

COMPANY REGISTRATION NUMBER 2837332

Watling Hope (Installations) Limited
Financial Statements
For the Year Ended
31 July 2004



Watling Hope (Installations) Limited

Financial Statements

Year Ended 31 July 2004

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Watling Hope (Installations) Limited

Officers and Professional Advisers

The Director	Mr M J Palin
Company Secretary	Mrs M Palin
Registered Office	The Chantry Stratford Road Wroxtton 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 Director's Report

Year Ended 31 July 2004

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 July 2004.

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 Director and His Interests in the Shares of the Company

The director who served the company during the year together with his beneficial interests, including family holdings, in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 July 2004	At 1 August 2003
Mr M J Palin	<u>88</u>	<u>76</u>

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

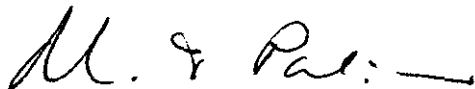
In preparing those financial statements, the director is required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

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 director



Mrs M Palin
Company Secretary

Approved by the director on 25-5-05

Watling Hope (Installations) Limited

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

Year Ended 31 July 2004

We have audited the financial statements of Watling Hope (Installations) Limited for the year ended 31 July 2004 on pages 5 to 11 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 7 to 8.

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 Director and Auditors

As described in the Statement of Director's Responsibilities the company's director is 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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's 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 director 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.

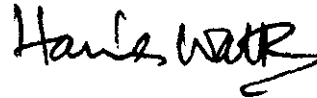
Watling Hope (Installations) Limited

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

Year Ended 31 July 2004

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 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HAINES WATTS
Chartered Accountants
& Registered Auditors

Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

27/5/05
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Watling Hope (Installations) Limited

Profit and Loss Account

Year Ended 31 July 2004

	Note	2004 £	2003 £
Turnover		2,872,099	2,782,815
Cost of sales		1,896,041	1,801,393
Gross Profit		976,058	981,422
Distribution costs		4,972	2,541
Administrative expenses		931,080	837,260
Other operating income	2	—	(5,215)
Operating Profit	3	40,006	146,836
Interest receivable		2,241	2,081
Interest payable and similar charges		(7,501)	(8,604)
Profit on Ordinary Activities Before Taxation		34,746	140,313
Tax on profit on ordinary activities		—	24,619
Profit on Ordinary Activities after Taxation		34,746	115,694
Equity dividends paid		60,000	31,742
(Loss)/Retained Profit for the Financial Year		(25,254)	83,952
Balance brought forward		86,070	2,118
Balance carried forward		60,816	86,070

The notes on pages 7 to 11 form part of these financial statements.

Watling Hope (Installations) Limited

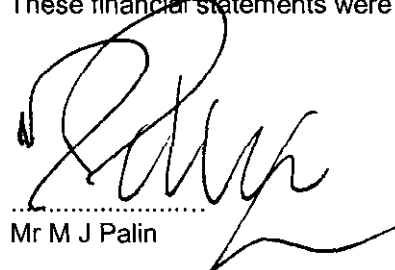
Balance Sheet

31 July 2004

	Note	2004 £	£	2003 £	£
Fixed Assets					
Intangible assets	5		-		-
Tangible assets	6		154,588		137,025
Investments	7		-		11,875
			<u>154,588</u>		<u>148,900</u>
Current Assets					
Stocks		77,032		41,947	
Debtors	8	754,241		490,618	
Cash at bank and in hand		<u>23,987</u>		<u>182,508</u>	
		855,260		715,073	
Creditors: Amounts Falling due Within One Year	9	<u>903,628</u>		<u>735,763</u>	
Net Current Liabilities			<u>(48,368)</u>		<u>(20,690)</u>
Total Assets Less Current Liabilities			106,220		128,210
Creditors: Amounts Falling due after More than One Year	10		<u>45,316</u>		<u>42,052</u>
			<u>60,904</u>		<u>86,158</u>
Capital and Reserves					
Called-up equity share capital	12		88		88
Profit and loss account			<u>60,816</u>		<u>86,070</u>
Shareholders' Funds			<u>60,904</u>		<u>86,158</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 and signed by the director on 25th May 2005



Mr M J Palin

The notes on pages 7 to 11 form part of these financial statements.

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2004

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%

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% reducing balance

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.

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.

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2004

1. Accounting Policies *(continued)*

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.

