

Amending

COMPANY REGISTRATION NUMBER 2837332

Watling Hope (Installations) Limited
Financial Statements
For the Year Ended
31 July 2005



Watling Hope (Installations) Limited

Financial Statements

Year Ended 31 July 2005

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Watling Hope (Installations) Limited

Officers and Professional Advisers

The Board of Directors

Mr M J Palin
Mr E J Palin

Company Secretary

Mrs M Palin

Registered Office

The Chantry
Stratford Road
Wroxton
Banbury
OX15 6QS

Auditors

Haines Watts
Chartered Accountants
& Registered Auditors
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Bankers

NatWest Bank plc
PO Box 142
31 Rother Street
Stratford-upon-Avon
Warwickshire
CV37 6ZS

Watling Hope (Installations) Limited

The Directors' Report

Year Ended 31 July 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2005.

Principal Activities

The principal activity of the company during the year continues to be the supply and installation of waste water systems and equipment.

The Directors and their Interests in the Shares of the Company

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 July 2005	At 1 August 2004 or later date of appointment
Mr M J Palin	88	88
Mr E J Palin	—	—

Mr E J Palin was appointed as a director on 27 June 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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Watling Hope (Installations) Limited

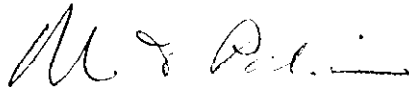
The Directors' Report *(continued)*

Year Ended 31 July 2005

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



Mrs M Palin
Company Secretary

Approved by the directors on

7th July 2006

Watling Hope (Installations) Limited

Independent Auditors' Report to the Shareholders of Watling Hope (Installations) Limited

Year Ended 31 July 2005

We have audited the financial statements of Watling Hope (Installations) Limited for the year ended 31 July 2005 on pages 6 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities 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.

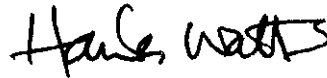
Watling Hope (Installations) Limited

Independent Auditors' Report to the Shareholders of Watling Hope (Installations) Limited *(continued)*

Year Ended 31 July 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

HAINES WATTS
Chartered Accountants
& Registered Auditors

23 May 2006

Watling Hope (Installations) Limited

Profit and Loss Account

Year Ended 31 July 2005

	Note	2005 £	2004 £
Turnover		3,185,344	2,872,099
Cost of sales		<u>2,468,317</u>	<u>1,896,041</u>
Gross Profit		717,027	976,058
Distribution costs		10,981	4,972
Administrative expenses		<u>701,322</u>	<u>931,080</u>
Operating Profit	2	4,724	40,006
Interest receivable		584	2,241
Interest payable and similar charges		<u>(8,128)</u>	<u>(7,501)</u>
(Loss)/Profit on Ordinary Activities Before Taxation		(2,820)	34,746
Tax on (loss)/profit on ordinary activities		<u>11,379</u>	<u>—</u>
(Loss)/Profit on Ordinary Activities after Taxation		(14,199)	34,746
Equity dividends paid		<u>24,000</u>	<u>60,000</u>
Loss for the Financial Year		(38,199)	(25,254)
Balance brought forward		<u>60,816</u>	<u>86,070</u>
Balance carried forward		<u><u>22,617</u></u>	<u><u>60,816</u></u>

The notes on pages 8 to 13 form part of these financial statements.

Watling Hope (Installations) Limited

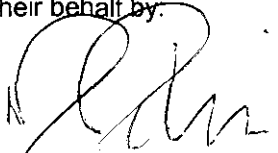
Balance Sheet

31 July 2005

	Note	2005 £	£	2004 £	£
Fixed Assets					
Intangible assets	4		-		-
Tangible assets	5		<u>140,729</u>		<u>154,588</u>
			<u>140,729</u>		<u>154,588</u>
Current Assets					
Stocks		79,225		77,032	
Debtors	6	692,836		754,241	
Cash at bank and in hand		<u>11,115</u>		<u>23,987</u>	
		783,176		855,260	
Creditors: Amounts Falling due Within One Year	7	<u>871,986</u>		<u>903,628</u>	
Net Current Liabilities			<u>(88,810)</u>		<u>(48,368)</u>
Total Assets Less Current Liabilities			<u>51,919</u>		<u>106,220</u>
Creditors: Amounts Falling due after More than One Year	8		<u>19,510</u>		<u>45,316</u>
			<u>32,409</u>		<u>60,904</u>
Provisions for Liabilities and Charges					
Deferred taxation	9		<u>9,704</u>		<u>-</u>
			<u>22,705</u>		<u>60,904</u>
Capital and Reserves					
Called-up equity share capital	11		88		88
Profit and loss account			<u>22,617</u>		<u>60,816</u>
Shareholders' Funds			<u>22,705</u>		<u>60,904</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 7-5-06 and are signed on their behalf by:



 Mr M J Palin

The notes on pages 8 to 13 form part of these financial statements.

