

LIVINGSTON IT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



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LIVINGSTON IT LIMITED
COMPANY INFORMATION

Directors	S H Franz
Company secretary	J Janson
Company number	06013230
Registered office	Livingston House 2 Queens Road Teddington Middlesex TW11 0LB
Auditors	Mazars LLP The Atrium Park Street West Luton Bedfordshire LU1 3BE

LIVINGSTON IT LIMITED

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LIVINGSTON IT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is to act as a sales agent for Livingston Electronic Services GmbH, a fellow Group undertaking.

Directors

The directors who held office during the year were as follows:

M Porter (resigned 23 October 2008)

D Hollywood (resigned 23 October 2008)

S H Franz (appointed 23 October 2008)

Employees

New and existing staff at all levels are trained to become familiar with products, markets, services standards and management skills in order to better satisfy customer demands and thereby enhance their own career prospects.

Disabled persons

The company's policy is to give full and fair considerations to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing positions where possible or retained for other suitable alternative posts.

Political and charitable contributions

The company made no political contributions or charitable donations during the year.

Statement of directors' responsibilities

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 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; 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 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.

LIVINGSTON IT LIMITED

DIRECTORS' REPORT (continued)

Statement as to disclosure of information to auditors

The directors have taken all necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and Mazars LLP will therefore continue in office.

The directors have prepared this report in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies

By order of the board on 5th June 2009
and signed on its behalf by


Director

Livingston House
2 Queens Road
Teddington
Middlesex
TW11 0LB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIVINGSTON IT LIMITED

We have audited the financial statements of Livingston IT Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and 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 to them in an 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 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 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement.

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 (continued)
TO THE MEMBERS OF LIVINGSTON IT LIMITED**

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 Directors' Report is consistent with the financial statements.



Mazars LLP
Chartered Accountants
and Registered Auditors
The Atrium
Park Street West
Luton
Bedfordshire LU1 3BE

Date: 9/6/2009

LIVINGSTON IT LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2008**

		Year ended 31 December 2008 £'000	Period ended 31 December 2007 £'000
	Notes		
Turnover	2	277	384
Cost of sales		-	-
		<u>277</u>	<u>384</u>
Gross profit		277	384
Distribution costs		-	(38)
Administrative expenses		(324)	(714)
		<u>(47)</u>	<u>(368)</u>
Operating loss		(47)	(368)
Restructuring costs		-	(48)
		<u>(47)</u>	<u>(416)</u>
Loss on ordinary activities before interest		(47)	(416)
Interest payable and similar charges	5	(144)	(26)
		<u>(191)</u>	<u>(442)</u>
Loss on ordinary activities before taxation	3	(191)	(442)
Tax on loss on ordinary activities	6	-	-
		<u>-</u>	<u>-</u>
Loss for the financial period	12	<u>(191)</u>	<u>(442)</u>

All of the above activities arise from continuing operations.

There is no difference between the results shown above and those based on historical cost profits and losses.

There are no recognised gains or losses in the period other than as stated in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

LIVINGSTON IT LIMITED

BALANCE SHEET

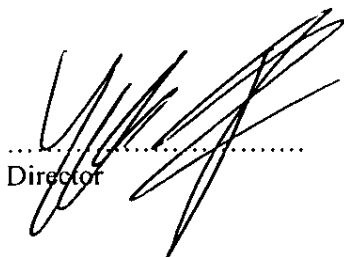
AS AT 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Current assets			
Debtors	7	43	132
Cash at bank and in hand		36	7
		<u>79</u>	<u>139</u>
Creditors: amounts falling due within one year	8	<u>(150)</u>	<u>(165)</u>
Net current liabilities		<u>(71)</u>	<u>(26)</u>
Total assets less current liabilities		<u>(71)</u>	<u>(26)</u>
Creditors: amounts falling due after more than one year	9	<u>(562)</u>	<u>(416)</u>
Net assets		<u><u>(633)</u></u>	<u><u>(442)</u></u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>(633)</u>	<u>(442)</u>
Shareholders' funds	12	<u><u>(633)</u></u>	<u><u>(442)</u></u>

These accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board of directors on 05.06.2009
and were signed on its behalf by:

.....
Director



The accompanying notes form an integral part of these financial statements.

LIVINGSTON IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention.

b) Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" which allows small companies not to prepare a cash flow statement.

c) Going concern

The financial statements have been prepared on a going concern basis as the company's ultimate parent undertaking has confirmed its intention to provide continuing financial and other support to the company.

d) Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into Sterling at rates of exchange rulings on the date on which transactions occur, except for:

- (i) Monetary assets and liabilities which are translated at the rate ruling at the balance sheet date (other than those in (ii) below); and
- (ii) Transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates.

