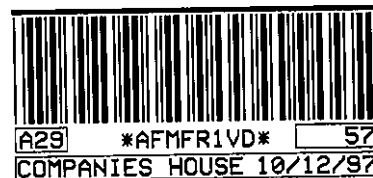


T.A. HORN LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 1997**

**Cartwrights
Accountants and Registered Auditors
Regency House
33 Wood Street
Barnet
Herts EN5 4BE**



T.A. HORN LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

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T.A. HORN LIMITED

COMPANY INFORMATION
AS AT 31 MAY 1997

DIRECTORS

P Jones
N Whittaker
P Gomes

SECRETARY

P Jones

REGISTERED OFFICE

Regency House
33 Wood Street
Barnet
Herts EN5 4BE

REGISTERED NUMBER

2004668

BUSINESS ADDRESS

Central House
24A St. Wilfrids Road
Barnet
Herts EN4 4BE

AUDITORS

Cartwrights
Registered Auditors
Regency House
33 Wood Street
Barnet
Herts EN5 4BE

PRINCIPAL BANKERS

Barclays Bank plc
1250 High Street
Whetstone
London N20 0PB

T.A. HORN LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 May 1997.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £57,861.

The company has shown a satisfactory increase in turnover and profitability. The directors are confident that the company will continue to show both an increase in profitability in the forthcoming financial year.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1997	1996
P Jones	Ordinary shares	33	33
N Whittaker	Ordinary shares	33	33
P Gomes	Ordinary shares	33	33

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 as at the end of the financial year 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 maintaining 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.

AUDITORS

The auditors, Cartwrights, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the board:



P Jones
Secretary

Approved by the board: 9.12.97

T.A. HORN LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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 as to whether 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....
Cartwrights
Registered Auditors

9.12.97.

Regency House
33 Wood Street
Barnet
Herts EN5 4BE

T.A. HORN LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1997**

	Notes	1997 £	1996 £
TURNOVER		4,022,571	3,711,218
Cost of sales		3,222,801	2,997,467
GROSS PROFIT		799,770	713,751
Distribution costs		115,996	117,406
Administrative expenses		601,608	541,938
OPERATING PROFIT	2	82,166	54,407
Investment income and interest receivable	3	614	3,057
Interest payable and similar charges	4	(4,680)	(27,154)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		78,100	30,310
Tax on profit on ordinary activities	7	(20,239)	(3,410)
PROFIT FOR THE FINANCIAL YEAR	17	57,861	26,900

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost

The difference between the results as disclosed in the profit and loss account before tax, and retained profit for the year, on an unmodified historical cost basis is not material.

T.A. HORN LIMITED**BALANCE SHEET
AT 31 MAY 1997**

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	8		191,275		206,912
Investments	9		-		212,400
			<u>191,275</u>		<u>419,312</u>
CURRENT ASSETS					
Stocks and work in progress	10	349,647		321,740	
Debtors	11	595,060		434,825	
Cash at bank and in hand		1,504		82,882	
		<u>946,211</u>		<u>839,447</u>	
CREDITORS: amounts falling due within one year	12	(700,410)		(640,792)	
NET CURRENT ASSETS			<u>245,801</u>		<u>198,655</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>437,076</u>		<u>617,967</u>
CREDITORS: amounts falling due after more than one year	13		(10,381)		(249,133)
NET ASSETS			<u>426,695</u>		<u>368,834</u>
CAPITAL AND RESERVES					
Called up share capital	16		99		99
Profit and loss account	17		426,596		368,735
TOTAL SHAREHOLDERS' FUNDS	18		<u>426,695</u>		<u>368,834</u>

The financial statements were approved by the board of directors on 9.12.97
and signed on its behalf by:

P Jones )
)
) Directors
N Whittaker)

The notes on pages 6 to 13 form part of these financial statements.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1997

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Leasehold improvements	10% on cost
Plant and machinery	10% on cost
Motor vehicles	20% on cost
Equipment, fixtures and tools	15% on cost
Computer equipment	20% on cost

No depreciation is provided on the long leasehold as it is the company's policy to maintain them, so as to keep their value.

Stocks and Work in progress

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Work in progress is valued at post balance sheet sales invoice value less contract profit element.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

T.A. HORN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997****2. OPERATING PROFIT**

Operating profit is stated:

After charging:

Depreciation of fixed assets

Auditors' remuneration

Hire of equipment

1997
£1996
£

46,013

35,215

3,400

3,500

16,574

19,623

3. INVESTMENT INCOME AND INTEREST RECEIVABLE1997
£1996
£

Interest received and receivable

Bank interest

614

3,057

4. INTEREST PAYABLE AND SIMILAR CHARGES1997
£1996
£

On bank loans and overdrafts

5,540

1,580

On other loans repayable after five years

(8,001)

20,653

On overdue tax

799

-

Lease finance charges and hire purchase interest

6,342

4,921

4,680

27,154

5. INFORMATION ON DIRECTORS AND EMPLOYEES1997
£1996
£

Staff costs

Wages and salaries

814,654

824,057

Social security costs

77,503

77,792

Other pension costs

15,534

5,747

907,691

907,596

1997
No.1996
No.

The average number of employees during the year was made up as follows:

Management and administration

21

20

Production

30

28

51

48

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	1997 £	1996 £
Directors' emoluments		
Remuneration for management services	164,669	189,941
Pension contributions to money purchase schemes	11,919	2,595
	<u>176,588</u>	<u>192,536</u>

	1997 £	1996 £
Details of highest paid director's emoluments		
Emoluments (excluding pension contributions)	<u>55,759</u>	<u>63,847</u>

Other directors' remuneration fell within the following ranges:

