

LLOYD AND JONES ENGINEERS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2005

Company Registration Number 01751835

Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP



LLOYD AND JONES ENGINEERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2005

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LLOYD AND JONES ENGINEERS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2005

The board of directors	J D Birch K Hartley S Ranson
Company secretary	J D Birch
Registered office	PO Box 29 76 Regent Road Bootle L20 1EJ
Buisness Address	PO Box 29 76 Regent Road Bootle L20 1EJ
Auditors	Tenon Audit Limited Registered Auditor Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Accountants	Tenon Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP

LLOYD AND JONES ENGINEERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2005

The directors present their report and the financial statements of the company for the year ended 31 October 2005.

Principal activities and business review

The company's principal activity during the year was that of merchants of engineering supplies.

The directors plan to continue with existing management policies.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

J D Birch
K Hartley
S Ranson

The company is a wholly owned subsidiary of Lloyd and Jones Engineers (Holdings) Limited. J D Birch holds 10,000 £0.01 ordinary shares in Lloyd and Jones Engineers (Holdings) Limited. No other directors have any interest in the shares of the holding company.

The 14,600 "B" Ordinary shares in issue at the start of the year were repurchased by the company on 2 March 2005 for a total consideration of £400,000.

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 of the company for that year. 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
- 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LLOYD AND JONES ENGINEERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2005

Auditors

A resolution to re-appoint Tenon Audit Limited as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

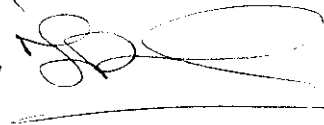
Registered office:
PO Box 29
76 Regent Road
Bootle
L20 1EJ

Signed by order of the directors

X



J D Birch
Company Secretary



(Date)

Approved by the directors on X

25/08/06

LLOYD AND JONES ENGINEERS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYD
AND JONES ENGINEERS LIMITED**

YEAR ENDED 31 OCTOBER 2005

We have examined the abbreviated accounts set out on pages 5 to 19, together with the financial statements of Lloyd and Jones Engineers Limited for the year ended 31 October 2005 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A 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 Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's 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 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *29 August 2006*

LLOYD AND JONES ENGINEERS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 OCTOBER 2005**

	Note	2005 £	2004 £
Gross profit		2,912,397	2,716,765
Distribution costs		(1,701,107)	(1,555,082)
Administrative expenses		(1,154,660)	(953,151)
Other operating income	2	13,777	145
Operating profit	3	<u>70,407</u>	<u>208,677</u>
Interest receivable and similar income		81	46
Interest payable and similar charges	6	(9,716)	(3,225)
Profit on ordinary activities before taxation		<u>60,772</u>	<u>205,498</u>
Tax on profit on ordinary activities	7	(63,471)	(50,480)
(Loss)/profit for the financial year		<u>(2,699)</u>	<u>155,018</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 19 form part of these financial statements.

LLOYD AND JONES ENGINEERS LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 31 OCTOBER 2005

Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	60,772	205,498
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>621</u>	<u>621</u>
Historical cost profit on ordinary activities before taxation	<u>61,393</u>	<u>206,119</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(2,078)</u>	<u>155,639</u>

The notes on pages 8 to 19 form part of these financial statements.

LLOYD AND JONES ENGINEERS LIMITED

BALANCE SHEET

31 OCTOBER 2005

	Note	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	8		1,269,228		749,977
Investments	9		1		1
			<u>1,269,229</u>		<u>749,978</u>
Current assets					
Stocks	10	794,089		730,593	
Debtors	11	2,517,700		2,429,591	
Cash at bank and in hand		21,917		16,956	
		<u>3,333,706</u>		<u>3,177,140</u>	
Creditors: Amounts falling due within one year	12	<u>(2,285,345)</u>		<u>(2,172,552)</u>	
Net current assets			1,048,361		1,004,588
Total assets less current liabilities			<u>2,317,590</u>		<u>1,754,566</u>
Creditors: Amounts falling due after more than one year	13		<u>(654,963)</u>		<u>(81,511)</u>
			1,662,627		1,673,055
Provisions for liabilities and charges					
Deferred taxation	15		(52,056)		(59,785)
			<u>1,610,571</u>		<u>1,613,270</u>
Capital and reserves					
Called-up share capital	18		15,200		29,800
Revaluation reserve	19		41,381		42,002
Other reserves	19		34,800		(379,800)
Profit and loss account	19		1,519,190		1,921,268
Shareholders' funds	20		<u>1,610,571</u>		<u>1,613,270</u>

These financial statements were approved by the directors on the 25/08/06 and are signed on their behalf by:

X

J D Birch
Director

The notes on pages 8 to 19 form part of these financial statements.

