

SKAINO ATMOS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005



SKAINO ATMOS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2005

Company registration number:	1241033
Registered office:	New Creation Farm Nether Heyford Northampton NN7 3LB
Directors:	K Bartholomew J A Thomason I C Callard M J Farrant H J Oldham R Gunn
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 2005

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SKAINO ATMOS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2005

The directors present their report together with financial statements for the year ended 31 December 2005.

Principal activities

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

Business review

There was a profit for the year after taxation amounting to £22,100 (2004: loss of £27,803). The directors do not recommend payment of a dividend.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

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

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, Miss H J Oldham and Mr J A Thomason retire by rotation and, being eligible, offer themselves for re-election.

Charitable donations

During the year the company paid £15,000 to the Jesus Army Charitable Trust under Gift Aid.

SKAINO ATMOS LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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;
- 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 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 financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



I C Callard
Company Secretary

27 July 2006

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

We have audited the financial statements of Skaino Atmos Limited for the year ended 31 December 2005 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 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 Directors' Report and the financial statements in accordance with United Kingdom law and 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 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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

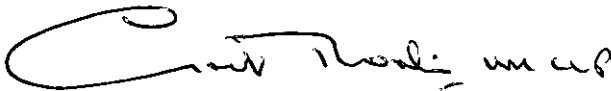
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
SKAINO ATMOS 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 2005 and of its profit 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

28 July 2006

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	20 - 25%
Plant and equipment	20%

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.

Provisions for warranty costs are based on the number of warrantable units sold in the year which have historically led to warranty repairs being carried out at the expense of the company.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

SKAINO ATMOS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	1	1,476,953	1,484,688
Cost of sales		<u>1,163,082</u>	<u>(1,190,415)</u>
Gross profit		313,871	294,273
Net operating expenses		<u>(270,449)</u>	<u>(332,414)</u>
Operating profit/(loss)		43,422	(38,141)
Charitable donations		<u>(15,000)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		28,422	(38,141)
Tax on profit/(loss) on ordinary activities	3	<u>(6,322)</u>	10,338
Profit/(loss) transferred to/(from) reserves	11	<u>22,100</u>	<u>(27,803)</u>

There were no recognised gains or losses other than the profit 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 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	4	54,095	84,825
Current assets			
Stock	5	272,012	409,027
Debtors	6	335,569	348,728
Cash at bank and in hand		30,356	1,479
		<u>637,937</u>	<u>759,234</u>
Creditors: amounts falling due within one year	7	<u>(193,027)</u>	<u>(369,808)</u>
Net current assets		<u>444,910</u>	<u>389,426</u>
Total assets less current liabilities		<u>499,005</u>	<u>474,251</u>
Provision for liabilities and charges	8	<u>(72,833)</u>	<u>(70,179)</u>
		<u>426,172</u>	<u>404,072</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	421,172	399,072
Equity shareholders' funds	12	<u>426,172</u>	<u>404,072</u>

The financial statements were approved by the Board of Directors on 27 July 2006.



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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 2005

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities is stated after:

	2005 £	2004 £
Auditors' remuneration:		
Audit services	12,650	10,700
Depreciation	39,450	49,789
(Profit)/loss on sale of fixed assets	<u>(2,061)</u>	<u>(8,614)</u>

2 DIRECTORS AND EMPLOYEES

	2005 £	2004 £
Wages and salaries	310,385	277,677
Social security costs	21,494	15,235
	<u>331,879</u>	<u>292,912</u>

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

	2005	2004
By category:		
Production	20	20
Administration	13	12
	<u>33</u>	<u>32</u>

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Emoluments	<u>32,635</u>	<u>30,735</u>

SKAINO ATMOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2005

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) represents:

	2005 £	2004 £
Corporation tax at 19% (2004: 30% - Group relief)	6,322	(10,338)
Total current tax on profit/(loss) on ordinary activities	<u>6,322</u>	<u>(10,338)</u>
	2005 £	2004 £
Profit/(loss) on ordinary activities before tax	<u>28,422</u>	<u>(38,141)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004: 30%)	5,400	(11,442)
Effect of:		
Expenses not deductible for tax purposes	138	27
Difference between capital allowances and depreciation	784	1,077
Current tax charge/(credit) for the year	<u>6,322</u>	<u>(10,338)</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

4 TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost				
At 1 January 2005	35,643	157,384	122,494	315,521
Additions	2,166	6,675	5,925	14,766
Disposals	-	(20,249)	(1,979)	(22,228)
At 31 December 2005	<u>37,809</u>	<u>143,810</u>	<u>126,440</u>	<u>308,059</u>
Depreciation				
At 1 January 2005	35,643	104,015	91,038	230,696
Charge for the year	433	21,554	17,463	39,450
Eliminated on disposals	-	(14,900)	(1,282)	(16,182)
At 31 December 2005	<u>36,076</u>	<u>110,669</u>	<u>107,219</u>	<u>253,964</u>
Net book amount at 31 December 2005	<u>1,733</u>	<u>33,141</u>	<u>19,221</u>	<u>54,095</u>
Net book amount at 31 December 2004	<u>-</u>	<u>53,369</u>	<u>31,456</u>	<u>84,825</u>

5 STOCKS

	2005 £	2004 £
Raw materials	178,845	272,206
Contract work in progress	93,167	136,821
	<u>272,012</u>	<u>409,027</u>

6 DEBTORS

	2005 £	2004 £
Trade debtors	241,140	220,314
Amounts owed by group undertakings	63,663	94,196
Prepayments and accrued income	30,766	34,218
	<u>335,569</u>	<u>348,728</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts	-	71,723
Trade creditors	64,176	106,276
Amounts owed to group undertakings	19,215	112,516
Other taxation and social security	58,941	39,999
Accruals and deferred income	44,373	39,294
Corporation tax	6,322	-
	<u>193,027</u>	<u>369,808</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

	Total provision £	Dilapidation provision £	Warranty provision £
At 1 January 2005	70,179	54,975	15,204
Provided in the year	21,254	-	21,254
Utilised in the year	(18,600)	(3,819)	(14,781)
At 31 December 2005	<u>72,833</u>	<u>51,156</u>	<u>21,677</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 2010. The valuation was undertaken by Bidwells Drake Property Consultants in 2004.

The warranty provision is based on the number of warrantable units sold in the year which have historically led to warranty repairs being carried out at the expense of the company.

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 19% (2004: 30%) is analysed as follows:

	2005 £	2004 £
Accelerated capital allowances	<u>8,509</u>	<u>12,197</u>

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

10 SHARE CAPITAL

	2005 £	2004 £
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

	2005 £
At 1 January 2005	399,072
Retained profit for the year	22,100
At 31 December 2005	<u>421,172</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit/(loss) for the financial year and net decrease in shareholders funds	22,100	(27,803)
Shareholders' funds at 1 January 2005	404,072	431,875
Shareholders' funds at 31 December 2005	<u>426,172</u>	<u>404,072</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2005 or 31 December 2004.

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 2005, the potential liability of Skaino Services Limited was £Nil (2004: £664,631).

SKAINO ATMOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

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 £260,890 (2004: £122,672) with an amount due to be received of £33,008 at 31 December 2005 (2004: £42,425). These sales were made within the ordinary course of business of the company.

In 2005 the company made sales to the Jesus Fellowship Vehicles, which is a part of the ultimate controlling party, of £5,516 with an amount due to be received of £14 at 31 December 2005. There were no sales made in 2004 and the balance due at 31 December 2004 was nil. All 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.