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Cash Flow Statement

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 100%
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Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 25% reducing balance
Equipment	- 25% straight line

Lease improvements are depreciated over the period of the lease on a monthly basis after the work is completed.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

1. Accounting Policies *(continued)*

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Operating Profit

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Staff pension contributions	4,214	5,037
Depreciation of owned fixed assets	16,572	19,088
Depreciation of assets held under hire purchase agreements	29,779	33,233
(Profit)/Loss on disposal of fixed assets	(4,792)	1,235
Auditors' fees	9,000	8,580

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

3. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Aggregate emoluments	165,650	56,666
Value of company pension contributions to money purchase schemes	3,996	3,996
	<u>169,646</u>	<u>60,662</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>1</u>	<u>1</u>

4. Intangible Fixed Assets

	Goodwill £
Cost	
At 1 August 2004 and 31 July 2005	<u>20,000</u>
Amortisation	
At 1 August 2004	<u>20,000</u>
At 31 July 2005	<u>20,000</u>
Net Book Value	
At 31 July 2005	<u>-</u>
At 31 July 2004	<u>-</u>

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

5. Tangible Fixed Assets

	Motor Vehicles £	Equipment £	Improvement to leasehold £	Total £
Cost				
At 1 August 2004	126,438	120,891	—	247,329
Additions	23,149	15,142	8,659	46,950
Disposals	(27,330)	—	—	(27,330)
At 31 July 2005	122,257	136,033	8,659	266,949
Depreciation				
At 1 August 2004	44,722	48,019	—	92,741
Charge for the year	19,340	27,011	—	46,351
On disposals	(12,872)	—	—	(12,872)
At 31 July 2005	51,190	75,030	—	126,220
Net Book Value				
At 31 July 2005	71,067	61,003	8,659	140,729
At 31 July 2004	81,716	72,872	—	154,588

Hire purchase agreements

Included within the net book value of £140,729 is £93,330 (2004 - £114,488) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £29,779 (2004 - £33,233).

6. Debtors

	2005 £	2004 £
Trade debtors	646,024	623,383
Directors current accounts	—	64,090
Other debtors	46,812	66,768
	692,836	754,241

7. Creditors: Amounts Falling due Within One Year

	2005 £	2004 £
Bank loans and overdrafts	117,988	57,415
Trade creditors	514,482	381,972
Corporation tax	1,675	3,838
Other taxation and social security	108,381	64,094
Hire purchase agreements	34,687	43,908
Other creditors	94,773	352,401
	871,986	903,628

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

7. Creditors: Amounts Falling due Within One Year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	117,988	57,415
Hire purchase agreements	<u>34,687</u>	<u>43,908</u>
	<u>152,675</u>	<u>101,323</u>

Bank borrowings are secured by way of a mortgage debenture dated 30 April 1998. Hire purchase creditors are secured on the individual assets concerned.

8. Creditors: Amounts Falling due after More than One Year

	2005 £	2004 £
Hire purchase agreements	<u>19,510</u>	<u>45,316</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Hire purchase agreements	<u>19,510</u>	<u>45,316</u>

Hire purchase creditors are secured on the individual assets concerned.

9. Deferred Taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	<u>9,704</u>	<u>—</u>
	<u>9,704</u>	<u>—</u>

10. Transactions With the Directors

During the year the following transactions took place on the directors loan accounts:

Mr M J Palin drew £25,250 from the company, and paid £92,922 into the company. The year end balance was £3,582 due from the company (2004: £64,090 due to the company) and the maximum outstanding during the year was £64,090.

Mr E Palin drew £5,350 from the company, and paid £5,350 into the company. The year end balance was £nil and the maximum outstanding during the year was £5,350 due to the company.

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2005

11. Related Party Transactions

The company was under the control of Mr & Mrs M J Palin throughout the current and previous year. Mr M J Palin is the managing director and controls the company through family shareholdings.

The company has given a composite guarantee to the National Westminster Bank with regard to any bank borrowings of Watling Hope (Service) Limited. This company is now dormant.

Also during the year, the company purchased goods and services amounting to £758,198 (2004: £724,135) from WPL Limited, a company in which Mr M J Palin is a director and shareholder. At 31 July 2004 the company owed WPL Limited a total of £82,158 (2004: £134,791).

All the above transactions were carried out at arm's length.

12. Share Capital

Authorised share capital:

	2005	2004
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>88</u>	<u>88</u>	<u>88</u>	<u>88</u>