2. Other Operating Income

	2004	2003
	£	£
Other operating income	<u>—</u>	<u>5,215</u>

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Staff pension contributions	5,037	4,944
Depreciation of owned fixed assets	19,088	14,190
Depreciation of assets held under hire purchase agreements	33,233	16,400
Loss/(Profit) on disposal of fixed assets	1,235	(1,953)
Auditors' fees	<u>8,580</u>	<u>4,575</u>

4. Director's Emoluments

The director's aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Aggregate emoluments	56,666	155,833
Value of company pension contributions to money purchase schemes	<u>3,996</u>	<u>3,996</u>
	<u>60,662</u>	<u>159,829</u>

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

	2004	2003
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2004

5. Intangible Fixed Assets

	Goodwill £
Cost	
At 1 August 2003 and 31 July 2004	<u>20,000</u>
Amortisation	
At 1 August 2003	<u>20,000</u>
At 31 July 2004	<u>20,000</u>
Net Book Value	
At 31 July 2004	<u>-</u>
At 31 July 2003	<u>-</u>

6. Tangible Fixed Assets

	Motor Vehicles £	Equipment £	Total £
Cost			
At 1 August 2003	147,122	61,207	208,329
Additions	36,110	59,684	95,794
Disposals	(56,794)	-	(56,794)
At 31 July 2004	<u>126,438</u>	<u>120,891</u>	<u>247,329</u>
Depreciation			
At 1 August 2003	40,057	31,247	71,304
Charge for the year	35,549	16,772	52,321
On disposals	(30,884)	-	(30,884)
At 31 July 2004	<u>44,722</u>	<u>48,019</u>	<u>92,741</u>
Net Book Value			
At 31 July 2004	<u>81,716</u>	<u>72,872</u>	<u>154,588</u>
At 31 July 2003	<u>107,065</u>	<u>29,960</u>	<u>137,025</u>

Hire purchase agreements

Included within the net book value of £154,588 is £114,488 (2003 - £98,297) 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 £33,233 (2003 - £16,400).

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2004

7. Investments

Shares in WPL Limited

	£
Cost	
At 1 August 2003	11,875
Disposals	(11,875)
At 31 July 2004	<u>—</u>
Net Book Value	
At 31 July 2004	<u>—</u>
At 31 July 2003	<u>11,875</u>

8. Debtors

	2004 £	2003 £
Trade debtors	623,383	451,645
Directors current accounts	64,090	14,291
Other debtors	66,768	24,682
	<u>754,241</u>	<u>490,618</u>

9. Creditors: Amounts Falling due Within One Year

	2004 £	2003 £
Bank loans and overdrafts	57,415	—
Trade creditors	381,972	344,232
Corporation tax	3,838	23,051
Other taxation and social security	64,094	61,020
Hire purchase agreements	43,908	39,824
Other creditors	352,401	267,636
	<u>903,628</u>	<u>735,763</u>

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

	2004 £	2003 £
Bank loans and overdrafts	57,415	—
Hire purchase agreements	43,908	39,824
	<u>101,323</u>	<u>39,824</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.

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

	2004 £	2003 £
Hire purchase agreements	45,316	42,052

Watling Hope (Installations) Limited

Notes to the Financial Statements

Year Ended 31 July 2004

10. Creditors: Amounts Falling due after More than One Year *(continued)*

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

	2004 £	2003 £
Hire purchase agreements	<u>45,316</u>	<u>42,052</u>

Hire purchase creditors are secured on the individual assets concerned.

11. Related Party Transactions

The company was under the control of Mr 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.

During the year the following transactions took place on the loan account of Mr M J Palin:

The company paid rent to Mr M J Palin amounting to £3,180 for use of home as offices. The company paid private expenses of Mr M J Palin totalling £1,337. The company sold its investment in WPL Ltd (nominal value £11,875) to Mr M J Palin for consideration of £20,000. Mr M J Palin drew £50,933 from the company, and paid £19,291 into the company.

The year end balance, and the maximum outstanding during the year, on the loan account of Mr M J Palin was £64,090 due to the company (2003: £14,291 due to the company).

Also during the year, the company purchased goods and services amounting to £724,135 (2003: £356,454) 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 £134,791 (2003: £171,374).

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

12. Share Capital

Authorised share capital:

	2004 £	2003 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>88</u>	<u>88</u>	<u>88</u>	<u>88</u>