

T.A. HORN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2004



CARTWRIGHTS
Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet, Herts
EN5 4BE

T.A. HORN LIMITED

COMPANY INFORMATION

Directors	N Whittaker P Gomes
Secretary	N Whittaker
Company number	2004668
Registered office	Regency House 33 Wood Street Barnet Herts EN5 4BE
Auditors	Cartwrights Accountants and Business Advisors Regency House 33 Wood Street Barnet Herts EN5 4BE
Business address	Central House 24A St. Wilfrids Road Barnet Herts EN4 4BE
Bankers	National Westminster Bank plc 2nd floor Nicon House 43-45 Silver Street ,Enfield EN1 3TE

T.A. HORN LIMITED

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T.A. HORN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2004

The directors present their report and financial statements for the year ended 31 May 2004.

Principal activities and review of the business

The principal activity of the company continued to be that of installation and servicing of central heating systems.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £2,000. The directors propose a final dividend of £215,000.

Directors

The following directors have held office since 1 June 2003:

N Whittaker
P Gomes

Directors' interests

The directors in office in the year and their beneficial interests in the ultimate parent company, T.A. Horn (Holdings) Limited, at the balance sheet date and the beginning of the year (or appointment if later) were as follows:

	Ordinary shares of £ 1 each	
	31 May 2004	1 June 2003
N Whittaker	240,000	240,000
P Gomes	240,000	240,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cartwrights be reappointed as auditors of the company will be put to the Annual General Meeting.

T.A. HORN LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

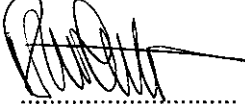
Directors' responsibilities

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 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;
- 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. 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.

On behalf of the board



N Whittaker

Director

21/9/04

T.A. HORN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF T.A. HORN LIMITED

We have audited the financial statements of T.A. Horn Limited on pages 5 to 16 for the year ended 31 May 2004. These financial statements have been prepared under the historical cost convention and 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 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.

T.A. HORN LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF T.A. HORN LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cartwrights

Date: 22/5/04

Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

T.A. HORN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover	2	6,940,005	5,844,359
Cost of sales		(5,261,207)	(4,535,778)
Gross profit		1,678,798	1,308,581
Distribution costs		(212,757)	(185,673)
Administrative expenses		(1,190,410)	(885,924)
Other operating income		2,500	4,178
Operating profit	3	278,131	241,162
Other interest receivable and similar income	4	6,512	8,106
Interest payable and similar charges	5	(4,305)	(3,024)
Profit on ordinary activities before taxation		280,338	246,244
Tax on profit on ordinary activities	6	(65,555)	(51,392)
Profit on ordinary activities after taxation		214,783	194,852
Dividends	7	(217,000)	(195,000)
Retained loss for the year	16	(2,217)	(148)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

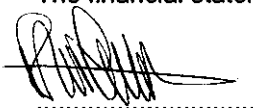
There are no recognised gains and losses other than those passing through the profit and loss account.

T.A. HORN LIMITED

BALANCE SHEET AS AT 31 MAY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	8		228,441		117,215
Current assets					
Stocks	9	365,907		411,161	
Debtors	10	1,415,187		972,725	
Cash at bank and in hand		431,484		570,634	
		<u>2,212,578</u>		<u>1,954,520</u>	
Creditors: amounts falling due within one year	11	<u>(1,493,166)</u>		<u>(1,238,558)</u>	
Net current assets			719,412		715,962
Total assets less current liabilities			<u>947,853</u>		<u>833,177</u>
Creditors: amounts falling due after more than one year	12		(119,961)		(12,031)
Provisions for liabilities and charges	13		<u>(12,062)</u>		<u>(3,100)</u>
			<u>815,830</u>		<u>818,046</u>
Capital and reserves					
Called up share capital	15		99		99
Profit and loss account	16		815,731		817,947
Shareholders' funds - equity interests	17		<u>815,830</u>		<u>818,046</u>

