

JSJS DESIGNS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2008

JSJS DESIGNS LIMITED

COMPANY INFORMATION

Directors	Mr J S Sinclair Mr J T Shermer
Secretary	Mr P R Britton
Company number	6303513
Legal form	Limited liability company incorporated in England and Wales
Registered office	14 Bark Lane Addingham Ilkey West Yorkshire LS29 0RB
Principal place of business	Ezekiel House Ezekiel Lane Willenhall WV12 5QU
Auditors	PKF (UK) LLP New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX

JSJS DESIGNS LIMITED

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JSJS DESIGNS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2008

The directors present their report and the audited financial statements for the period ended 31 July 2008.

Principal activities

The principal activity of the company during the period was the design and manufacture of equipment to remotely control domestic devices and systems.

Business review

The company was incorporated on 5 July 2007. The directors are satisfied with the company first period of trade, with a gross margin of 26% on a turnover of £857,306.

Future developments

Encouraged by the company's early performance and the further opportunities for growth, the directors plan to list the company on the Alternative Investment Market (AIM) in the coming year.

Results and dividends

The profit for the period, before taxation, amounted to £94,206.

No dividends are proposed.

Directors

The directors who served during the period were:

Mr J S Sinclair (appointed 5 July 2007)
Mr J T Shermer (appointed 5 July 2007)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 20 October 2008 and signed on its behalf.

J T Shermer
Director

JSJS DESIGNS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 JULY 2008

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required to 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 period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that 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. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

JSJS DESIGNS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JSJS DESIGNS LIMITED

We have audited the financial statements of JSJS Designs Limited for the period ended 31 July 2008 which comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the related notes. The 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union 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 have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report 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 directors' report 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 judgments 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 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.

JSJS DESIGNS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JSJS DESIGNS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 July 2008 and of its profit 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 directors' report is consistent with the financial statements.

PKF (UK) LLP

Registered auditors

Birmingham, UK

Date: 22 October 2008

JSJS DESIGNS LIMITED

BALANCE SHEET
AS AT 31 JULY 2008

	Note	2008 £
ASSETS		
Non-current assets		
Property, plant and equipment	5	12,000
		<u>12,000</u>
Current assets		
Inventories	6	58,643
Other receivables	7	5,968
Cash and cash equivalents		154,787
		<u>219,398</u>
Total assets		<u>231,398</u>
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary shares	8	4
Retained earnings		67,706
Total equity		<u>67,710</u>
LIABILITIES		
Current liabilities		
Trade and other payables	9	137,188
Current income tax liabilities		26,500
Total liabilities		<u>163,688</u>
Total equity and liabilities		<u>231,398</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 October 2008.

J T Shermer
Director

The notes on pages 8 to 15 form part of these financial statements.

JSJS DESIGNS LIMITED

**INCOME STATEMENT
FOR THE PERIOD ENDED 31 JULY 2008**

	Note	2008 £
Revenue	11	857,306
Cost of sales	12	<u>(632,032)</u>
Gross profit		225,274
Administrative expenses	12	<u>(135,573)</u>
Operating profit		89,701
Finance income	14	<u>4,505</u>
Profit before income tax		94,206
Income tax expense	15	<u>(26,500)</u>
Profit for the year – attributable to equity holders of the company		<u><u>67,706</u></u>

All amounts relate to continuing operations.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JULY 2008**

	Note	Ordinary Shares £	Retained earnings £	Total equity £
Changes in equity during the period:				
Issue of share capital	8	4	-	4
Profit for the period		<u>-</u>	<u>67,706</u>	<u>67,706</u>
At 31 July 2008		<u><u>4</u></u>	<u><u>67,706</u></u>	<u><u>67,710</u></u>

The notes on pages 8 to 15 form part of these financial statements.

JSJS DESIGNS LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JULY 2008**

	2008
	£
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating profit	89,701
(Increase) in inventories	(58,643)
(Increase) in other receivables	(5,964)
Increase in trade and other payables	137,188
Cash generated from operations	162,282
Net cash generated from operating activities	162,282
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property, plant and equipment	(12,000)
Interest received	4,505
Net cash used in investing activities	(7,495)
NET INCREASE IN CASH AND CASH EQUIVALENTS	154,787
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	154,787

The notes on pages 8 to 15 form part of these financial statements.

JSJS DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of preparation of financial statements

These accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as adopted by the EU, and in accordance with the Companies Act 1985.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. The company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

The financial statements cover the period from incorporation on 5 July 2007 to 31 July 2008.

1.2. Property, plant and equipment

All property, plant and equipment assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a reducing balance basis over the estimated useful life, as follows:

Motor cars	25%
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Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

1.3. Impairment of non-financial assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The entity assesses at each reporting date whether an asset may be impaired.

1.4. Financial assets

The company classifies its financial assets in the following categories: at fair value through the profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- a) Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.
- b) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

JSJS DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5. Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in-first-out basis. Cost comprises purchase cost of goods, direct labour and those overheads related to manufacture and distribution based on normal activity levels. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.6. Trade receivables

Trade receivables are carried at cost less provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

1.7. Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks.

1.8. Share capital

Ordinary shares are classified as equity.

1.9. Trade payables

Trade payables are measured at amortised cost using the effective interest method when appropriate.

1.10. Deferred taxation

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1.11. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods in the ordinary course of the company's activities (excluding VAT and other sales taxes, returns, rebates and discounts). Revenue is recognised when goods are despatched.

