

Company Registration No: 940457

**HEAT FOR HIRE
LIMITED**

Report and Financial Statements

31 December 2004



HEAT FOR HIRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

HEAT FOR HIRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K E J Ford
R J Stevens

COMPANY SECRETARY

M J Calderbank ACA

REGISTERED OFFICE

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

BANKERS

National Westminster Bank plc

SOLICITORS

FBC
6-10 George Street
Snow Hill
Wolverhampton
WV2 4DN

AUDITOR

Deloitte & Touche LLP
Chartered Accountants
Birmingham

HEAT FOR HIRE LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the 53 weeks ended 31 December 2004.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company acts as an intermediate UK holding company for certain of the overseas subsidiary undertakings of Andrews Sykes Group plc. The company has performed satisfactorily in the period and is expected to continue to do so.

RESULTS AND DIVIDENDS

The results for the period are as set out in the profit and loss account on page 6. The directors have declared a final dividend of £1,000,000 (2003: £800,000).

DIRECTORS AND THEIR INTERESTS

The directors who served during the financial period and subsequently are as follows:

R J Stevens
K E J Ford

Other than the interests disclosed below, no director in office at 31 December 2004 had any disclosable interests in the share capital of the company or the group.

Mr R J Stevens is also a director of the ultimate UK parent company, Andrews Sykes Group plc, at 31 December 2004 and his interest in the share capital of Andrews Sykes Group plc at 31 December 2004 and 27 December 2003 is disclosed in that company's financial statements.

The interests of Mr K E J Ford in the share capital of Andrews Sykes Group plc at 31 December 2004 and at 27 December 2003 are as follows:

Ordinary shares of 20p each in Andrews Sykes Group plc

	Number of 20p ordinary shares held	
	31 December 2004	27 December 2003
K E J Ford	3,000	3,000

Options to subscribe for 20p ordinary shares in Andrews Sykes Group plc

Executive Unapproved 1997 Share Option Scheme

	Number of 20p ordinary shares			Period of exercise	Exercise price
	31 December 2004	Waived during the period	27 December 2003		
K E J Ford	-	(25,000)	25,000	1 November 2004 to 31 October 2011	89.5p
	-	(25,000)	25,000	1 November 2004 to 31 October 2011	90.5p

On 18 November 2004 the Board of Andrews Sykes Group plc made a cash cancellation offer to all the Company's share option holders. The price offered was £1.95 per share and remained open for acceptance until 8 December 2004.

Pursuant to the offer the above director gave notice of his intention to accept the offer in respect of all his options. Accordingly a cash cancellation payment, being the difference between the offer price of £1.95 and the share option exercise price, was paid.

HEAT FOR HIRE LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (CONTINUED)

The mid-market price of the Company's ordinary shares on 31 December 2004 was 210 pence. The highest and lowest mid-market prices during the 53 weeks ended 31 December 2004 were 232 pence and 188.5 pence respectively.

ANNUAL GENERAL MEETING

The company has passed an elective resolution to dispense with the holding of an annual general meeting.

AUDITOR

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



MJ Calderbank ACA

Company Secretary

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

29 July 2005

HEAT FOR HIRE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEAT FOR HIRE LIMITED

We have audited the financial statements of Heat for Hire Limited for the 53 weeks ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.


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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
Birmingham

29 July 2005

HEAT FOR HIRE LIMITED

PROFIT AND LOSS ACCOUNT 53 weeks ended 31 December 2004

	Note	53 weeks ended 31 December 2004 £000	52 weeks ended 31 December 2003 £000
Administration expenses		(21)	181
OPERATING (LOSS)/PROFIT	2	(21)	181
Income from shares in group undertakings	3	779	705
Interest receivable from group undertakings		163	96
Interest receivable		-	1
Interest payable to group undertakings		(88)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		833	983
Tax on profit on ordinary activities	4	(200)	(154)
PROFIT FOR THE FINANCIAL PERIOD		633	829
Dividends paid and proposed on equity shares	5	(1,000)	(800)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(367)	29
Retained profit at the beginning of the period		418	389
Retained profit at the end of the period		51	418

All results are derived from continuing activities in both periods.

There are no recognised gains or losses other than the profit for the current and preceding financial period.

The accompanying notes are an integral part of this profit and loss account.

HEAT FOR HIRE LIMITED

BALANCE SHEET

31 December 2004

	Note	31 December 2004		27 December 2003	
		£000	£000	£000	£000
FIXED ASSETS					
Investments	6		5,222		5,222
CURRENT ASSETS					
Debtors	7	2,816		3,234	
CREDITORS: amounts falling due within one year	8	<u>2,778</u>		<u>(1,722)</u>	
NET CURRENT ASSETS			<u>38</u>		<u>1,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,260		6,734
CREDITORS: amounts falling due after more than one year	9		<u>-</u>		<u>(1,107)</u>
NET ASSETS			<u><u>5,260</u></u>		<u><u>5,627</u></u>
CAPITAL AND RESERVES					
Called-up share capital	10		5,209		5,209
Profit and loss account			<u>51</u>		<u>418</u>
EQUITY SHAREHOLDERS' FUNDS	11		<u><u>5,260</u></u>		<u><u>5,627</u></u>

These financial statements were approved by the Board of Directors on 29 July 2005.

Signed on behalf of the Board of Directors



KEJ Ford

Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies are summarised below. They have all been applied consistently throughout both the current and preceding periods.

