Company Registration No. 05158607 (England and Wales)

K & T HEATING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2009

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K & T HEATING SERVICES LIMITED

COMPANY INFORMATION

Directors	J W Day D Greenfield M D Sewell D K Miller (Appointed 7 October 2009)
Secretary	D Greenfield
Company number	05158607
Registered office	Thames House Stone Foundry Estate 669 Woolwich Road Charlton London SE7 8LH
Auditors	HLB Vantis Audit Plc Nexus House 2 Cray Road Sidcup Kent DA14 5DA
Bankers	HSBC Plc 141 High Street Beckenham Kent BR3 1BX

K & T HEATING SERVICES LIMITED

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K & T HEATING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2009

The directors present their report and financial statements for the year ended 31 July 2009.

Principal activities and review of the business
The principal activity of the company continued to be that of plumbing and heating engineers.

Following the operational setbacks last year arising from older contracts being replaced, the directors are pleased to report that the company is back on track having increased its turnover by 11.4% to £7.83 million (2008: £7.03 million) whilst also improving the gross margin to 34.8% (2008: 25.4%). This is mainly the result of improved labour utilisation and having now overcome the operational challenges of implementing a significant new contract won in the previous year.

Overheads have been contained at a little over £1.6 million and so the directors are pleased to report an operating profit of £1.087 million (2008: £0.118 million). This level of profit is expected to continue for the foreseeable future as the company continues to build on its reputation in the industry for service delivery.

Financial risk management objectives
The company operates a treasury function which is responsible for managing the liquidity and interest risks associated with its activities.

The company's principal financial instruments include bank overdrafts and hire purchase arrangements, the main purpose of which is to provide finance for its operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Results and dividends
The results for the year are set out on page 5.

Interim ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a final dividend.

Future developments
The company is expected to continue operating within the scope of its current activities for the foreseeable future.

Directors
The following directors have held office since 1 August 2008:

J W Day
D Greenfield
M D Sewell
D K Miller (Appointed 7 October 2009)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

Charitable donations	2009	2008
	£	£
During the year the company made the following payments:		
Charitable donations	2,669	2,638

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

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I W Day

Director 4/12/09

K & T HEATING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K & T HEATING SERVICES LIMITED

We have audited the financial statements of K & T Heating Services Limited for the year ended 31 July 2009 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 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 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF K & T HEATING SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HLB Vantis Audit plc

Nick Paterno (Senior Statutory Auditor)
for and on behalf of HLB Vantis Audit Plc

15 December 2009

Chartered Accountants
Statutory Auditor

Nexus House
2 Cray Road
Sidcup
Kent
DA14 5DA

K & T HEATING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2009

	Notes	2009 £	2008 £
Turnover	**2**	7,834,685	7,032,165
Cost of sales		(5,109,579)	(5,244,759)
Gross profit		2,725,106	1,787,406
Administrative expenses		(1,637,797)	(1,668,521)
Operating profit	**3**	1,087,309	118,885
Other interest receivable and similar income	**4**	3,275	7,321
Interest payable and similar charges	**5**	(27,649)	(35,364)
Profit on ordinary activities before taxation		1,062,935	90,842
Tax on profit on ordinary activities	**6**	(302,619)	(55,955)
Profit for the year	**16**	760,316	34,887

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

K & T HEATING SERVICES LIMITED

BALANCE SHEET

AS AT 31 JULY 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	8		345,234		495,530
Current assets					
Stocks	9	10,347		16,500	
Debtors	10	1,207,612		1,508,210	
Cash at bank and in hand		876,156		60,815	
		2,094,115		1,585,525	
Creditors: amounts falling due within one year	11	(1,097,289)		(1,171,518)	
Net current assets			996,826		414,007
Total assets less current liabilities			1,342,060		909,537
Creditors: amounts falling due after more than one year	12		(131,367)		(244,228)
Provisions for liabilities	13		(2,636)		(17,568)
			1,208,057		647,741
Capital and reserves					
Called up share capital	15		5,000		5,000
Profit and loss account	16		1,203,057		642,741
Shareholders' funds	17		1,208,057		647,741