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards, subject to the departures referred to below.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are recorded at cost or valuation.

Depreciation

Depreciation 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:

Freehold Property	- 2% straight line
Leasehold Property	- over the life of the lease
Plant & Machinery	- 25% reducing balance
Fixtures & Fittings	- 25% reducing balance
Motor Vehicles	- 25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19, certain of the company's properties are held for long-term investment and are included on the balance sheet at their open market values. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

1. Accounting policies *(continued)*

Stocks

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

Operating lease 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.

Pension 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.

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.

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.

Group financial statements

The company and its subsidiaries form a medium sized group. The company has therefore taken advantage of the exemption given by Section 248 of the Companies Act 1985 not to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not as a group.

Fixed asset investments

Fixed asset investments are included at cost.

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

2. Other operating income

	2005	2004
	£	£
Other operating income	13,777	145

3. Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	110,365	101,027
Loss on disposal of fixed assets	17,144	456
Auditors' remuneration	4,790	4,790
Net loss on foreign currency translation	—	5,536
Operating lease rentals - land and buildings	27,003	52,460
Operating lease rentals - plant and equipment	814	1,827

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of distribution staff	54	56
Number of management and administrative staff	20	20
	74	76

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	1,617,012	1,683,825
Social security costs	215,263	172,643
Other pension costs	379,132	28,736
	2,211,407	1,885,204

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	435,436	524,737
Value of company pension contributions to money purchase schemes	367,085	1,935
	<u>802,521</u>	<u>526,672</u>

Emoluments of highest paid director:

	2005	2004
	£	£
Total emoluments (excluding pension contributions)	302,000	421,800
Value of company pension contributions to money purchase schemes	365,000	—
	<u>667,000</u>	<u>421,800</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest payable and similar charges

	2005	2004
	£	£
Interest payable on bank borrowing	14,190	5,889
Other similar charges payable	(4,474)	(2,664)
	<u>9,716</u>	<u>3,225</u>

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	69,501	120,282
Under provision in prior year	1,699	5
	<u>71,200</u>	<u>120,287</u>
Deferred tax:		
Origination and reversal of timing differences	(7,729)	(69,807)
Tax on profit on ordinary activities	<u>63,471</u>	<u>50,480</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>60,754</u>	<u>205,498</u>
Profit on ordinary activities by the rate of tax	18,226	61,649
Effects of:		
Expenses not deductible for tax purposes	4,554	70,479
Difference between capital allowances and depreciation	10,257	(5,360)
Marginal relief	(13,813)	(9,005)
Adjustments to the tax charge in respect of prior years	1,699	5
EBT taxation	50,277	2,519
Total current tax (note 7(a))	<u>71,200</u>	<u>120,287</u>

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

8. Tangible fixed assets

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Investment property £	Total £
Cost or valuation						
At 1 Nov 2004	400,000	234,376	133,885	300,487	95,000	1,163,748
Additions	530,000	1,150	—	136,310	—	667,460
Disposals	—	(3,842)	—	(80,871)	—	(84,713)
At 31 Oct 2005	<u>930,000</u>	<u>231,684</u>	<u>133,885</u>	<u>355,926</u>	<u>95,000</u>	<u>1,746,495</u>
Depreciation						
At 1 Nov 2004	31,300	154,781	86,699	140,991	—	413,771
Charge for the year	13,890	20,057	11,797	64,621	—	110,365
On disposals	—	(3,326)	—	(43,543)	—	(46,869)
At 31 Oct 2005	<u>45,190</u>	<u>171,512</u>	<u>98,496</u>	<u>162,069</u>	<u>—</u>	<u>477,267</u>
Net book value						
At 31 Oct 2005	<u>884,810</u>	<u>60,172</u>	<u>35,389</u>	<u>193,857</u>	<u>95,000</u>	<u>1,269,228</u>
At 31 Oct 2004	<u>368,700</u>	<u>79,595</u>	<u>47,186</u>	<u>159,496</u>	<u>95,000</u>	<u>749,977</u>

