

R.S.



Accountants &
business advisers

P H JONES LIMITED

Company Number: 1026007

ANNUAL REPORT

YEAR ENDED 31 MARCH 2005



P H JONES LIMITED

COMPANY INFORMATION

Directors	P H Jones B M Jones D W Hankey M P Jones C S Jones P R Nelson
Secretary	B M Jones
Company Number	1026007
Registered Office	Aqua House Hampton Heath Industrial Estate Malpas Cheshire SY14 8LY
Auditors	PKF (UK) LLP Sovereign House Queen Street Manchester M2 5HR

P H JONES LIMITED

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P H JONES LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2005

The directors submit their report and the financial statements for the year ended 31 March 2005.

Results and dividends

The profit for the year, after taxation, amounted to **£1,322,885** (2004 - £582,003).

The directors recommend a dividend of £30,000 leaving a balance of £1,292,885 which is transferred to retained reserves.

Principal activity and review of the business

The principal activity of the company remains that of servicing and repair of heating installations.

During the year, the business has seen a continued increase in the level of sales and work done whilst at the same time margins have also improved.

This expansion has involved increased levels of employment, and substantial expenditure on vehicles.

The directors continue to review their plans for growth, including the option to acquire other businesses that fit in with the company's overall strategic long-term plans.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary Shares of £1 each	
	2005	2004
P H Jones	25	25
B M Jones	25	25
D W Hankey	-	-
M P Jones	-	-
C S Jones	-	-
P R Nelson	-	-

M P Jones and C S Jones each have a beneficial interest in 25 ordinary shares of £1 each held in a discretionary trust.

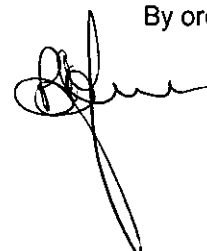
Political and charitable contributions

Charitable contributions of £1,233 were made during the year.

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

By order of the board



B M Jones
Secretary

24/10/05

P H JONES LIMITED
STATEMENT OF 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 judgments 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;
- 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
P H JONES LIMITED**

We have audited the financial statements of P H Jones Limited for the year ended 31 March 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 judgments 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 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester, UK

8 November 2005.

PKF (UK) LLP.

PKF (UK) LLP
Registered Auditors

P H JONES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
TURNOVER	2	31,637,779	22,214,173
Cost of sales		<u>(22,641,422)</u>	<u>(17,299,987)</u>
GROSS PROFIT		8,996,357	4,914,186
Administrative expenses		<u>(6,965,387)</u>	<u>(3,910,383)</u>
OPERATING PROFIT	3	2,030,970	1,003,803
Interest payable and similar charges	6	<u>(134,430)</u>	<u>(135,739)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,896,540	868,064
TAXATION	7	<u>(573,655)</u>	<u>(286,061)</u>
PROFIT FOR THE FINANCIAL YEAR		1,322,885	582,003
DIVIDENDS	8	<u>(30,000)</u>	<u>(30,000)</u>
		<u>1,292,885</u>	<u>552,003</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

P H JONES LIMITED

BALANCE SHEET

31 MARCH 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible	9	1,112,355	1,319,760
CURRENT ASSETS			
Stocks	10	213,768	358,687
Debtors	11	8,971,113	6,035,695
Cash at bank and in hand		22,987	1,365
		<u>9,207,868</u>	<u>6,395,747</u>
CREDITORS: amounts falling due within one year	12	<u>(6,870,110)</u>	<u>(5,402,461)</u>
NET CURRENT ASSETS		<u>2,337,758</u>	<u>993,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,450,113</u>	<u>2,313,046</u>
CREDITORS: amounts falling due after more than one year	13	(138,897)	(243,966)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(28,867)</u>	<u>(79,616)</u>
NET ASSETS		<u><u>3,282,349</u></u>	<u><u>1,989,464</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Revaluation reserve		45,510	45,510
Profit and loss account	17	3,236,739	1,943,854
SHAREHOLDERS' FUNDS	18	<u><u>3,282,349</u></u>	<u><u>1,989,464</u></u>

The financial statements were approved by the board on 24th OCTOBER 2005

Signed on behalf of the board of directors



M P Jones

Director

P H JONES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	2,030,970	1,003,803
Depreciation of tangible fixed assets	368,910	446,945
Loss on sale of fixed assets	100,051	37,184
Increase in debtors	(2,935,418)	(1,587,569)
Decrease/(increase) in stocks	144,920	(79,788)
Increase in creditors	1,950,795	955,450
Net cash inflow from operating activities	1,660,228	776,025
 CASH FLOW STATEMENT (note 19)		
Net cash inflow from operating activities	1,660,228	776,025
Returns on investments and servicing of finance	(134,430)	(135,739)
Taxation	(501,303)	(88,333)
Capital expenditure	(51,245)	(36,393)
Equity dividends paid	(30,000)	(30,000)
	943,250	485,560
Financing	(549,999)	(666,275)
Increase/(decrease) in cash	393,251	(180,715)
 Reconciliation of net cash flow to movement in net debt (note 20)		
Increase/(decrease) in cash in the year	393,251	(180,715)
Cash flow from increase in lease financing	549,999	666,275
New finance leases	(210,313)	(278,778)
	732,937	206,782
Change in net debt	(1,467,167)	(1,673,949)
Net debt at 1 April 2004		
Net debt at 31 March 2005	(734,230)	(1,467,167)