The financial statements were approved by the Board on 21/9/04



N Whittaker
Director

T.A. HORN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2004

	£	2004 £	£	2003 £
Net cash inflow from operating activities		57,082		260,264
Returns on investments and servicing of finance				
Interest received	6,512		8,106	
Interest paid	(1,835)		(1,565)	
Net cash inflow for returns on investments and servicing of finance		4,677		6,541
Taxation		(48,382)		(58,593)
Capital expenditure				
Payments to acquire tangible assets	(16,500)		(29,626)	
Receipts from sales of tangible assets	1,800		7,178	
Net cash outflow for capital expenditure		(14,700)		(22,448)
Equity dividends paid		(182,000)		(115,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(183,323)		70,764
Financing				
Capital element of hire purchase contracts	(33,116)		(21,737)	
Net cash outflow from financing		(33,116)		(21,737)
(Decrease)/increase in cash in the year		(216,439)		49,027

T.A. HORN LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2004

1	Reconciliation of operating profit to net cash inflow from operating activities	2004 £	2003 £
	Operating profit	278,131	241,162
	Depreciation of tangible assets	81,273	48,696
	(Profit)/loss on disposal of tangible assets	(273)	2,929
	Decrease/(increase) in stocks	45,254	(115,170)
	Increase in debtors	(442,462)	(12,858)
	Increase in creditors within one year	95,159	95,505
	Net cash inflow from operating activities	57,082	260,264

2	Analysis of net (debt)/funds	1 June 2003 £	Cash flow £	Other non-cash changes £	31 May 2004 £
	Net cash:				
	Cash at bank and in hand	570,634	(139,150)	-	431,484
	Bank overdrafts	(192,453)	(77,289)	-	(269,742)
		<u>378,181</u>	<u>(216,439)</u>	<u>-</u>	<u>161,742</u>
	Debt:				
	Finance leases	(29,100)	(144,409)	-	(173,509)
	Net funds/(debt)	349,081	(360,848)	-	(11,767)

3	Reconciliation of net cash flow to movement in net (debt)/funds	2004 £	2003 £
	(Decrease)/increase in cash in the year	(216,439)	49,027
	Cash inflow from increase in debt and lease financing	(144,409)	(14,584)
	Movement in net (debt)/funds in the year	(360,848)	34,443
	Opening net funds	349,081	314,638
	Closing net (debt)/funds	(11,767)	349,081

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% on cost
Fixtures, fittings & equipment	15% on cost
Motor vehicles	20% on cost
Other assets	20% on cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The adoption of the standard has not required a prior period adjustment.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

3	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	81,273	48,696
	Loss on disposal of tangible assets	-	2,929
	Operating lease rentals		
	- Plant and machinery	2,125	7,043
	Auditors' remuneration	10,000	9,900
	and after crediting:		
	Profit on disposal of tangible assets	(273)	-
		<u></u>	<u></u>
4	Investment income	2004	2003
		£	£
	Bank interest	6,512	8,106
		<u></u>	<u></u>
5	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	-	46
	Hire purchase interest	1,835	1,519
	Other interest	2,470	1,459
		<u></u>	<u></u>
		<u>4,305</u>	<u>3,024</u>

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

6	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	56,593	48,789
	Adjustment for prior years	-	(497)
		<hr/>	<hr/>
	Current tax charge	56,593	48,292
	Deferred tax		
	Deferred tax charge credit current year	8,962	3,100
		<hr/>	<hr/>
		65,555	51,392
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	280,338	246,244
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.33%)	53,264	47,599
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	2,389	1,341
	Depreciation add back	15,442	10,224
	Capital allowances	(13,178)	(10,375)
	Adjustments to previous periods	-	(497)
	Other tax adjustments	(1,324)	-
		<hr/>	<hr/>
		3,329	693
		<hr/>	<hr/>
	Current tax charge	56,593	48,292
		<hr/>	<hr/>
7	Dividends	2004 £	2003 £
	Ordinary interim paid	2,000	15,000
	Ordinary final proposed	215,000	180,000
		<hr/>	<hr/>
		217,000	195,000
		<hr/>	<hr/>

