

P H JONES LIMITED
ANNUAL REPORT
YEAR ENDED 31 MARCH 2001



PKF

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	Ash Paddock Cuddington Malpas Cheshire SY14 7AJ
Auditors	PKF Sovereign House Queen Street Manchester M2 5HR
Bankers	National Westminster Bank Plc High Street Whitchurch Shropshire SY13 1AR

P H JONES LIMITED

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P H JONES LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2001

The directors submit their report and the financial statements for the year ended 31 March 2001.

Results and dividends

The profit for the year, after taxation, amounted to £256,387 (2000 - £150,086).

The directors do not recommend the payment of a dividend leaving a balance of £256,387 which is transferred to retained reserves.

Principal activity and review of business

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

During the year the business has seen a substantial increase in the level of sales and work done whilst at the same time maintaining margins.

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

Future developments

It is anticipated that whilst 2001/2002 will see some expansion it is the company's intention to consolidate and concentrate on maximising the profitability from the growth that has taken place.

Directors

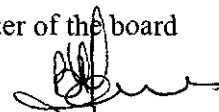
The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary £1 shares	
	2001	2000
P H Jones	50	50
B M Jones	50	50
D W Hankey	-	-
M P Jones (appointed 1 August 2000)	-	-
C S Jones (appointed 1 August 2000)	-	-
P R Nelson (appointed 1 August 2000)	-	-

Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board


B M Jones
Secretary

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;
- 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 ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

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 is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P H JONES LIMITED

We have audited the financial statements of P H Jones Limited for the year ended 31 March 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 the 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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

14.12.01
MANCHESTER, UK


PKF
Registered Auditors

P H JONES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
TURNOVER	2	6,341,400	3,811,606
Cost of sales		<u>(4,785,260)</u>	<u>(2,913,337)</u>
GROSS PROFIT		1,556,140	898,269
Administrative expenses		<u>(1,210,562)</u>	<u>(682,182)</u>
OPERATING PROFIT	3	345,578	216,087
Interest payable and similar items	6	<u>(35,625)</u>	<u>(16,609)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		309,953	199,478
TAXATION	7	<u>(53,566)</u>	<u>(49,392)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>256,387</u>	<u>150,086</u>

All amounts relate to continuing operations.

P H JONES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Profit for the financial year	256,387	150,086
Unrealised surplus on revaluation of fixed assets	-	45,510
Total recognised gains and losses relating to the year	<u><u>256,387</u></u>	<u><u>195,596</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £	2000 £
Reported profit on ordinary activities before taxation	309,953	199,478
Realisation of property revaluation gains		
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	8,530	-
Historical cost profit on ordinary activities before taxation	<u><u>318,483</u></u>	<u><u>199,478</u></u>
 Historical cost profit for the year retained after taxation	 <u><u>264,917</u></u>	 <u><u>150,086</u></u>

P H JONES LIMITED
BALANCE SHEET
31 MARCH 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible	8	458,323	194,934
CURRENT ASSETS			
Stocks	9	704,070	413,975
Debtors	10	1,008,883	946,550
Cash at bank and in hand		362,273	-
		<u>2,075,226</u>	<u>1,360,525</u>
CREDITORS: amounts falling due within one year	11	(1,619,352)	(1,046,119)
NET CURRENT ASSETS		<u>455,874</u>	<u>314,406</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		914,197	509,340
CREDITORS: amounts falling due after more than one year	12	(208,793)	(57,927)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(1,544)	(3,940)
NET ASSETS		<u>703,860</u>	<u>447,473</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Revaluation reserve	16	45,510	45,510
Profit and loss account	16	658,250	401,863
SHAREHOLDERS' FUNDS	17	<u>703,860</u>	<u>447,473</u>

