debtors	3,500
		<u>3,500</u>

<b>6</b>	<b>Creditors: amounts falling due within one year</b>	<b>2007 £</b>
	Bank overdraft	15
	Amounts due to group undertakings	318,949
	Accruals	10,000
		<u>328,964</u>

<b>7</b>	<b>Called up share capital</b>	<b>2007 £</b>
	Authorised 100 Ordinary Shares of £1 each	<u>100</u>
	Allotted and fully paid 100 Ordinary Shares of £1 each	<u>100</u>

On incorporation 100 Ordinary shares of £1 each were issued at par

**Notes to the financial statements**  
**For the fifteen months ended 31 December 2007 (continued)**

**8 Profit and loss account**

	<b>2007</b>
	<b>£</b>
At incorporation	-
Loss on ordinary activities after taxation	(325,564)
At 31 December	<u>(325,564)</u>

**9 Reconciliation of movement in shareholders' funds**

	<b>2007</b>
	<b>£</b>
Opening shareholders' funds	-
Issue of share capital	100
Loss on ordinary activities after taxation	(325,564)
Closing shareholders' funds	<u>(325,464)</u>

**10 Capital commitments**

There were no capital commitments at 31 December 2007 (2006 nil)

**11 Related party transactions**

The Company is controlled by Randall & Quilter Investment Holdings Plc ("RQIH") and has taken advantage of the provision in Financial Reporting Standard No 8 which allows the Company not to disclose transactions with other consolidated group companies qualifying as related parties

On 2 October 2006, the Company purchased the business and assets of Building Dynamics (UK) Limited. M E Randall, a Director, was also a Director of Building Dynamics (UK) Limited until 7 July 2006

**12 Ultimate parent undertaking**

The Company's immediate parent undertaking is Ludgate Insurance Company Limited and its ultimate parent undertaking is Randall & Quilter Investment Holdings Plc, which is registered in England and Wales. The financial statements of the ultimate parent undertaking can be obtained from 9-13 Fenchurch Buildings, London, EC3M 5HR