Differences arising on the translation of such items are dealt with in the profit and loss account.

e) Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to the forecasts which have been prepared and approved by the board.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

f) Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the company's contributions payable to the scheme in respect of the accounting period.

g) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease (where the company is the lessee).

LIVINGSTON IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

2 Turnover

Turnover represents sales commission payable from a fellow Group subsidiary undertaking, Livingston Electronic Services GmbH. As a result all the turnover is attributable to geographical markets outside the United Kingdom.

3 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:	2008 £'000	2007 £'000
Hire of assets – operating leases	6	6

Auditors' remuneration for the audit of these financial statements and non-audit services have been borne by a fellow Group subsidiary undertaking and are therefore not included in loss on ordinary activities before taxation.

4 Remuneration of directors

The directors did not receive any remuneration in respect of their services to the company.

5 Interest payable and similar charges

	2008 £'000	2007 £'000
Exchange loss on long term loans from group undertakings	114	22
On loan from group undertakings	30	4
	144	26

6 Taxation on loss on ordinary activities

Analysis of tax charge	2008 £'000	2007 £'000
Current tax charge		
UK Corporation tax for the year	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	-	-

LIVINGSTON IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

6 Taxation on loss on ordinary activities (continued)

The rate of tax for the year, based on the UK Standard rate of corporation tax, is 28% (2007: 30%). The actual tax charge for the current period varies from the standard rate for the reason set out in the following reconciliation.

Analysis of tax charge	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(191)	(442)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 28% (2007: 30%)	(53)	(133)
Expenses not deductible for tax purposes	1	2
Tax losses carried forward	52	131
Total current tax charge (see above)	-	-

The company had £428,000 losses brought forward. During the year Livingston IT Limited incurred £190,000 tax losses which will be carried forward and offset against future taxable profits. The total tax losses, which at the year end amounted to £618,000, have not been recognised as a deferred tax asset as future taxable profits are uncertain.

7 Debtors	2008 £'000	2007 £'000
Amounts due from group undertakings	41	115
Other debtors	2	17
	43	132

8 Creditors: amounts falling due within one year	2008 £'000	2007 £'000
Amounts due to group undertakings	114	133
Taxation and social security	5	7
Accruals and deferred income	31	25
	150	165

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

9	Creditors: amounts falling due after more than one year	2008 £'000	2007 £'000
	Amounts due to group undertakings	<u>562</u>	<u>416</u>
10	Called up share capital	2008 £	2007 £
	Authorised		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	1 Ordinary share of £1 each	<u>1</u>	<u>1</u>
11	Reserves		Profit and loss account £'000
	At 1 January 2008		(442)
	Loss for the financial year		<u>(191)</u>
	At 31 December 2008		<u>(633)</u>
12	Reconciliation of movement in shareholders' funds	2008 £'000	2007 £'000
	Opening shareholders' funds	(442)	-
	Loss for the financial year	<u>(191)</u>	<u>(442)</u>
	Closing shareholders' funds	<u>(633)</u>	<u>(442)</u>
13	Commitments		
	Annual commitments under non-cancellable operating leases are as follows:		
		2008	2007
	Land and buildings £'000	Other £'000	Land and buildings £'000
			Other £'000
	Operating leases which expire:		
	- within one year	<u>-</u>	<u>1</u>
		<u>-</u>	<u>6</u>

LIVINGSTON IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

14 Pension scheme

The company operates a defined contribution Group Personal Pension scheme where each individual has his/her own pension fund that both the company and the employee make contributions to. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £6,405. There were £961 outstanding contributions at end of the financial period.

15 Related party transactions

During the year the company had the following transactions with other group companies:

Group company	Description of transactions during the year	Value of transactions during year		Amount owed from/(to) at 31 December	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Livingston Electronic Services GmbH	Commissions	277	384	31	80
Livingston UK Limited	Establishment and computer charges	84	140	10	35
Livingston Electronic Services GmbH	Interest on loans	27	4	(538)	(434)
Livingston UK Limited	Salary recharges	24	56	(68)	(37)
Livingston Group Limited	Overhead recharges	5	10	-	(10)
Livingston European Holdings Limited	Interest on loans	-	-	(70)	(68)

16 Ultimate parent company and parent undertaking

The company's immediate parent company is Livingston European Holdings Ltd, and the ultimate parent undertaking is Livingston Group Limited, by virtue of the control it exerts over the immediate parent.

The consolidated accounts of Livingston Group Limited are available to the public and may be obtained from Livingston House, 2 Queens Road, Teddington, Middlesex, TW11 0LB.