The financial statements were approved by the board on 11 December 2001

Signed on behalf of the board of directors



P H Jones

Director

P H JONES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	345,578	216,087
Depreciation of tangible fixed assets	135,619	64,959
Loss/(profit) on sale of fixed assets	1,139	(9,165)
Increase in debtors	(62,333)	(565,185)
Increase in stocks	(290,095)	(355,838)
Increase in creditors	496,339	724,627
Net cash inflow from operating activities	<u>626,247</u>	<u>75,485</u>
 CASH FLOW STATEMENT (note 18)		
Net cash inflow from operating activities	626,247	75,485
Returns on investments and servicing of finance	(35,625)	(16,609)
Taxation	(70,638)	(2)
Capital expenditure	(22,338)	(10,270)
	<u>497,646</u>	<u>48,604</u>
Financing	(116,248)	(63,506)
Increase/decrease in cash	<u>381,398</u>	<u>(14,902)</u>
 Reconciliation of net cash flow to movement in net debt (note 19)		
Increase/decrease in cash in the period	381,398	(14,902)
Cash outflow from decrease in lease financing	116,248	63,506
New finance leases	(377,809)	(79,280)
Change in net debt	<u>119,837</u>	<u>(30,676)</u>
Net debt at 1 April 2000	(108,269)	(77,593)
Net debt at 31 March 2001	<u>11,568</u>	<u>(108,269)</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

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 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) Tangible fixed assets and depreciation

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 fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings, tools & office equipment	15 % reducing balance
Motor vehicles	25 % reducing balance

(d) Finance and operating leases

Assets acquired under finance leases or 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 in proportion to the capital balance outstanding.

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

(e) Stocks and work in progress

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

(f) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(g) 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.

(h) Liquid resources

Liquid resources are defined as readily disposable stores of value convertible into known amounts of cash at or close to their carrying amount

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

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:

	2001 £	2000 £
Depreciation of tangible fixed assets:		
- owned by the company	36,495	64,959
- held under finance lease or hire purchase contracts	99,124	-
Audit fees	5,000	2,700
Operating lease rentals:		
- land and buildings	36,576	14,405
Pension cost	27,427	18,864
	<u>27,427</u>	<u>18,864</u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2001 £	2000 £
Directors' emoluments	119,610	44,070
Contributions to money purchase pension schemes	27,427	18,864
	<u>27,427</u>	<u>18,864</u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	6	3
	<u>6</u>	<u>3</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

5 STAFF COSTS

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

	2001 £	2000 £
Wages and salaries	2,119,451	1,328,122
Social security costs	183,989	155,152
Other pension costs	27,427	18,864
	<u>2,330,867</u>	<u>1,502,138</u>

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

	No	No
Administration	23	18
Technical	99	79
	<u>122</u>	<u>97</u>

6 INTEREST PAYABLE AND SIMILAR ITEMS

	2001 £	2000 £
Bank loans and overdrafts	8,083	4,025
Finance charges under finance lease and hire purchase contracts	27,542	12,584
	<u>35,625</u>	<u>16,609</u>

7 TAXATION

	2001 £	2000 £
UK corporation tax		
Current tax on income for the period	55,314	48,852
Adjustments in respect of prior periods	648	-
Total UK taxation	<u>55,962</u>	<u>48,852</u>
Deferred tax		
Current tax on income for the period	(2,396)	540
Tax on profit on ordinary activities	<u>53,566</u>	<u>49,392</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

8 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings, tools & equipment £	Total £
Cost or valuation			
At 1 April 2000	257,841	51,177	309,018
Additions	382,778	19,819	402,597
Disposals	(6,000)	-	(6,000)
At 31 March 2001	<u>634,619</u>	<u>70,996</u>	<u>705,615</u>
Depreciation			
At 1 April 2000	95,124	18,960	114,084
Charge for year	121,443	14,176	135,619
On disposals	(2,411)	-	(2,411)
At 31 March 2001	<u>214,156</u>	<u>33,136</u>	<u>247,292</u>
Net book amount			
At 31 March 2001	<u>420,463</u>	<u>37,860</u>	<u>458,323</u>
At 31 March 2000	<u><u>162,717</u></u>	<u><u>32,217</u></u>	<u><u>194,934</u></u>

The net book amounts of motor vehicles above include £371,539 (2000 - £113,717) in respect of assets held under finance leases or hire purchase contracts.