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2003	22,652	33,892	278,396	334,940
Additions	8,185	-	185,841	194,026
Disposals	(4,297)	-	(20,143)	(24,440)
At 31 May 2004	26,540	33,892	444,094	504,526
Depreciation				
At 1 June 2003	13,855	31,109	172,761	217,725
On disposals	(2,770)	-	(20,143)	(22,913)
Charge for the year	3,913	725	76,635	81,273
At 31 May 2004	14,998	31,834	229,253	276,085
Net book value				
At 31 May 2004	11,542	2,058	214,841	228,441
At 31 May 2003	8,796	2,784	105,635	117,215

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 May 2004	167,439
At 31 May 2003	45,759
Depreciation charge for the year	
At 31 May 2004	57,789
At 31 May 2003	11,796

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

9	Stocks and work in progress	2004 £	2003 £
	Raw materials and consumables	118,041	94,846
	Work in progress	247,866	316,315
		<u>365,907</u>	<u>411,161</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

10	Debtors	2004 £	2003 £
	Trade debtors	1,131,692	714,717
	Amounts owed by parent and fellow subsidiary undertakings	257,968	239,968
	Prepayments and accrued income	25,527	18,040
		<u>1,415,187</u>	<u>972,725</u>

11	Creditors: amounts falling due within one year	2004 £	2003 £
	Bank loans and overdrafts	269,742	192,453
	Net obligations under hire purchase contracts	53,548	17,069
	Trade creditors	256,678	264,526
	Corporation tax	57,000	48,789
	Other taxes and social security costs	297,589	278,628
	Directors' current accounts	13,229	13,280
	Accruals and deferred income	330,380	243,813
	Proposed dividend	215,000	180,000
		<u>1,493,166</u>	<u>1,238,558</u>

Bank borrowings amounting to £269,742 (2003: £192,453) are secured by the following :

A fixed and floating charge, dated 23 April 1998, on the assets of the company held by National Westminster Bank Plc.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

12 Creditors: amounts falling due after more than one year	2004 £	2003 £
Net obligations under hire purchase contracts	119,961	12,031
Net obligations under hire purchase contracts		
Repayable within one year	53,548	17,069
Repayable between one and five years	119,960	12,031
	173,508	29,100
Included in liabilities falling due within one year	(53,548)	(17,069)
	119,960	12,031

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 June 2003	3,100
Profit and loss account	8,962
Balance at 31 May 2004	12,062

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	12,062	3,100

14 Pension costs

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	77,026	64,265

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

15 Share capital	2004	2003
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
99 Ordinary shares of £1 each	99	99
	<u> </u>	<u> </u>
16 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 June 2003		817,948
Retained loss for the year		(2,217)
		<u> </u>
Balance at 31 May 2004		815,731
		<u> </u>
17 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the financial year	214,783	194,852
Dividends	(217,000)	(195,000)
	<u> </u>	<u> </u>
Net depletion in shareholders' funds	(2,217)	(148)
Opening shareholders' funds	818,046	818,194
	<u> </u>	<u> </u>
Closing shareholders' funds	815,830	818,046
	<u> </u>	<u> </u>

18 Financial commitments

As at 31st May 2004, the company had no financial commitments.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

19 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	222,540	72,540
Company pension contributions to money purchase schemes	71,508	58,465
	<u>294,048</u>	<u>131,005</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>156,111</u>	<u>65,502</u>
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20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Management and administration	27	22
Production	48	43
	<u>75</u>	<u>65</u>

Employment costs

	£	£
Wages and salaries	2,251,614	1,725,605
Social security costs	67,422	47,293
Other pension costs	77,026	64,265
	<u>2,396,062</u>	<u>1,837,163</u>

Related party transactions

During the year the company paid £30,000 to its pension scheme with regard to the rental of its business premises at Central House, Barnet. The beneficiaries of the scheme include the two directors of the company. All transactions with regard to rents paid are at fair market value and are at arms length.

At the balance sheet date, the company was owed £257,968 (2003: £239,968) by T.A. Horn (Holdings) Limited.