

Company Number: 2004668

T. A. HORN LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1994

CARTWRIGHTS
Chartered Accountants
Regency House
33 Wood Street
Barnet
Herts
EN5 4BE



T. A. HORN LIMITED
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS:

Peter Jones
Norman Whittaker
Phillip Gomes

COMPANY SECRETARY:

Peter Jones

REGISTERED OFFICE:

Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

AUDITORS:

Cartwrights
Chartered Accountants
Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

BANKERS:

Barclays Bank plc
Whetstone & Finchley Branch
1250 High Road
Whetstone
London N20

T. A. HORN LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31st May 1994.

BUSINESS REVIEW

The company's principal activity has been the installation and servicing of central heating systems.

The profit for the year was consistent with the expectations of the directors.

There are no matters known to the directors which would materially affect the expected results for the ensuing year.

The profit for the year, amounting to £34,185, has been transferred to reserves since the directors do not recommend the payment of any dividend.

STATEMENT OF 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 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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a 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.

DIRECTORS

The directors of the company who served during the year, together with their interest in the company's shares, are listed below:

Ordinary Shares of £1 each
1st June 1993 and 31st May 1994

| | |
|-------------|-----|
| P Jones | 33 |
| N Whittaker | 33 |
| P Gomes | 33 |
| | — |
| | 99 |
| | === |

There have been no contracts entered into by the company in which the interest of a director is material.

T. A. HORN LIMITED

REPORT OF THE DIRECTORS - Continued

FIXED ASSETS

Movements in fixed assets are shown in note 2 to the accounts.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No contributions were made during the year.

AUDITORS

In accordance with Section 384(1) of the Companies Act 1985, a resolution proposing the re-appointment of Messrs Cartwrights as auditors to the company will be put to the members at the forthcoming Annual General Meeting.

By order of the board


Director/Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF

T. A. HORN LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 mis-statement, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 May 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cartwrights

[Signature]
Chartered Accountants
and
Registered Auditor

26/5/94

Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

T. A. HORN LIMITED

BALANCE SHEET AS AT 31ST MAY 1994

| | | | | 1993 |
|--|------|---------|-----------|-----------|
| | Note | £ | £ | £ |
| <u>FIXED ASSETS</u> | | | | |
| Tangible assets | 2(a) | | 84,430 | 82,109 |
| Investments | 2(b) | | 212,400 | 159,300 |
| | | | <hr/> | <hr/> |
| | | | 296,830 | 241,409 |
| | | | | ===== |
| <u>CURRENT ASSETS</u> | | | | |
| Stocks | 3 | 297,149 | | 159,915 |
| Debtors | 4 | 436,113 | | 349,388 |
| Cash at bank and in hand | | 140,751 | | 27,996 |
| | | <hr/> | | <hr/> |
| | | 874,013 | | 537,299 |
| <u>CREDITORS:</u> Amounts falling due within one year | 5 | 603,326 | | 297,389 |
| | | <hr/> | | <hr/> |
| | | | 270,687 | 239,910 |
| | | | <hr/> | ===== |
| <u>NET CURRENT ASSETS</u> | | | | |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | | 567,517 | 481,319 |
| <u>CREDITORS:</u> Amount falling due after more than one year | 6 | | 216,712 | 164,699 |
| | | | <hr/> | <hr/> |
| <u>NET ASSETS</u> | | | £ 350,805 | £ 316,620 |
| | | | ===== | ===== |
| <u>CAPITAL AND RESERVES</u> | | | | |
| Called up share capital | 7 | | 99 | 99 |
| Profit and loss account | | | 350,706 | 316,521 |
| | | | <hr/> | <hr/> |
| | | | £ 350,805 | £ 316,620 |
| | | | ===== | ===== |

.....)
P Jones)

.....)
N Whittaker)

) Directors

The financial statements were approved by the board of directors on 26/8/94

The notes on pages 9 to 14 form part of these financial statements.