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005 £	2004 £
Historical cost:		
At 1 Nov 2004	361,089	281,089
Cost of additions to revalued assets brought forward	—	80,000
At 31 Oct 2005	<u>361,089</u>	<u>361,089</u>
Depreciation:		
At 1 Nov 2004	36,334	31,355
Charge for year	4,979	4,979
At 31 Oct 2005	<u>41,313</u>	<u>36,334</u>
Net historical cost value:		
At 31 Oct 2005	<u>319,776</u>	<u>324,755</u>
At 1 Nov 2004	<u>324,755</u>	<u>249,734</u>

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

9. Investments

	Shares in group undertaking £
Cost	
At 1 November 2004 and 31 October 2005	1
Net book value	
At 31 October 2005	1
At 31 October 2004	1

	2005 £	2004 £
Aggregate capital and reserves		
Centurion Engineering Services Limited (dormant)	1	1
Profit and (loss) for the year		
Centurion Engineering Services Limited (dormant)	—	—

10. Stocks

	2005 £	2004 £
Finished goods	794,089	730,593

11. Debtors

	2005 £	2004 £
Trade debtors	1,800,664	1,744,147
Amounts owed by group undertakings	658,598	656,150
Prepayments and accrued income	58,438	29,294
	2,517,700	2,429,591

Included in debtors is £653,000 (2004: £653,000) owed by Lloyd and Jones Engineers (Holdings) Limited which is due for payment after more than one year.

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

12. Creditors: Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	399,923	107,982
Trade creditors	884,260	1,094,969
Amounts owed to group undertakings	1	1
Amounts owed to participating interests	20,998	21,768
Corporation tax	69,501	117,763
Other taxation and social security	142,800	125,927
Directors current accounts	411,828	221,864
Accruals and deferred income	356,034	482,278
	<u>2,285,345</u>	<u>2,172,552</u>

Included in bank loans and overdrafts is an overdraft of £371,276 (2004: £107,982). The bank overdraft is secured by a First Legal Charge dated 19 August 2003 over the Freehold property at Regent Road, Bootle and a First Legal Charge dated 19 August 2003 over the Freehold land and buildings on the East side of Regent Road, Bootle.

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

	2005	2004
	£	£
Bank loans and overdrafts	<u>399,923</u>	<u>107,982</u>

13. Creditors: Amounts falling due after more than one year

	2005	2004
	£	£
Bank loans and overdrafts	287,452	-
Other loans	367,511	81,511
	<u>654,963</u>	<u>81,511</u>

The pension loan of £367,511 (2004: £81,511) is repayable on or before 21st October 2007 with no strict repayment terms and during this term, interest is payable at 3% above the base rate.

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

	2005	2004
	£	£
Bank loans and overdrafts	<u>287,452</u>	<u>-</u>

Included in creditors is a mortgage of £316,000 (2004: £Nil). £28,647 is due within one year and £287,452 due after one year. This mortgage is secured by a First Legal Charge dated 19 August 2003 on the Freehold property on Regent Road, Bootle; a First Legal Charge dated 19 August 2003 on the Freehold land and buildings on the East side of Regent Road, Bootle; and a First Legal Charge dated 22 April 2005 over Leasehold property at Winsford Industrial Estate, Winsford.

LLOYD AND JONES ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2005

13. Creditors: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2005 £	2004 £
Bank loans and overdrafts	<u>201,512</u>	<u>—</u>

The mortgage is payable over 20 years from April 2005. The interest charged on the mortgage is 1.75% over base rate.

14. Creditors - maturity of debt

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	399,923	107,982
In more than one year but not more than two years	396,158	—
In more than two years but not more than five years	57,293	81,511
In more than five years	<u>201,512</u>	<u>—</u>
	<u>1,054,886</u>	<u>189,493</u>

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
At 1 November 2004	59,785	129,592
Profit and loss account movement arising during the year	<u>(7,729)</u>	<u>(69,807)</u>
At 31 October 2005	<u>52,056</u>	<u>59,785</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets		1,748
Other timing differences	<u>52,056</u>	<u>58,037</u>
	<u>52,056</u>	<u>59,785</u>

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

16. Commitments under operating leases

At 31 October 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & buildings £	Other Items £	Land & buildings £	Other Items £
Operating leases which expire:				
Within 1 year	10,000	—	23,712	1,395
Within 2 to 5 years	12,211	—	10,000	—
	<u>22,211</u>	<u>—</u>	<u>33,712</u>	<u>1,395</u>

17. Related party transactions

The company has previously established an Employee Benefit Trust with the objective of promoting employee loyalty and goodwill. Contributions for the year were £66,387 (2004: £nil) and distributions of £233,987 (2004: £232,400) were made in the year. In accordance with FRS5 'Reporting the substance of transactions', trust net assets of £25,869 (2004: £193,459) have been incorporated into the company's balance sheet.