Approved by the Board and authorised for issue on 4/12/09

D Greenfield
Director

Company Registration No. 05158607

K & T HEATING SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		1,382,318		360,152
Returns on investments and servicing of finance				
Interest received	3,275		7,321	
Interest paid	(27,649)		(35,364)	
Net cash outflow for returns on investments and servicing of finance		(24,374)		(28,043)
Taxation		(46,445)		(373,628)
Capital expenditure				
Payments to acquire tangible assets	(2,442)		(92,284)	
Receipts from sales of tangible assets	26,852		-	
Net cash inflow/(outflow) for capital expenditure		24,410		(92,284)
Equity dividends paid		(200,000)		(230,000)
Net cash inflow/(outflow) before management of liquid resources and financing		1,135,909		(363,803)
Financing				
Capital element of hire purchase contracts	(103,577)		(65,084)	
Net cash outflow from financing		(103,577)		(65,084)
Increase/(decrease) in cash in the year		1,032,332		(428,887)

K & T HEATING SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

1	**Reconciliation of operating profit to net cash inflow from operating activities**	**2009**	**2008**
		£	**£**
	Operating profit	1,087,309	118,885
	Depreciation of tangible assets	131,337	142,430
	Amortisation of intangible assets	-	129,250
	Profit on disposal of tangible assets	(5,451)	-
	Decrease/(increase) in stocks	6,153	(4,600)
	Decrease in debtors	300,598	74,917
	Decrease in creditors within one year	(137,628)	(100,730)
	Net cash inflow from operating activities	1,382,318	360,152

2	**Analysis of net funds/(debt)**	**1 August 2008**	**Cash flow**	**Other non-cash changes**	**31 July 2009**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	60,815	815,341	-	876,156
	Bank overdrafts	(216,991)	216,991	-	-
		(156,176)	1,032,332	-	876,156
	Debt:				
	Finance leases	(349,125)	103,577	-	(245,548)
	Net (debt)/funds	(505,301)	1,135,909	-	630,608

3	**Reconciliation of net cash flow to movement in net funds/(debt)**	**2009**	**2008**
		£	**£**
	Increase/(decrease) in cash in the year	1,032,332	(428,887)
	Cash outflow from decrease in debt and lease financing	103,577	65,084
	Change in net debt resulting from cash flows	1,135,909	(363,803)
	New finance lease	-	(322,391)
	Movement in net funds/(debt) in the year	1,135,909	(686,194)
	Opening net (debt)/funds	(505,301)	180,893
	Closing net funds/(debt)	630,608	(505,301)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services provided during the year net of VAT and trade discounts and is recognised as follows:

Heating system maintenance services
Income arising from the provision of maintenance services is recognised on an equal monthly basis across the life of the contract.

Heating system servicing and installation services
Income arising from the provision of heating system servicing and installation services is recognised when a right to consideration has been obtained through performance.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over 10 years
Plant and machinery	25% Reducing balance and straight line over 3 years
Equipment	25% Reducing balance and straight line over 3 years
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing and hire purchase commitments

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 at a constant rate of charge on the balance of capital repayments outstanding.

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.

1.6 Stock

Stock is valued at the lower of cost and net realisable value, where cost is determined on a first in first out basis.

1.7 Pensions

The company operates a defined contribution 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies **(continued)**

1.8 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.

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 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	**2009**	**2008**
	£	**£**
Operating profit is stated after charging:		
Amortisation of intangible assets	-	129,250
Depreciation of tangible assets	131,337	142,430
Operating lease rentals		
- Plant and machinery	101,206	129,239
- Other assets	54,318	55,374
Auditors' remuneration	12,000	10,000
and after crediting:		
Profit on disposal of tangible assets	(5,451)	-

4 Investment income	**2009**	**2008**
	£	**£**
Bank interest	3,275	7,321
	3,275	7,321

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009

5 Interest payable	2009	2008
	£	£
On bank loans and overdrafts due within five years	1,011	3,088
Hire purchase interest	26,638	30,068
On overdue tax	-	2,108
Other interest	-	100
	27,649	35,364