T. A. HORN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 1994

| | <u>Note</u> | £ | £ | 1993 £ |
|---|-------------|---------|-----------|-----------|
| <u>TURNOVER</u> | 1(d) | | 3,630,469 | 2,925,768 |
| Cost of sales | | | 2,938,967 | 2,227,263 |
| | | | <hr/> | <hr/> |
| <u>GROSS PROFIT</u> | | | 691,502 | 698,505 |
| Administration expenses | | 513,927 | | 534,200 |
| Distribution costs | | 106,031 | | 100,869 |
| | | <hr/> | | <hr/> |
| | | | 619,958 | 635,069 |
| | | | <hr/> | <hr/> |
| <u>OPERATING PROFIT</u> | | | 71,544 | 63,436 |
| Other interest received and similar income | | | 734 | 778 |
| | | | <hr/> | <hr/> |
| | | | 72,278 | 64,214 |
| Interest payable and similar charges | 9 | | 21,159 | 34,657 |
| | | | <hr/> | <hr/> |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> | 10 | | 51,119 | 29,557 |
| Tax on profit on ordinary activities | 12 | | 16,934 | 20,600 |
| | | | <hr/> | <hr/> |
| <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u> | | | 34,185 | 8,957 |
| Retained profit brought forward | | | 316,521 | 307,564 |
| | | | <hr/> | <hr/> |
| <u>RETAINED PROFIT CARRIED FORWARD</u> | | | 350,706 | 316,521 |
| | | | <hr/> | <hr/> |

The notes on pages 9 to 14 form part of these financial statements.

T. A. HORN LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MAY 1994

| | Note | £ | £ | 1993 £ |
|---|------|----------|-------------------|-------------------|
| <u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u> | 14 | | 77,698 | 139,128 ===== |
| <u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u> | | | | |
| Interest received and similar income | | 734 | | 778 |
| Interest payable and similar charges | | (21,159) | | (34,657) |
| | | | | |
| <u>NET CASH FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</u> | | | (20,425) | (33,879) ===== |
| | | | 57,273 | 105,249 |
| <u>TAXATION</u> | | | | |
| Corporation tax paid | | | 4,404 | 36,296 |
| | | | 52,869 | 68,953 ===== |
| <u>INVESTING ACTIVITIES</u> | | | | |
| Payments to acquire fixed assets | | (56,801) | | (2,258) |
| Payments to acquire investments | | (53,100) | | - |
| Proceeds on disposal of fixed assets | | 4,950 | | 1,415 |
| | | | | |
| <u>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</u> | | | (104,951) | (843) ===== |
| <u>NET CASH OUTFLOW BEFORE FINANCING</u> | | | (52,082) | 68,110 |
| <u>FINANCING</u> | | | | |
| Capital element of finance lease repayment | | | 11,133 | 25,362 |
| | | | | |
| <u>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</u> | 15 | £ | (40,949) ===== | £ 42,748 ===== |

The notes on pages 9 to 14 form part of these financial statements.

T. A. HORN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 1994

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Depreciation

Depreciation of tangible fixed assets has been calculated by allocating cost, less any residual value of the assets, evenly over their expected useful lives.

The depreciation rates used are:-

| | |
|-----------------------|-----|
| Motor vehicles | 20% |
| Plant and equipment | 10% |
| Fixtures and fittings | 15% |
| Computer | 20% |

(c) Stock

Stock is stated at the lower of cost and net realisable value using the "first-in, first-out" method. Net realisable value represents estimated selling price less attributable cost to bring goods to the point of sale.

(d) Turnover

Turnover represents the total amount, excluding Value Added Tax, invoiced in respect of goods and services supplied by the company in the ordinary course of business.

