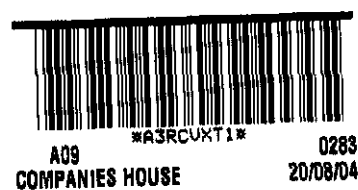


SKAINO ATMOS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003



Company no 1241033

SKAINO ATMOS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

Company registration number: 1241033

Registered office: New Creation Farm
Nether Heyford
Northampton
NN7 3LB

Directors: N Stanton (retired 1 January 2004)
K Bartholomew
J A Thomason
I C Callard
M J Farrant
H J Oldham
R Gunn (appointed 1 January 2004)

Secretary: I C Callard

Bankers: Barclays Bank Plc

Solicitors: Shoosmiths
The Lakes
Northampton

Mason Bullock
4 Albion Place
Northampton

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

SKAINO ATMOS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

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SKAINO ATMOS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2003

The directors present their report together with financial statements for the year ended 31 December 2003.

Principal activities

The company continues to trade as heating, plumbing and building contractors.

Business review

There was a loss for the year after taxation amounting to £55,288 (2002: loss of £66,867). The directors do not recommend payment of a dividend leaving £55,288 transferred from reserves (2002: £66,867 transferred from reserves).

Directors

The present membership of the Board is set out below. All directors served throughout the year, except where indicated.

Mr K Bartholomew
Mr J A Thomason
Mr I C Callard
Mr M J Farrant (Chairman)
Miss H J Oldham
Mr R Gunn (appointed 1 January 2004)

Mr N Stanton retired as director and Chairman on 1 January 2004 and Mr R Gunn was appointed to the Board on 1 January 2004. Mr M J Farrant was appointed Chairman on 1 January 2004.

Mr K Bartholomew, Miss H J Oldham, Mr J A Thomason and Mr M J Farrant are trustees of the Jesus Fellowship Community Trust which owns 100% of the share capital of the company's immediate holding company.

In accordance with the Articles of Association, Mr M J Farrant, Mr R Gunn and Mr J A Thomason retire by rotation and, being eligible, offer themselves for re-election.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


SKAINO ATMOS LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985. On 1 July 2004, the Grant Thornton partnership converted to a limited liability partnership called Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

BY ORDER OF THE BOARD


.....
I C Callard
Company Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SKAINO ATMOS LIMITED

We have audited the financial statements of Skaino Atmos Limited for the year ended 31 December 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 16. 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 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 members as a body, for our audit, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 other information contained in the directors' report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SKAINO ATMOS LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

 22 July 2004.

SKAINO ATMOS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover, which excludes value added tax, represents the invoiced value of completed contracts and a proportion of the total contract value of long term contracts where the outcome can be assessed with reasonable certainty.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation of all tangible fixed assets by equal annual instalments over their expected useful economic lives.

The rates generally applicable are:

Short leasehold land and buildings	Over the lease term
Motor vehicles	25%
Plant and equipment	20%

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and damaged stocks.

Raw materials

The cost of raw materials consists of the purchase price, including transport and handling costs, calculated on a first in first out basis.

Work in progress

The cost of contract work in progress, the duration of which is less than 12 months and is therefore regarded as short term, consists of direct materials, labour and attributable production overheads.

Contract work in progress which extends over periods greater than 12 months is stated at cost, determined on the same basis as for short term contracts, less foreseeable losses and payments on account. Where the progress payments exceed the amounts matched with turnover and have been offset against long term contract balances the balance is included in creditors due within one year as payments on account.

SKAINO ATMOS LIMITED

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the year in which it is incurred.

PROVISIONS

Provisions for dilapidations represent the professional estimation of the costs to be incurred in restoring property to its previous condition when the lease expires at the end of 2004.

SKAINO ATMOS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	1,183,183	1,352,451
Cost of sales		<u>(883,421)</u>	<u>(1,104,555)</u>
Gross profit		299,762	247,896
Net operating expenses		<u>(372,492)</u>	<u>(329,711)</u>
Operating loss		(72,730)	(81,815)
Charitable donations		<u>(481)</u>	<u>(8,214)</u>
Loss on ordinary activities before taxation		(73,211)	(90,029)
Tax on loss on ordinary activities	3	17,923	23,162
Loss transferred from reserves	11	<u>(55,288)</u>	<u>(66,867)</u>

There were no recognised gains or losses other than the loss for the financial year.


All operations are considered to be continuing.

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

SKAINO ATMOS LIMITED**BALANCE SHEET AT 31 DECEMBER 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	85,587	108,581
Current assets			
Stock	5	313,350	364,091
Debtors	6	245,495	345,048
Cash at bank and in hand		18,197	16,461
		<u>577,042</u>	<u>725,600</u>
Creditors: amounts falling due within one year	7	<u>(171,426)</u>	<u>(327,018)</u>
Net current assets		<u>405,616</u>	<u>398,582</u>
Total assets less current liabilities		<u>491,203</u>	<u>507,163</u>
Provision for liabilities and charges	8	<u>(59,328)</u>	<u>(20,000)</u>
		<u>431,875</u>	<u>487,163</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	426,875	482,163
Equity shareholders' funds	12	<u>431,875</u>	<u>487,163</u>

The financial statements were approved by the Board of Directors on


I C Callard
Director

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

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:

	2003 £	2002 £
Auditors' remuneration:		
Audit services	10,250	9,600
Depreciation	47,568	47,325
Other operating lease rentals	33,500	20,016
(Profit)/loss on sale of fixed assets	1,742	(287)