Interest income is recognised on a time apportionment basis.

1.12. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

1.14. Research and development

Research and development expenditure is charged to the income and expenditure account in the period in which it is incurred except for development expenditure that meets the criteria of an asset under IAS 38 – 'Intangible assets' which is capitalised.

2. FINANCIAL RISK MANAGEMENT

The company does not actively use financial instruments as part of its financial risk management. The company's operations do, though, expose it to a number of financial risks.

Credit risk

The company obtains payment in advance on all orders and deposits its cash with a reputable bank. Therefore it is not exposed to significant credit risk. At the period end the company did not have any trade receivables, and therefore, it is the director's opinion that no provision for doubtful debts is required.

Liquidity risk

The company reviews cash flow forecasts on a regular basis in order to maintain sufficient cash to meet future working capital requirements and to take advantage of business opportunities. At the period end the company had sufficient cash to discharge all its liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The nature of its financial instruments means that they are not subject to price risk as it does not have borrowings nor does it use foreign currency.

The company does not use hedge accounting.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

The company seeks to match long term assets with long term funding and short term assets with short term funding. Equity and retained earnings are used primarily to finance fixed assets. Cash balances are made available to fund the company's working capital requirements.

JSJS DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2008

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustment to the financial statements are discussed below:

Carrying value of inventories

Inventories are made to order. Nevertheless judgement is required with respect to the valuation of inventories in hand.. Estimates are also made regarding 'normal activity' for assessing the amount of direct materials, labour and overheads to be attributed to the cost of inventory.

Revenue recognition

Revenue is stated net of returns. The directors use their judgement to estimate the amount of provision needed in the financial statements for returns.

4. AUDITORS' REMUNERATION

	2008 £
Fees payable to the company auditor for the audit of the financial statements	<u>7,500</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles £
Cost	
Additions	12,000
At 31 July 2008	<u>12,000</u>
Depreciation	
Charge for period	-
At 31 July 2008	<u>-</u>
Net book value	
At 31 July 2008	<u>12,000</u>

No depreciation has been charged due to the assets all being purchased on the final day of the financial period.

6. INVENTORIES

	2008 £
Raw materials	11,698
Finished goods	46,995
	<u>58,643</u>

JSJS DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2008

7. OTHER RECEIVABLES

	2008 £
VAT debtor	5,964
Unpaid share capital	4
	<u>5,968</u>

8. SHARE CAPITAL

	2008 £
Authorised 100 Ordinary shares of £1 each	<u>100</u>

	2008 £
Allotted and fully called up, but unpaid 4 Ordinary shares of £1 each	<u>4</u>

On incorporation on 5 July 2007 the company allotted and issued four ordinary shares for their nominal value of £1 each.

All issued shares rank pari passu for the purposes of dividends, voting and any return of capital.

9. TRADE AND OTHER PAYABLES

	2008 £
Trade payables	57,836
Social security and other taxes	1,919
Other payables	77,433
	<u>137,188</u>

JSJS DESIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2008

10. FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial instruments are given below:

Financial assets

	Loans and receivables £
Cash and deposits	154,787
Other receivables (Note 7)	5,968
	<u>160,755</u>

The fair value of financial assets equals their carrying amount. The financial assets do not contain any provision for impairment. The maximum exposure to credit risk at the reporting date is the fair value of each class of asset mentioned above. The company does not hold any collateral as security.

Financial liabilities

	Financial liabilities measured at amortised cost £
Trade and other payables (Note 9)	<u>137,188</u>

The fair value of financial liabilities equals their carrying amount. All financial liabilities are due within one year.

11. REVENUE

The whole of revenue is attributable to one class of business and to the sale of goods.

All revenue arose within the United Kingdom.

12. EXPENSES BY NATURE

	2008 £
Staff costs (Note 13)	69,662
Operating leases*	12,750
Research and development	182,300
Cost of inventories recognised as an expense	420,081
Other expenses	82,812
	<u>767,605</u>

* There are no non-cancellable leases.

JSJS DESIGNS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2008**

13. STAFF COSTS

Staff costs comprised:

	2008
	£
Wages and salaries	64,340
Social security costs	5,322
	<u>69,662</u>
Number of employees (including directors)	<u>3</u>

14. FINANCE INCOME

	2008
	£
Interest on bank deposits	<u>4,505</u>

15. INCOME TAX EXPENSE

	2008
	£
Current tax	<u>26,500</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2008
	£
Profit before tax	<u>94,206</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 21%	19,783
Effects of:	
Capital allowances in excess of depreciation	(37)
Non-deductible expenses	7,657
Effect of change in tax rates	<u>(903)</u>
Tax expense	<u>26,500</u>

No deferred tax balances have been recognised as they are immaterial.

JSJS DESIGNS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2008**

16. RELATED PARTIES

The company does not have a controlling party. The following transactions were carried out with related parties:

Purchases of goods and services

	2008 £
Entities controlled by key management personnel	<u>364,599</u>

The entity controlled by key management personnel is a company, Tetra Systems Limited, owned by Mr J Sinclair, a director and shareholder of the company. The amounts purchased related to product materials, assembly and design and have been charged to cost of sales.

Year end balances arising from sales and purchases of goods and services

	2008 £
Entities controlled by key management personnel	<u>495</u>

The payables to related parties arise from purchase transactions and are due one month after the date of purchase. The payables are unsecured in nature and bear no interest.

Directors

	2008 £
Aggregate emoluments	<u>46,000</u>