T. A. HORN LIMITED

NOTES - Continued

2. FIXED ASSETS

(a) Tangible assets

| | <u>Motor Vehicles</u> £ | <u>Plant and Equipment</u> £ | <u>Fixtures and Fittings</u> £ | <u>Computer</u> £ | <u>Total</u> £ |
|-------------------------|--------------------------------|---|---|----------------------|-------------------|
| <u>Cost:-</u> | | | | | |
| At 1st June 1993 | 248,307 | 6,824 | 27,535 | 11,353 | 294,019 |
| Additions | 48,533 | - | 659 | 7,609 | 56,801 |
| Disposals | (6,857) | - | - | - | (6,857) |
| At 31st May 1994 | 289,983 | 6,824 | 28,194 | 18,962 | 343,963 |
| <u>Depreciation:-</u> | | | | | |
| At 1st June 1993 | 178,219 | 2,884 | 26,144 | 4,563 | 211,910 |
| Charged in year | 47,266 | 682 | 336 | 3,681 | 51,965 |
| Eliminated on disposal | (4,342) | - | - | - | (4,342) |
| At 31st May 1994 | 221,143 | 3,566 | 26,480 | 8,344 | 259,533 |
| <u>Net book value:-</u> | | | | | |
| At 1st June 1993 | 70,088 | 3,940 | 1,391 | 6,690 | 82,109 |
| At 31st May 1994 | 68,840 | 3,258 | 1,714 | 10,618 | 84,430 |

(b) Investment

| | £ | 1993 £ |
|---|---------|-----------|
| Whole Life Participating Policies with Australian Mutual Provident Society | 212,400 | 159,300 |

The market value of the investment at the balance sheet date was in excess of its book value.

3. STOCKS

| | | |
|-------------------------------|----------------|----------------|
| Work in progress | 226,410 | 85,522 |
| Raw materials and consumables | 70,739 | 74,393 |
| | <u>297,149</u> | <u>159,915</u> |

T. A. HORN LIMITED

NOTES - Continued

| | £ | 1993 £ |
|--|---------------------|---------------------|
| 4. <u>DEBTORS</u> | | |
| Trade debtors | 425,461 | 334,236 |
| Other debtors | 4,378 | 9,378 |
| Prepayments and accrued income | 6,274 | 5,774 |
| | <hr/> 436,113 <hr/> | <hr/> 349,388 <hr/> |
| 5. <u>CREDITORS:</u> Amounts falling due within one year | | |
| Bank loans and overdrafts | 116,185 | 11,121 |
| Trade creditors | 211,907 | 74,533 |
| Taxation and social security | 128,684 | 105,109 |
| Corporation tax | 35,034 | 22,503 |
| Hire purchase liabilities | 7,760 | - |
| Accruals and deferred income | 26,145 | 56,950 |
| Directors' loan accounts | 7,605 | 17,991 |
| Other creditors | 70,006 | 9,182 |
| | <hr/> 603,326 <hr/> | <hr/> 297,389 <hr/> |
| 6. <u>CREDITORS:</u> Amounts falling due after more than one year | | |
| Bank loan (secured) | 213,339 | 164,699 |
| Hire purchase liabilities | 3,373 | - |
| | <hr/> 216,712 <hr/> | <hr/> 164,699 <hr/> |
| The bank loan and overdraft are secured by fixed floating charges over the company's assets. | | |
| 7. <u>CALLED UP SHARE CAPITAL</u> | | |
| <u>Authorised:</u> | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |
| <u>Allotted, called up and fully paid:</u> | | |
| 99 ordinary shares of £1 each | 99 | 99 |
| | <hr/> | <hr/> |

T. A. HORN LIMITED

NOTES - Continued

8. DIRECTORS AND EMPLOYEES

Staff numbers and costs:-

The average number of persons employed by the company (including directors) during the year was as follows:

| | <u>Number</u> | <u>Number</u> |
|-------------------------------|---------------|---------------|
| Management and administration | 19 | 14 |
| Production | 31 | 34 |
| | <hr/> | <hr/> |
| Total | 50 | 48 |
| | ===== | ===== |