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Amounts recoverable on contracts

Profit on contracts is taken as the work is carried out, but only if the final outcome can be assessed with reasonable certainty. The profit is calculated to reflect the proportion of work carried out in the year.

Amounts recoverable on contracts therefore represents uninvoiced costs plus the proportion of profit considered applicable to the contract stage achieved.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office improvements	3 - 10 years
Fixtures, fittings, tools and office equipment	25 % reducing balance
Motor vehicles	25 % reducing balance

(e) Finance leases and hire purchase

Assets acquired under hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

(f) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value.

(h) Deferred taxation

As required by FRS 19 "Deferred Tax", full provision is made for deferred tax, assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

(i) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the company	191,931	87,573
- held under finance lease or hire purchase contracts	176,979	359,372
Audit fees	9,000	9,000
Operating lease rentals:		
- plant & machinery	729,882	175,264
- land and buildings	142,268	90,711
Pension cost	64,947	54,321
Auditors' remuneration - non-audit service	49,300	55,259
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2005 £	2004 £
Directors' emoluments	207,282	191,925
Contributions to money purchase pension schemes	-	4,961
	<u> </u>	<u> </u>

The number of directors accruing benefits under pension schemes were:

	No	No
Money purchase schemes	-	4
	<u> </u>	<u> </u>

The highest paid director received emoluments and benefits as follows:

	2005 £	2004 £
Emoluments and benefits under long term incentive schemes	43,056	42,579
	<u> </u>	<u> </u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2005 £	2004 £
Wages and salaries	10,826,914	8,050,061
Social security costs	1,156,116	837,175
Other pension costs	64,947	54,321
	<u>12,047,977</u>	<u>8,941,557</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Administration	62	51
Technical	369	315
	<u>431</u>	<u>366</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank loans and overdrafts	62,986	25,286
Finance charges under finance lease and hire purchase contracts	71,444	110,453
	<u>134,430</u>	<u>135,739</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

7 TAXATION

	2005 £	2004 £
(a) Analysis of charge in year		
UK corporation tax		
Current tax on income for the year	624,404	288,111
Adjustments in respect of prior periods	-	22,810
Total UK taxation	<u>624,404</u>	<u>310,921</u>
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	(50,749)	(24,860)
Tax on profit on ordinary activities	<u>573,655</u>	<u>286,061</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,896,540</u>	<u>868,064</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2004: 30%)	568,962	260,419
Effects of:		
Expenses disallowed for tax purposes	4,693	983
Depreciation in excess of capital allowances	50,749	20,709
Adjustment in respect of prior periods	-	22,810
Other short term timing differences	-	6,000
Current tax charge for the year	<u>624,404</u>	<u>310,921</u>

8 DIVIDENDS

	2005 £	2004 £
Ordinary shares		
Interim paid	<u>30,000</u>	<u>30,000</u>
of which:		
Dividends on equity shares	<u>30,000</u>	<u>30,000</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

9 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost or valuation			
At 1 April 2004	2,169,776	282,843	2,452,619
Additions	263,606	215,373	478,979
Disposals	(725,984)	-	(725,984)
	<u>1,707,398</u>	<u>498,216</u>	<u>2,205,614</u>
Depreciation			
At 1 April 2004	1,007,441	125,418	1,132,859
Charge for year	275,451	93,459	368,910
On disposals	(408,510)	-	(408,510)
	<u>874,382</u>	<u>218,877</u>	<u>1,093,259</u>
Net book amount			
At 31 March 2005	<u>833,016</u>	<u>279,339</u>	<u>1,112,355</u>
At 31 March 2004	<u>1,162,335</u>	<u>157,425</u>	<u>1,319,760</u>

The net book amounts of motor vehicles above include **£647,737** (2004 - £1,101,585) in respect of assets held under finance leases or hire purchase contracts.

Fixtures, fittings, tools and equipment includes £11,894 (2004 - £15,859) in respect of assets that were gifted to the company in 2000 and immediately revalued by the directors on an open market basis.

