

Company Registration No. 2004668 (England and Wales)

T.A. HORN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2005



CARTWRIGHTS
Accountants and Business Advisors
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 2005

The directors present their report and financial statements for the year ended 31 May 2005.

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.

Directors

The following directors have held office since 1 June 2004:

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 2005	1 June 2004
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 2005

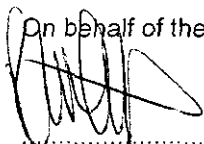
Directors' responsibilities

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 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

9/1/06

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 17 for the year ended 31 May 2005. 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 or 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cartwrights

Date: 20/1/06

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 2005

	Notes	2005 £	2004 £
Turnover	2	9,535,212	6,940,005
Cost of sales		(7,033,658)	(5,261,207)
Gross profit		2,501,554	1,678,798
Distribution costs		(220,111)	(212,757)
Administrative expenses		(1,998,715)	(1,190,409)
Other operating income		-	2,500
Operating profit	3	282,728	278,132
Other interest receivable and similar income	4	18,367	6,512
Interest payable and similar charges	5	(221)	(4,305)
Profit on ordinary activities before taxation		300,874	280,339
Tax on profit on ordinary activities	6	(48,320)	(65,555)
Profit on ordinary activities after taxation		252,554	214,784
Dividends	7	-	(217,000)
Retained profit/(loss) for the year	16	252,554	(2,216)

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 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	8		240,686		228,442
Current assets					
Stocks	9	616,063		365,907	
Debtors	10	1,403,556		1,415,187	
Cash at bank and in hand		879,671		431,484	
		<u>2,899,290</u>		<u>2,212,578</u>	
Creditors: amounts falling due within one year	11	<u>(1,951,723)</u>		<u>(1,493,166)</u>	
Net current assets			947,567		719,412
Total assets less current liabilities			1,188,253		947,854
Creditors: amounts falling due after more than one year	12		(110,865)		(119,961)
Provisions for liabilities and charges	13		(9,003)		(12,062)
			<u>1,068,385</u>		<u>815,831</u>
Capital and reserves					
Called up share capital	15		99		99
Profit and loss account	16		1,068,286		815,732
Shareholders' funds - equity interests	17		<u>1,068,385</u>		<u>815,831</u>

The financial statements were approved by the Board on 19/1/06



N Whittaker
Director

T.A. HORN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2005

	£	2005 £	£	2004 £
Net cash inflow from operating activities		972,596		57,083
Returns on investments and servicing of finance				
Interest received	18,367		6,512	
Interest paid	(221)		(1,835)	
Net cash inflow for returns on investments and servicing of finance		18,146		4,677
Taxation		(51,438)		(48,382)
Capital expenditure				
Payments to acquire tangible assets	(101,743)		(16,500)	
Receipts from sales of tangible assets	900		1,800	
Net cash outflow for capital expenditure		(100,843)		(14,700)
Equity dividends paid		(209,040)		(182,000)
Net cash inflow/(outflow) before management of liquid resources and financing		629,421		(183,322)
Financing				
Capital element of hire purchase contracts	(1)		(33,117)	
Net cash outflow from financing		(1)		(33,117)
Increase/(decrease) in cash in the year		629,420		(216,439)

T.A. HORN LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	282,728	278,132
	Depreciation of tangible assets	90,683	81,273
	Loss/(profit) on disposal of tangible assets	191	(273)
	(Increase)/decrease in stocks	(250,156)	45,254
	Decrease/(increase) in debtors	11,631	(442,462)
	Increase in creditors within one year	837,519	95,159
	Net cash inflow from operating activities	972,596	57,083

2	Analysis of net funds/(debt)	1 June 2004	Cash flow	Other non-cash changes	31 May 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	431,484	448,187	-	879,671
	Bank overdrafts	(269,742)	181,233	-	(88,509)
		<u>161,742</u>	<u>629,420</u>	<u>-</u>	<u>791,162</u>
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(173,509)	(2,274)	-	(175,783)
	Net (debt)/funds	(11,767)	627,146	-	615,379

3	Reconciliation of net cash flow to movement in net funds/(debt)	2005	2004
		£	£
	Increase/(decrease) in cash in the year	629,420	(216,439)
	Cash inflow from increase in debt and lease financing	(2,274)	(144,409)
	Movement in net funds/(debt) in the year	627,146	(360,848)
	Opening net (debt)/funds	(11,767)	349,081
	Closing net funds/(debt)	615,379	(11,767)

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2005

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, which have been applied consistently (except as otherwise stated).