The aggregate payroll costs of these persons were:

| | £ | £ |
|---|-----------|-----------|
| Wages, salaries and social security costs | 848,747 | 921,512 |
| Other pension costs | 3,896 | 24,090 |
| | <hr/> | <hr/> |
| | £ 852,643 | £ 945,602 |
| | ===== | ===== |

9. INTEREST

| | | |
|--|----------|----------|
| On bank overdraft and loans repayable within 5 years | 20,538 | 34,523 |
| On finance leases repayable within 5 years | 621 | 134 |
| | <hr/> | <hr/> |
| | £ 21,159 | £ 34,657 |
| | ===== | ===== |

10. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

Profit before taxation is stated after charging:

| | | |
|---------------------------------------|---------|---------|
| Hire of plant and equipment | 9,432 | 10,188 |
| Depreciation of tangible fixed assets | 51,965 | 51,426 |
| Auditors' remuneration | 11,455 | 6,416 |
| Directors' emoluments (see note 11) | 194,400 | 244,950 |
| | ===== | ===== |

T. A. HORN LIMITED

NOTES - Continued

11. DIRECTORS' EMOLUMENTS

These comprise:

| | £ | 1993 £ |
|-------------------------|-----------|-----------|
| Management remuneration | 194,400 | 229,950 |
| Pension contributions | - | 15,000 |
| | <hr/> | <hr/> |
| | £ 194,400 | £ 244,950 |
| | ===== | ===== |

The emoluments, excluding pension contributions of the directors, were paid in the following ranges:

| | <u>Number</u> | <u>Number</u> |
|----------------------|---------------|---------------|
| £ 40,001 - £ 45,000 | - | - |
| £ 45,001 - £ 50,000 | 1 | 1 |
| £ 65,001 - £ 70,000 | 1 | - |
| £ 80,001 - £ 85,000 | 1 | - |
| £ 85,001 - £ 90,000 | - | 1 |
| £ 95,001 - £ 100,000 | - | 1 |
| | <hr/> | <hr/> |
| | 3 | 3 |
| | ===== | ===== |

Included in the above are:-

| | £ | £ |
|-----------------------|--------|--------|
| Chairman's emoluments | 66,200 | 47,250 |
| | ===== | ===== |
| Highest paid director | 82,000 | 95,450 |
| | ===== | ===== |

12. TAXATION

Taxation is based on profit for the year:

| | | |
|------------------------------------|--------|--------|
| Corporation tax at 25% (1993: 25%) | 16,934 | 20,600 |
| | ===== | ===== |

13. CONTINGENT LIABILITIES

There were no material contingent liabilities at the balance sheet date.

T A HORN LIMITED

NOTES - Continued

14. RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING
ACTIVITIES

| | £ | 1993 £ |
|----------------------------------|-----------|-----------|
| Operating profit | 71,544 | 63,436 |
| Depreciation charges | 51,965 | 51,426 |
| Profit on sale of fixed assets | (2,434) | (1,411) |
| Increase in stocks | (137,234) | (43,467) |
| (Increase)/(Decrease) in debtors | (86,725) | 85,737 |
| Increase/(Decrease) in creditors | 180,582 | (16,593) |
| | <hr/> | <hr/> |
| | £ 77,698 | £ 139,128 |
| | ===== | ===== |

15. ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

| | <u>31st May</u> <u>1994</u> | <u>31st May</u> <u>1993</u> | <u>Change</u> <u>in</u> <u>Year</u> | |
|---------------------------|--------------------------------|--------------------------------|---|----------|
| | £ | £ | £ | |
| Cash at bank and in bank | 140,751 | 27,996 | 112,755 | (45,294) |
| Bank loans and overdrafts | (329,524) | (175,820) | (153,704) | 88,042 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | (188,773) | (147,824) | (40,949) | 42,748 |
| | ===== | ===== | ===== | ===== |