10 STOCKS

	2005 £	2004 £
Raw materials	<u>213,768</u>	<u>358,687</u>

11 DEBTORS

	2005 £	2004 £
Due within one year		
Trade debtors	4,301,053	2,800,643
Prepayments & accrued income	550,738	320,114
Amounts receivable on long term contracts	4,119,322	2,914,938
	<u>8,971,113</u>	<u>6,035,695</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

12 CREDITORS

	2005 £	2004 £
Amounts falling due within one year		
Bank loans and overdrafts	375,519	747,148
Trade creditors	3,505,655	2,743,469
Corporation tax	438,189	315,088
Other tax and social security	1,038,257	505,574
Net obligations under finance lease and hire purchase contracts (note 14)	242,801	477,418
Other creditors	316,470	114,091
Accruals and deferred income	953,219	499,673
	<u>6,870,110</u>	<u>5,402,461</u>

The bank overdraft is secured by an unlimited debenture from the company, and a guarantee of £250,000 given by P H and Mrs B M Jones.

13 CREDITORS

	2005 £	2004 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts (note 14)	<u>138,897</u>	<u>243,966</u>

14 FINANCE LEASES

Net obligations under hire purchase agreements fall due as follows:

	2005 £	2004 £
Within one year	242,801	477,418
Between one and five years	138,897	243,966
	<u>381,698</u>	<u>721,384</u>

Hire purchase creditors are secured on the assets concerned.

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2004	79,616
Credited to profit and loss	(50,749)
At 31 March 2005	28,867

Deferred tax is analysed as follows:

	Provided		Not provided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances	34,867	85,616	-	-
Other timing differences	(6,000)	(6,000)	-	-
	<u>28,867</u>	<u>79,616</u>	<u>-</u>	<u>-</u>

16 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
At 1 April 2004 and 31 March 2005 Ordinary shares of £1 each	100	100	100

17 RESERVES

Profit and loss account	£
At 1 April 2004	1,943,854
Profit for the year	1,322,885
Dividends	(30,000)
At 31 March 2005	3,236,739

18 SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Shareholders' funds at 1 April 2004	1,989,464	1,437,461
Profit for the year	1,322,885	582,003
Dividends	(30,000)	(30,000)
Shareholders' funds at 31 March 2005	3,282,349	1,989,464

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

19 GROSS CASH FLOWS

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest paid	(62,986)	(25,286)
Interest element of finance lease rentals	(71,444)	(110,453)
	<u>(134,430)</u>	<u>(135,739)</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	(268,667)	(112,249)
Receipts from sales of tangible fixed assets	217,422	75,856
	<u>(51,245)</u>	<u>(36,393)</u>
 Financing		
Capital element of finance lease rentals	<u>(549,999)</u>	<u>(666,275)</u>

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2004 £	Cash flows £	Other changes £	At 31 March 2005 £
Cash at bank and in hand	1,365	21,622	-	22,987
Overdrafts	(747,148)	371,629	-	(375,519)
		<u>393,251</u>		
Finance leases	(721,384)	549,999	(210,313)	(381,698)
Total	<u>(1,467,167)</u>	<u>943,250</u>	<u>(210,313)</u>	<u>(734,230)</u>

21 CAPITAL COMMITMENTS

At 31 March 2005 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately £NIL (2004 - £15,000).

22 OTHER COMMITMENTS

At 31 March 2005 the company had annual commitments under operating leases as follows:

	Land and buildings 2005 £	2004 £	Other 2005 £	2004 £
Expiry date:				
Between one and five years	<u>164,244</u>	<u>105,305</u>	<u>824,118</u>	<u>224,017</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

23 TRANSACTIONS WITH RELATED PARTIES

Included within the financial statements is a loan of £Nil (2004 - £3,601) from P H and Mrs B M Jones, directors and shareholders of the company.

During the year the company was charged rent of £25,400 (2004 - £20,400) by P H and Mrs B M Jones.

During the year the company purchased IT support services from C M Computers Limited amounting to £Nil (2004 - £14,858) and recharged wages totalling £Nil (2004 - £13,002). C S Jones and M P Jones who are directors of P H Jones Limited are also directors of C M Computers Limited.

Included within the financial statements is a balance of £112 (2004 - £Nil) owed from Ash Paddock Homes Limited, a company of which P H and Mrs B M Jones are directors. Sales during the year were £4,961 (2004 - £21,677)

Included within the financial statements is a balance of £25,469 (2004 - £31,439) owed to and £78,236 (2004 - £49,221) owed from Vulcana Limited, a company of which the wife of M P Jones is a director. The company purchased training services from Vulcana Limited amounting to £64,356 (2004 - £27,308) and made sales totalling £28,948 (2004 - £59,076) during the year.

24 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 5.

25 CONTROLLING PARTIES

The company is controlled by P H and Mrs B M Jones.