Centurion Engineering Services Limited is a trustee company for the Lloyd and Jones Engineers Limited Employee Benefit Trust. Amounts owed to Centurion Engineering Services Limited at 31 October 2004 were £1 (2004: £1).

During the year, the company made sales to, and purchases from, HB Tools (Ormskirk) Limited, a related company by way of common control and ownership. Sales of £34,833 (2004: £20,543) were made in the year and included in debtors is a balance of £5,598 (2004: £3,150). Purchases of £58,460 (2004: £46,367) were made in the year and included in creditors is a balance of £20,998 (2004: £21,768).

Included in debtors at the year end is an amount of £653,000 (2004: £653,000) owed from Lloyd and Jones Engineers (Holdings) Limited, the ultimate parent company.

Included in creditors at the year end is a director's loan account of £411,828 (2004: £221,864) with J D Birch. During the year, cash totalling £259,742 (2004: £115,572) was introduced, and withdrawals totalling £69,778 (2004: £58,949) were made.

Also during the year, the company rented premises for the Birkenhead branch owned by the J D Birch Pension Fund. Rent of £10,000 (2004: £10,000) was payable in respect of these premises.

Included in creditors at the year end was a balance of £367,511 (2004: £81,511) relating to a loan advanced from the pension fund. Interest was charged on the pension loan amounting to £1,847 (2004: £6,495).

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

18. Share capital

Authorised share capital:

	2005	2004
	£	£
25,500 "A" Ordinary shares of £1 each	25,500	25,500
24,500 "B" Ordinary shares of £1 each	24,500	24,500
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
"A" Ordinary shares of £1 each	15,200	15,200	15,200	15,200
"B" Ordinary shares of £1 each	<u>—</u>	<u>—</u>	<u>14,600</u>	<u>14,600</u>
	<u>15,200</u>	<u>15,200</u>	<u>29,800</u>	<u>29,800</u>

The 14,600 "B" Ordinary shares in issue at the start of the year were repurchased by the company on 2 March 2005 for a total consideration of £400,000.

19. Reserves

	Revaluation reserve £	Capital redemption reserve £	Other reserves equity £	Other reserves - own shares £	Profit and loss account £
Balance brought forward	42,002	—	20,200	(400,000)	1,921,268
Retained loss for the year		—			(2,699)
Other movements					
- purchase of own shares		14,600	—	—	(400,000)
- transfer to/from revaluation reserve	(621)	—	—	—	621
Transfers		—	—	400,000	—
Balance carried forward	<u>41,381</u>	<u>14,600</u>	<u>20,200</u>	<u>—</u>	<u>1,519,190</u>

Other reserves at the beginning of the year comprised of 14,600 Ordinary "B" shares in Lloyd and Jones Engineering Limited Employee Benefit Trust. The company had previously adopted UITF abstract 38 and in accordance with the abstract the investment has been included within reserves in shareholders' funds.

During the year these shares were repurchased by Lloyd and Jones Engineers Limited. The Capital Redemption reserve has been created this year through this repurchase of own shares.

LLOYD AND JONES ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

20. Reconciliation of movements in shareholders' funds

	2005		2004	
	£	£	£	£
(Loss)/profit for the financial year		(2,699)		155,018
Purchase of own equity shares	(14,600)		—	
Premium on purchase of own equity shares	(385,400)		—	
		(400,000)		—
Transfer from revaluation reserve		621		621
Transfer to profit and loss account		(621)		(621)
Transfer from other reserves – own shares		400,000		—
Net (reduction)/addition to shareholders' equity funds		(2,699)		155,018
Opening shareholders' equity funds		1,613,270		1,458,252
Closing shareholders' equity funds		1,610,571		1,613,270

21. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2004 - £60,000).

22. Ultimate parent company

The directors consider the ultimate parent company to be Lloyd and Jones Engineers (Holdings) Limited.

23. Control

The company is a wholly owned subsidiary of Lloyd and Jones Engineers (Holdings) Limited. The ultimate controlling party throughout the year and the previous year was J D Birch.