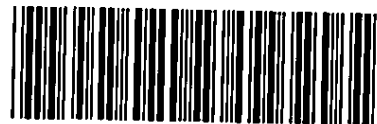


Malling Investments Limited

Annual Report and Financial Statements for the year ended 31 December 2008

The Company's registration number is 05946442

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Financial Statements - for the year ended 31 December 2008

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Directors and Advisers

Directors

K E Randall
M E Randall

Secretary

R&Q Secretaries Limited

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

Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD

Registered Number

05946442

**Report of the Directors
For the year ended 31 December 2008**

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2008.

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 profit and loss account for the year to 31 December 2008 is set out on page 6.

No dividend was paid in the year ended 31 December 2008 (2007 – Nil).

Directors

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

Directors' and Officers' Liability Insurance

As permitted by the Companies Act 2006, 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 year ended 31 December 2008 (continued)

Auditors

Our independent auditors, Littlejohn, have transferred their business to Littlejohn LLP, a limited liability partnership. In accordance with section 26(5) of the Companies Act 1989, the Directors have consented to the extension of the audit appointment of Littlejohn to its successor firm, Littlejohn LLP.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Littlejohn LLP are the Company's auditors. An election to dispense with the annual appointment of auditors was in force before 1 October 2008 and accordingly Littlejohn 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



R&Q Secretaries Limited
Company Secretary

25 March 2009

Independent Auditors' report to the Shareholders of Malling Investments Limited

We have audited the Financial Statements of Malling Investments Limited for the year ended 31 December 2008 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 2008 and of its loss 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 Report of the Directors is consistent with the Financial Statements.

Littlejohn LLP

Littlejohn LLP
Chartered Accountants
and Registered Auditors
27 March 2009

1 Westferry Circus
Canary Wharf
London
E14 4HD

Profit and loss account
For the year ended 31 December 2008

	Notes	Year to 31 December 2008 £	15 months to 31 December 2007 £
Turnover		-	-
Net operating expenses		10,015	(325,564)
Profit/(loss) on ordinary activities before taxation	2	10,015	(325,564)
Taxation on loss on ordinary activities	3	75,138	-
Profit/(loss) on ordinary activities after taxation	8	85,153	(325,564)

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 2008

	Note	2008 £	2007 £
Fixed Assets			
Intangible assets	4	-	-
Current Assets			
Debtors	5	75,138	3,500
		<u>75,138</u>	<u>3,500</u>
Creditors: amounts falling due within one year	6	<u>(315,449)</u>	<u>(328,964)</u>
Net current assets		(240,311)	(325,464)
		<u> </u>	<u> </u>
Net assets		<u>(240,311)</u>	<u>(325,464)</u>
Capital and Reserves			
Called up share capital	7	100	100
Profit and loss account	8	(240,411)	(325,564)
		<u> </u>	<u> </u>
Total Shareholder's funds	9	<u>(240,311)</u>	<u>(325,464)</u>

The financial statements were approved by the Board of Directors on 25 March 2009 and were signed on its behalf by;



K. E. Randall
Director

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

Notes to the financial statements

For the year ended 31 December 2008

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 £315,449 (2007: £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 year, excluding VAT.

Intangible Assets

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

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

	Year to 31 December 2008	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

Notes to the financial statements
For the year ended 31 December 2008 (continued)

3. Taxation

2008
£

2007
£

(a) Analysis of charge in year

Adjustments in respect of prior years	(75,138)	-
Current tax	(75,138)	-

(b) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities before tax	10,015	(325,564)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 : 30%)	2,854	(97,669)
Effects of:		
Expenses not deductible for tax purposes	-	1,513
Other timing differences	(998)	1,050
Losses brought forward utilised in the year	(1,856)	-
Tax losses carried forward	-	95,106
Adjustments in respect of prior years	(75,138)	-
Current tax credit for year	(75,138)	-

(c) Factors that may affect future tax charges

The Company has tax losses arising in the UK of £60,000 (2007: £300,000) that are available for offset against future taxable profits of the Company.

(d) Deferred tax

Details of the deferred tax asset not included in the financial statements are given below. Deferred tax is not recognised due to the uncertainty of its recovery.

	2008 £000	2007 £000
Other timing differences	-	(998)
Trading losses available for carry forward	(16,813)	(90,351)
	(16,813)	(91,349)

Notes to the financial statements
For the year ended 31 December 2008 (continued)

4	Intangible fixed assets	Purchase of a business 2008 £	
	Cost of intangible assets	200,000	
	Amortised	(200,000)	
	Net book value at 31 December 2008	<u>-</u>	
5.	Debtors	2008 £	2007 £
	Amounts owed by group undertakings	75,138	-
	Other debtors	-	3,500
		<u>75,138</u>	<u>3,500</u>
6.	Creditors: amounts falling due within one year	2008 £	2007 £
	Bank overdraft	-	15
	Amounts due to group undertakings	315,449	318,949
	Accruals	-	10,000
		<u>315,449</u>	<u>328,964</u>
7.	Called up share capital	2008 £	2007 £
	Authorised 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
	Allotted and fully paid: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

Notes to the financial statements
For the year ended 31 December 2008 (continued)

8. Profit and loss account

	2008	2007
	£	£
At 1 January	(325,564)	-
Profit/(Loss) on ordinary activities after taxation	85,153	(325,564)
At 31 December	<u>(240,411)</u>	<u>(325,564)</u>

9. Reconciliation of movement in shareholders' funds

	2008	2007
	£	£
Opening shareholders' funds	(325,464)	-
Issue of share capital	-	100
Profit/(loss) on ordinary activities after taxation	85,153	(325,564)
Closing shareholders' funds	<u>(240,311)</u>	<u>(325,464)</u>

10. Capital commitments

There were no capital commitments at 31 December 2008 (2007: 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.

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.