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 2005

3	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	90,683	81,273
	Loss on disposal of tangible assets	191	-
	Auditors' remuneration	10,000	10,000
	and after crediting:		
	Profit on disposal of tangible assets	-	(273)
		<u> </u>	<u> </u>
4	Investment income	2005	2004
		£	£
	Bank interest	18,367	6,512
		<u> </u>	<u> </u>
5	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	2	-
	Hire purchase interest	219	1,835
	Other interest	-	2,470
		<u> </u>	<u> </u>
		221	4,305
		<u> </u>	<u> </u>

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2005

6	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	56,941	56,593
	Adjustment for prior years	(5,562)	-
		<hr/>	<hr/>
	Current tax charge	51,379	56,593
	Deferred tax		
	Deferred tax charge credit current year	(3,059)	8,962
		<hr/>	<hr/>
		48,320	65,555
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	300,874	280,339
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	57,166	53,264
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	1,523	2,389
	Depreciation add back	17,266	15,442
	Capital allowances	(19,014)	(13,178)
	Adjustments to previous periods	(5,562)	-
	Other tax adjustments	-	(1,324)
		<hr/>	<hr/>
		(5,787)	3,329
		<hr/>	<hr/>
	Current tax charge	51,379	56,593
		<hr/>	<hr/>
7	Dividends	2005	2004
		£	£
	Ordinary interim paid	-	2,000
	Ordinary final proposed	-	215,000
		<hr/>	<hr/>
		-	217,000
		<hr/>	<hr/>

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2005

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2004	26,540	33,892	444,095	504,527
Additions	41,620	4,215	58,184	104,019
Disposals	-	-	(51,696)	(51,696)
At 31 May 2005	68,160	38,107	450,583	556,850
Depreciation				
At 1 June 2004	14,998	31,834	229,254	276,086
On disposals	-	-	(50,605)	(50,605)
Charge for the year	9,594	974	80,115	90,683
At 31 May 2005	24,592	32,808	258,764	316,164
Net book value				
At 31 May 2005	43,568	5,299	191,819	240,686
At 31 May 2004	11,542	2,058	214,842	228,442

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

	Motor vehicles £
Net book values	
At 31 May 2005	180,220
At 31 May 2004	167,439
Depreciation charge for the year	
At 31 May 2005	60,601
At 31 May 2004	57,789

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 2005

9	Stocks and work in progress	2005 £	2004 £
	Raw materials and consumables	107,685	118,041
	Work in progress	508,378	247,866
		<u>616,063</u>	<u>365,907</u>

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

10	Debtors	2005 £	2004 £
	Trade debtors	1,141,050	1,131,692
	Amounts owed by parent and fellow subsidiary undertakings	239,998	257,968
	Prepayments and accrued income	22,508	25,527
		<u>1,403,556</u>	<u>1,415,187</u>

11	Creditors: amounts falling due within one year	2005 £	2004 £
	Bank loans and overdrafts	88,509	269,742
	Net obligations under hire purchase contracts	64,918	53,548
	Trade creditors	686,200	256,678
	Corporation tax	56,941	57,000
	Other taxes and social security costs	375,318	297,589
	Directors' current accounts	12,230	13,229
	Accruals and deferred income	661,647	330,380
	Proposed dividend	5,960	215,000
		<u>1,951,723</u>	<u>1,493,166</u>

Bank borrowings amounting to £88,509 (2004: £269,742) 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 2005

12 Creditors: amounts falling due after more than one year	2005 £	2004 £
Net obligations under hire purchase contracts	110,865	119,961
Net obligations under hire purchase contracts		
Repayable within one year	64,918	53,548
Repayable between one and five years	110,866	119,960
	175,784	173,508
Included in liabilities falling due within one year	(64,918)	(53,548)
	110,866	119,960

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 June 2004	12,062
Profit and loss account	(3,059)
Balance at 31 May 2005	9,003

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	9,003	12,062

14 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	120,048	77,026

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2005

15	Share capital	2005	2004
		£	£
	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 2004		815,732
	Retained profit for the year		252,554
			<u> </u>
	Balance at 31 May 2005		1,068,286
			<u> </u>
17	Reconciliation of movements in shareholders' funds	2005	2004
		£	£
	Profit for the financial year	252,554	214,784
	Dividends	-	(217,000)
		<u> </u>	<u> </u>
	Net addition to/(depletion in) shareholders' funds	252,554	(2,216)
	Opening shareholders' funds	815,831	818,047
		<u> </u>	<u> </u>
	Closing shareholders' funds	1,068,385	815,831
		<u> </u>	<u> </u>

18 Contingent liabilities

An ex-employee Mrs Larkins has taken the company to an industrial tribunal in regards to a sexual harrishment claim to be heard after the year end.

T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2005

19 Financial commitments

At 31 May 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

20 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	517,945	222,540
Company pension contributions to money purchase schemes	110,454	71,508
	<u>628,399</u>	<u>294,048</u>

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

Emoluments for qualifying services	<u>309,698</u>	<u>156,111</u>
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T.A. HORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2005

21 Employees

Number of employees

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

	2005 Number	2004 Number
Management and administration	30	27
Production	64	48
	<u>94</u>	<u>75</u>

Employment costs

	2005 £	2004 £
Wages and salaries	3,317,452	2,251,614
Social security costs	133,662	67,422
Other pension costs	120,048	77,026
	<u>3,571,162</u>	<u>2,396,062</u>

22 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 £239,999 (2004: £257,968) by T.A. Horn (Holdings) Limited.