Motor vehicles and fixtures, fittings, tools and equipment includes £45,510 in respect of assets at valuation. These were assets gifted to the company in 2000 and revalued by the directors on an open market basis at that time.

9 STOCKS

	2001 £	2000 £
Raw materials	157,645	111,040
Work in progress	546,425	302,935
	<u><u>704,070</u></u>	<u><u>413,975</u></u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

10 DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	970,745	834,676
Other debtors	430	5,811
Prepayments and accrued income	37,708	106,063
	<u>1,008,883</u>	<u>946,550</u>

11 CREDITORS

	2001 £	2000 £
Amounts falling due within one year		
Bank loans and overdrafts	-	19,125
Trade creditors	885,543	531,106
Corporation tax	55,315	69,991
Other tax and social security	212,376	106,707
Net obligations under finance lease and hire purchase contracts (note 13)	141,912	31,217
Other creditors	237,768	257,161
Accruals and deferred income	86,438	30,812
	<u>1,619,352</u>	<u>1,046,119</u>

12 CREDITORS

	2001 £	2000 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts (note 13)	208,793	57,927

13 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2001 £	2000 £
Within one year	141,912	31,217
Between one and five years	208,793	57,927
	<u>350,705</u>	<u>89,144</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2000	3,940
Charged to profit and loss	(2,396)
At 31 March 2001	<u>1,544</u>

Deferred tax is analysed as follows:

	Provided		Not provided	
	2001	2000	2001	2000
	£	£	£	£
Capital allowances	337	3,940	-	-
Other timing differences	1,207	-	-	-
	<u>1,544</u>	<u>3,940</u>	<u>-</u>	<u>-</u>

15 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
At 1 April 2000 and 31 March 2001			
Ordinary shares of £1 each	100	100	100

16 RESERVES

Revaluation reserve	£
At 1 April 2000 and at 31 March 2001	<u>45,510</u>
Profit and loss account	£
At 1 April 2000	401,863
Profit for the year	256,387
At 31 March 2001	<u>658,250</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

17 SHAREHOLDERS' FUNDS

	2001 £	2000 £
Shareholders' funds at 1 April 2000	447,473	251,877
Profit for the year	256,387	150,086
Other recognised gains and losses	-	45,510
Shareholders' funds at 31 March 2001	<u>703,860</u>	<u>447,473</u>

18 GROSS CASH FLOWS

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest paid	(8,083)	(4,025)
Interest element of finance lease rentals	(27,542)	(12,584)
	<u>(35,625)</u>	<u>(16,609)</u>
Taxation		
Corporation tax paid	(70,638)	(2)
	<u>(70,638)</u>	<u>(2)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(24,788)	(66,245)
Receipts from sales of tangible fixed assets	2,450	55,975
	<u>(22,338)</u>	<u>(10,270)</u>
Financing		
Capital element of finance lease rentals	(116,248)	(63,506)
	<u>(116,248)</u>	<u>(63,506)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2000 £	Cash flows £	Other changes £	At 31 March 2001 £
Cash at bank and in hand	-	362,273	-	362,273
Overdrafts	(19,125)	19,125	-	-
		<u>381,398</u>		
Finance leases	(89,144)	116,248	(377,809)	(350,705)
Total	<u>(108,269)</u>	<u>497,646</u>	<u>(377,809)</u>	<u>11,568</u>

P H JONES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

20 OTHER COMMITMENTS

At 31 March 2001 the company had annual commitments under operating leases as follows:

	2001 £	2000 £
Expiry date:		
Within one year	1,850	-
Between one and five years	4,250	-
	<u> </u>	<u> </u>

21 TRANSACTIONS WITH RELATED PARTIES

Included within other creditors is a loan of £199,966 (2000 - £237,968) from P H and Mrs B M Jones.

During the year the company was charged rent of £15,000 (2000 - £12,000) by P H and Mrs B M Jones.

22 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.