Basis of preparation

Consolidated accounts have not been prepared as the Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare and file group accounts because it is itself a wholly owned subsidiary of a UK parent which prepares and files consolidated financial statements.

Related party transactions

Under FRS 8 the Company is exempt from the requirement to disclose related party transactions with the Andrews Sykes Group and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of Andrews Sykes Group plc.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are not recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

The company's cost of investment in subsidiary undertakings is stated at the aggregate of:

- (a) the cash consideration;
- (b) the nominal value of shares issued as consideration where sections 131 of the Companies Act 1985 apply;
- (c) the market value of the company's shares on the date they were issued where Section 131 does not apply;
- (d) the fair value of any other consideration; and
- (e) costs of acquisition

Income from investments is recognised in the company accounts on an accruals basis.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Non monetary assets are recorded at the historical rate of exchange.

Cash flow statement

Under FRS 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a UK parent.

HEAT FOR HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 December 2004

2. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated after (charging)/crediting:

	53 weeks ended 31 December 2004 £000	52 weeks ended 27 December 2003 £000
Realised exchange loss on the receipt of amounts due from overseas subsidiaries	(29)	-
Exchange gain on the retranslation of amounts due from group companies	8	181
	<u> </u>	<u> </u>

Audit fees for the company were borne by another group company in both years. Directors' emoluments were borne by the group companies and it is not practicable to ascertain this proportion of these directors' emoluments that specifically relate to the company. The company has no employees other than the directors in both years. 2 directors during the year (year ended 2003: 2) were members of the Andrews Sykes Group plc defined benefit pension scheme.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	53 weeks ended 31 December 2004 £000	52 weeks ended 27 December 2003 £000
Andrews Sykes Holdings BV	779	705
	<u> </u>	<u> </u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	53 weeks ended 31 December 2004 £000	52 weeks ended 27 December 2003 £000
Current tax:		
UK corporation tax and group relief at 30% based on the taxable profit for the period	27	85
Adjustment in respect of previous periods	173	69
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	200	154
	<u> </u>	<u> </u>

HEAT FOR HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 December 2004

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting tax charge for the current period

The tax charge for the current period differs to that resulting by applying the standard rate of corporation tax of 30% (2003 - 30%) to the profit on ordinary activities before tax. The differences are explained below:

	53 weeks ended 31 December 2004 £000	52 weeks ended 27 December 2003 £000
Profit on ordinary activities before taxation	833	983
Tax at 30% thereon	250	295
Adjustments in respect of previous periods	173	69
Non taxable accrued income	(234)	(212)
Expenses not deductible for tax purposes	11	2
Schedule DV income	366	-
Double tax relief	(366)	-
Current tax charge for the period	200	154

5. DIVIDENDS PAID AND PROPOSED ON EQUITY SHARES

	53 weeks ended 31 December 2004 £000	52 weeks ended 27 December 2003 £000
Proposed final ordinary dividend of 19.2p (52 weeks ended 27 December 2003 – 15.36p) per ordinary share	1,000	800

6. INVESTMENTS

	Subsidiary undertakings shares £000
Cost and net book value At 27 December 2003 and 31 December 2004	5,222

The company owns 100% of the ordinary share capital of Andrews Sykes Holdings BV, a company incorporated in the Netherlands. Andrews Sykes Holdings BV acts as a holding company for certain of the overseas subsidiaries of Andrews Sykes Group plc.

HEAT FOR HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 December 2004

7. DEBTORS

	31 December 2004 £000	27 December 2003 £000
Debtors due within one year:		
Amounts owed by group undertakings	2,816	3,234

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2004 £000	27 December 2003 £000
Bank overdraft	799	512
Amounts owed to group undertakings	853	310
Corporation tax	126	40
Group relief	-	60
Proposed dividends	1,000	800
	2,778	1,722

All inter company loans are repayable on demand. Interest is charged at the LIBOR rate plus 0.75%.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2004 £000	27 December 2003 £000
Amounts owed to group undertakings	-	1,107

10. CALLED-UP SHARE CAPITAL

	31 December 2004 £000	27 December 2003 £000
Authorised		
5,208,842 ordinary shares of £1 each	5,209	5,209
Called-up, allotted and fully paid		
5,208,842 ordinary shares of £1 each	5,209	5,209

HEAT FOR HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 31 December 2004

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	53 weeks ended 31 December 2004 £000	53 weeks ended 27 December 2003 £000
Profit for the financial period	633	829
Dividends	(1,000)	(800)
Net (decrease)/increase in shareholders' funds	(367)	29
Opening shareholders' funds	5,627	5,598
Closing shareholders' funds	5,260	5,627

12. CONTROLLING PARTIES

The company is a subsidiary undertaking of Andrews Sykes Group plc, a company registered in England and Wales.

The only group in which the results of Heat for Hire Limited are consolidated is that headed by Andrews Sykes Group plc whose principal place of business is Premier House, Darlington Street, Wolverhampton WV1 4JJ. The consolidated accounts for this group are available to the public and may be obtained from the aforementioned address.

As at 29 July 2005, EO1 SYKES Sarl, which is incorporated in Luxembourg, held 82.54% of the ordinary share capital of Andrews Sykes Group plc and is therefore that company's immediate parent company. The ultimate holding company is British Security Group Limited, a company incorporated in Bermuda. The ultimate controlling party is Mr J G Murray.