	1997 No.	1996 No.
£50,001 - £55,000	1	
£55,001 - £60,000	1	
£60,001 - £65,000		2
	<u> </u>	<u> </u>

6. PENSION COSTS

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £15,534 (1996:£5,747).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge comprises:		
UK Corporation tax at 23.5% (1996 - 25%)	20,883	3,410
Adjustment in respect of prior years	(644)	-
	<u>20,239</u>	<u>3,410</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

8. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicle s	Computer equipment	Total
	£	£	£	£	£	£
Cost:						
At 1 Jun. 96	72,575	7,112	38,320	314,015	31,843	463,865
Additions	-	-	5,437	12,160	12,780	30,377
Disposals	-	-	-	(27,414)	-	(27,414)
At 31 May. 97	72,575	7,112	43,757	298,761	44,623	466,828
Depreciation:						
At 1 Jun. 96	-	4,989	27,852	205,728	18,384	256,953
Charge for year	1,643	711	2,248	34,485	6,927	46,014
On disposals	-	-	-	(27,414)	-	(27,414)
At 31 May. 97	1,643	5,700	30,100	212,799	25,311	275,553
Net book value:						
At 31 May. 97	70,932	1,412	13,657	85,962	19,312	191,275
At 31 May. 96	72,575	2,123	10,468	108,287	13,459	206,912

**1997
£**

**1996
£**

Analysis of net book value of land and buildings:

Leasehold improvements	14,782	16,425
Long leasehold	56,150	56,150
	<u>70,932</u>	<u>72,575</u>

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

	1997 £	1996 £
Net book values:		
Motor vehicles	<u>76,248</u>	<u>88,867</u>
Depreciation charge for the year:		
Motor vehicles	<u>24,779</u>	<u>16,824</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

9. INVESTMENTS

Cost or valuation:	Beginning of year £	Disposals £	End of year £
Other investments	212,400	(212,400)	-
Other investments other than loans			
Shares:			
	Book value 1997 £	Market value 1997 £	Book value 1996 £
Unlisted	-	-	213,053

The investment represented a Whole Life Participating Policy with Australian Mutual Provident Society and was disposed during the financial year.

10. STOCKS

	1997 £	1996 £
Raw materials and consumables	42,526	51,111
Short term work in progress	307,121	270,629
	349,647	321,740

11. DEBTORS

	1997 £	1996 £
Trade debtors	558,572	407,283
Loans to directors	16,089	14,027
Prepayments and accrued income	20,399	13,515
	595,060	434,825

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

12. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	246,936	182,474
Net obligations under finance leases and hire purchase contracts	35,034	34,659
Trade creditors	147,485	172,051
Corporation tax	20,883	22,634
Other taxes and social security costs	149,256	140,159
Other creditors	58,126	24,694
Accruals and deferred income	42,690	64,121
	<u>700,410</u>	<u>640,792</u>

Bank borrowings amounting to £246,936 (1996 £182,474) are secured by a fixed and floating charge on the assets of the company.

13. CREDITORS: amounts falling due after more than one year

	1997 £	1996 £
Loans	-	213,339
Net obligations under finance leases and hire purchase contracts	10,381	35,794
	<u>10,381</u>	<u>249,133</u>

14. BORROWINGS

	1997 £	1996 £
The company's borrowings are repayable as follows		
Up to one year and on demand	304,040	206,146
After five years	-	213,339
	<u>304,040</u>	<u>419,485</u>

Borrowings: amounts due after 5 years

Not repayable by instalments		
Loan	-	213,339
	<u>-</u>	<u>213,339</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997****15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	1997 £	1996 £
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year or on demand	40,719	40,612
Between one and two years	11,007	35,679
Between two and five years	1,675	6,641
	<u>53,401</u>	<u>82,932</u>
Finance charges and interest allocated to future accounting periods	(7,986)	(12,479)
	<u>45,415</u>	<u>70,453</u>
Included in current liabilities	(35,034)	(34,659)
	<u>10,381</u>	<u>35,794</u>

16. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
99 Ordinary shares of £1 each	99	99
	<u>99</u>	<u>99</u>

17. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profit at 1 June 1996	368,735	341,835
Profit for the year	57,861	26,900
	<u>426,596</u>	<u>368,735</u>
Retained profit at 31 May 1997	<u>426,596</u>	<u>368,735</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997****18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Profit for the financial year	57,861	26,900
Opening shareholders' funds	368,834	341,934
Closing shareholders' funds	<u>426,695</u>	<u>368,834</u>
Represented by:-		
Equity interests	<u>426,695</u>	<u>368,834</u>

19. TRANSACTIONS WITH DIRECTORS

	1997 £	1996 £
Amounts owed by directors		
P Jones	4,688	4,169
N Whittaker	6,419	4,876
P Gomes	4,982	4,982
	<u>16,089</u>	<u>14,027</u>

The maximum amounts outstanding with regard to directors loans during the financial year were as per the amounts stated above. No amounts have been repaid after the Balance sheet date.

During the year the company paid £10,105 to its pension scheme with regard to the rental of its business premises at Central House, Barnet. The sole beneficiaries of the scheme are the three directors of the company. All transactions with regard to rents paid are at a fair market value and are at arms length.

In addition, during the financial year, the company pension scheme provided financial assistance to the company by way of pension loans specifically attributable to the three directors. Loans outstanding at the year end amounted to £40,124 owed with respect to P Jones, £1,187 owed with respect to P Gomes and £15,793 owed with respect to N Whittaker. Interest on all loans accrues at the rate of 9% p.a. (gross). All transactions with regard to the loans are considered to be at a fair market value and at arms length.