



**SKAINO ATMOS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2004**

# **SKAINO ATMOS LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 December 2004**

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**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 2004

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# **SKAINO ATMOS LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2004

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The directors present their report together with financial statements for the year ended 31 December 2004.

### **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 £27,803 (2003: £55,288). The directors do not recommend payment of a dividend leaving £27,803 transferred from reserves (2003: £55,288).

### **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 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 K Bartholomew and Mr I C Callard 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

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### 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

26 July 2005

**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 2004 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 2004 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

27 July 2005

# **SKAINO ATMOS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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**

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#### **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.

**SKAINO ATMOS LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2004

	<b>Note</b>	<b>2004 £</b>	<b>2003 £</b>
<b>Turnover</b>	<b>1</b>	<b>1,484,688</b>	<b>1,183,183</b>
Cost of sales		<u><b>(1,190,415)</b></u>	<u><b>(883,421)</b></u>
<b>Gross profit</b>		<b>294,273</b>	<b>299,762</b>
Net operating expenses		<u><b>(332,414)</b></u>	<u><b>(372,492)</b></u>
<b>Operating loss</b>		<b>(38,141)</b>	<b>(72,730)</b>
Charitable donations		<u><b>-</b></u>	<u><b>(481)</b></u>
<b>Loss on ordinary activities before taxation</b>		<b>(38,141)</b>	<b>(73,211)</b>
Tax on loss on ordinary activities	<b>3</b>	<b>10,338</b>	<b>17,923</b>
<b>Loss transferred from reserves</b>	<b>11</b>	<u><b>(27,803)</b></u>	<u><b>(55,288)</b></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 2004**

	Note	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	4	84,825	85,587
<b>Current assets</b>			
Stock	5	409,027	313,350
Debtors	6	348,728	245,495
Cash at bank and in hand		<u>1,479</u>	<u>18,197</u>
		759,234	577,042
<b>Creditors: amounts falling due within one year</b>	7	<u>(369,808)</u>	<u>(171,426)</u>
<b>Net current assets</b>		<u>389,426</u>	<u>405,616</u>
<b>Total assets less current liabilities</b>		474,251	491,203
<b>Provision for liabilities and charges</b>	8	(70,179)	(59,328)
		<u>404,072</u>	<u>431,875</u>
<b>Capital and reserves</b>			
Called up share capital	10	5,000	5,000
Profit and loss account	11	399,072	426,875
<b>Equity shareholders' funds</b>	12	<u>404,072</u>	<u>431,875</u>

The financial statements were approved by the Board of Directors on 26 July 2005

  
 .....  
 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 2004

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:

	2004 £	2003 £
Auditors' remuneration:		
Audit services	10,700	10,250
Depreciation	49,789	47,568
Other operating lease rentals	33,500	33,500
(Profit)/loss on sale of fixed assets	(8,614)	1,742

### 2 DIRECTORS AND EMPLOYEES

	2004 £	2003 £
Wages and salaries	277,677	260,613
Social security costs	15,235	13,028
	<u>292,912</u>	<u>273,641</u>

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

	2004	2003
By category:		
Production	20	19
Administration	12	11
	<u>32</u>	<u>30</u>

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments	<u>30,735</u>	<u>29,706</u>

# SKAINO ATMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

### 3 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	2004 £	2003 £
Corporation tax at 30% (2003: 30%) - Group relief	(10,338)	(17,923)
Total current tax on loss on ordinary activities	<u>(10,338)</u>	<u>(17,923)</u>

#### Factors affecting tax credit for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained as follows:

	2004 £	2003 £
Loss on ordinary activities before tax	<u>(38,141)</u>	<u>(73,211)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	(11,442)	(21,963)
Effect of:		
Expenses not deductible for tax purposes	27	967
Difference between capital allowances and depreciation	1,077	3,073
Current tax credit for the year	<u>(10,338)</u>	<u>(17,923)</u>

# SKAINO ATMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

### 4 TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost				
At 1 January 2004	35,643	140,127	130,566	306,336
Additions	-	31,448	17,977	49,425
Disposals	-	(14,191)	(26,049)	(40,240)
At 31 December 2004	<u>35,643</u>	<u>157,384</u>	<u>122,494</u>	<u>315,521</u>
Depreciation				
At 1 January 2004	31,429	92,662	96,658	220,749
Charge for the year	4,214	25,544	20,031	49,789
Eliminated on disposals	-	(14,191)	(25,651)	(39,842)
At 31 December 2004	<u>35,643</u>	<u>104,015</u>	<u>91,038</u>	<u>230,696</u>
Net book amount at 31 December 2004	<u>-</u>	<u>53,369</u>	<u>31,456</u>	<u>84,825</u>
Net book amount at 31 December 2003	<u>4,214</u>	<u>47,465</u>	<u>33,908</u>	<u>85,587</u>

### 5 STOCKS

	2004 £	2003 £
Raw materials	272,206	209,002
Contract work in progress	136,821	104,348
	<u>409,027</u>	<u>313,350</u>

### 6 DEBTORS

	2004 £	2003 £
Trade debtors	220,314	173,323
Amounts owed by group undertakings	94,196	25,952
Prepayments and accrued income	34,218	46,220
	<u>348,728</u>	<u>245,495</u>

# SKAINO ATMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts	71,723	-
Trade creditors	106,276	91,078
Amounts owed to group undertakings	112,516	11,472
Other taxation and social security	39,999	35,645
Accruals and deferred income	39,294	33,231
	<u>369,808</u>	<u>171,426</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 2004	59,328	59,328	-
Provided in the year	15,204	-	15,204
Utilised in the year	(4,353)	(4,353)	-
At 31 December 2004	<u>70,179</u>	<u>54,975</u>	<u>15,204</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 30% (2003: 30%) is analysed as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>12,197</u>	<u>11,269</u>

# SKAINO ATMOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

### 10 SHARE CAPITAL

	2004 £	2003 £
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

	2004 £
At 1 January 2004	426,875
Retained loss for the year	(27,803)
At 31 December 2004	<u>399,072</u>

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year and net decrease in shareholders funds	(27,803)	(55,288)
Shareholders' funds at 1 January 2004	431,875	487,163
Shareholders' funds at 31 December 2004	<u>404,072</u>	<u>431,875</u>

### 13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2004 or 31 December 2003.

### 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 2004, the potential liability of Skaino Services Limited was £664,631 (2003: £1,621,741).



## **SKAINO ATMOS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2004

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#### **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 £122,672 (2003: £240,482) with an amount due to be received of £42,425 at 31 December 2004 (2003: £29,940). These sales were made within the ordinary course of business of the company.

In 2003 the company made sales to the Jesus Fellowship Vehicles, which is a part of the ultimate controlling party, of £22,222 with an amount due to be received of £5,633 at 31 December 2003. 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.