2 DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Wages and salaries	260,613	254,581
Social security costs	13,028	13,500
	<u>273,641</u>	<u>268,081</u>

The average number of employees of the company during the year was:

	2003	2002
By category:		
Production	19	18
Administration	11	11
	<u>30</u>	<u>29</u>

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	<u>29,706</u>	<u>29,125</u>

SKAINO ATMOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

3 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax (credit)/charge represents:

	2003 £	2002 £
Corporation tax at 30% (2002: 30%)	(17,923)	(25,352)
Adjustment in respect of prior year	-	2,190
Total current tax and tax on loss on ordinary activities	<u>(17,923)</u>	<u>(23,162)</u>

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%).
The differences are explained as follows:

	2003 £	2002 £
Loss on ordinary activities before tax	<u>(73,211)</u>	<u>(90,029)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(21,963)	(27,009)
Effect of:		
Expenses not deductible for tax purposes	967	30
Difference between capital allowances and depreciation	3,073	1,747
Adjustments in respect of prior years	-	2,190
Non-taxable receipt	-	(120)
Current tax charge for the year	<u>(17,923)</u>	<u>(23,162)</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

4 TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost				
At 1 January 2003	35,643	128,990	130,170	294,803
Additions	-	21,512	5,304	26,816
Disposals	-	(10,375)	(4,908)	(15,283)
At 31 December 2003	<u>35,643</u>	<u>140,127</u>	<u>130,566</u>	<u>306,336</u>
Depreciation				
At 1 January 2003	27,216	77,139	81,867	186,222
Charge for the year	4,213	25,898	17,457	47,568
Eliminated on disposals	-	(10,375)	(2,666)	(13,041)
At 31 December 2003	<u>31,429</u>	<u>92,662</u>	<u>96,658</u>	<u>220,749</u>
Net book amount at 31 December 2003	<u>4,214</u>	<u>47,465</u>	<u>33,908</u>	<u>85,587</u>
Net book amount at 31 December 2002	<u>8,427</u>	<u>51,851</u>	<u>48,303</u>	<u>108,581</u>

5 STOCKS

	2003 £	2002 £
Raw materials	209,002	289,102
Contract work in progress	104,348	74,989
	<u>313,350</u>	<u>364,091</u>

6 DEBTORS

	2003 £	2002 £
Trade debtors	173,323	248,080
Amounts owed by group undertakings	25,952	46,050
Other debtors	-	217
Prepayments and accrued income	46,220	50,701
	<u>245,495</u>	<u>345,048</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts	-	85,488
Trade creditors	91,078	66,561
Amounts owed to group undertakings	11,472	107,172
Other taxation and social security	35,645	37,002
Accruals and deferred income	33,231	30,795
	<u>171,426</u>	<u>327,018</u>

The bank overdraft is secured by way of a composite guarantee with its parent and its fellow subsidiaries, Towcester Building Supplies Limited and White and Bishop Limited (note 14).

8 PROVISION FOR LIABILITIES AND CHARGES

	Dilapidation provision £
At 1 January 2003	20,000
Provided in the year	39,328
At 31 December 2003	<u>59,328</u>

The dilapidation provision is based on the professional estimation of the costs to be incurred in restoring property to its previous condition when the lease expires at the end of 2004. The valuation was undertaken by Bidwells Drake Property Consultants.

9 DEFERRED TAXATION

No deferred tax asset has been recognised in the accounts, as its recoverability is uncertain.

The full potential deferred taxation asset, calculated on the liability method at 30% (2002: 30%) is analysed as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>11,269</u>	<u>7,564</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

10 SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted, called up and fully paid 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

11 PROFIT AND LOSS ACCOUNT

	2003 £
At 1 January 2003	482,163
Retained loss for the year	(55,288)
At 31 December 2003	<u>426,875</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the financial year and net decrease in shareholders funds	(55,288)	(66,867)
Shareholders' funds at 1 January 2003	487,163	554,030
Shareholders' funds at 31 December 2003	<u>431,875</u>	<u>487,163</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2003 or 31 December 2002.

14 CONTINGENT LIABILITIES

There is an unlimited interlocking guarantee given to Barclays Bank Plc by House of Goodness Limited, Skaino Services Limited, Towcester Building Supplies Limited and White & Bishop Limited. At 31 December 2003, the potential liability of Skaino Services Limited was £1,621,741 (2002: £1,276,404).

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

15 RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of House of Goodness Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by that company.

During the year the company made sales to its ultimate controlling party of £240,482 (2002: £169,984) with an amount due to be received of £29,940 at 31 December 2002 (2002: £49,641). These sales were made within the ordinary course of business of the company.

During the year the company made sales to the Jesus Fellowship Vehicles, which is a part of the ultimate controlling party, of £22,222 (2002: £54,178) with an amount due to be received of £5,633 (2002: £6,544) at 31 December 2003. These sales were made within the ordinary course of the business of the company.

16 ULTIMATE PARENT UNDERTAKING

The directors consider that House of Goodness Limited is the intermediate holding company and controlling related party by virtue of shareholding, with Jesus Fellowship Community Trust being the ultimate parent undertaking.

Copies of the intermediate parent's consolidated financial statements may be obtained from The Secretary, New Creation Farm, Nether Heyford, Northants, NN7 3LB.