6 Taxation	2009	2008
	£	£
Domestic current year tax		
U.K. corporation tax	317,551	46,445
Current tax charge	317,551	46,445
Deferred tax		
Origination and reversal of timing differences	(14,932)	9,510
	302,619	55,955
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,062,935	90,842
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 21.00%)	297,622	19,077
Effects of:		
Non deductible expenses	11,023	8,881
Depreciation add back	36,774	57,053
Capital allowances	(21,842)	(37,708)
Small companies relief	(6,026)	(1,523)
Capital items expensed	-	665
	19,929	27,368
Current tax charge	317,551	46,445

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009

7 Dividends	2009 £	2008 £
Ordinary interim paid	200,000	230,000

8 **Tangible fixed assets**

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2008	9,789	85,024	81,385	572,967	749,165
Additions	-	2,442	-	-	2,442
Disposals	-	-	-	(42,982)	(42,982)
At 31 July 2009	9,789	87,466	81,385	529,985	708,625
Depreciation					
At 1 August 2008	3,178	61,241	45,514	143,702	253,635
On disposals	-	-	-	(21,581)	(21,581)
Charge for the year	979	16,750	10,175	103,433	131,337
At 31 July 2009	4,157	77,991	55,689	225,554	363,391
Net book value					
At 31 July 2009	5,632	9,475	25,696	304,431	345,234
At 31 July 2008	6,611	23,783	35,871	429,265	495,530

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 July 2009	-	274,059	274,059
At 31 July 2008	11,206	372,527	383,733
Depreciation charge for the year			
At 31 July 2009	-	98,468	98,468
At 31 July 2008	3,735	92,603	96,338

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009

9 Stocks	2009 £	2008 £
Raw materials and consumables	10,347	16,500

10 Debtors	2009 £	2008 £
Trade debtors	544,950	852,059
Other debtors	71,249	104,930
Prepayments and accrued income	591,413	551,221
	1,207,612	1,508,210

11 Creditors: amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	-	216,991
Net obligations under hire purchase contracts	114,181	104,897
Trade creditors	233,115	295,981
Corporation tax	317,551	46,445
Other taxes and social security costs	259,575	280,845
Other creditors	69,958	54,756
Accruals and deferred income	102,909	171,603
	1,097,289	1,171,518

Bank overdrafts are secured by a debenture dated 19 July 2005 which encompasses a fixed and floating charge over all the assets of the company. The directors, J W Day and D Greenfield have each provided a personal guarantee to the company's bankers of £100,000.

Obligations under hire purchase agreements are secured on the assets concerned.

12 Creditors: amounts falling due after more than one year	2009 £	2008 £
Net obligations under hire purchase contracts	131,367	244,228

Obligations under hire purchase agreements are secured on the assets concerned.

Net obligations under hire purchase contracts		
Repayable within one year	111,051	104,897
Repayable between one and five years	134,497	244,228
	245,548	349,125
Included in liabilities falling due within one year	(114,181)	(104,897)
	131,367	244,228

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 August 2008	17,568
Profit and loss account	(14,932)
Balance at 31 July 2009	2,636

The deferred tax liability is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	2,636	17,568

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009

14 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2009 £	2008 £
Contributions payable by the company for the year	28,825	27,852

15 Share capital

	2009 £	2008 £
Authorised		
100,000 Ordinary of £1 each	100,000	100,000
Allotted, called up and fully paid		
5,000 Ordinary of £1 each	5,000	5,000

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2008	642,741
Profit for the year	760,316
Dividends paid	(200,000)
Balance at 31 July 2009	1,203,057

17 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	760,316	34,887
Dividends	(200,000)	(230,000)
Net addition to/(depletion in) shareholders' funds	560,316	(195,113)
Opening shareholders' funds	647,741	842,854
Closing shareholders' funds	1,208,057	647,741

18 Financial commitments

At 31 July 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2010:

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	9,900	14,652
Between two and five years	-	-	-	16,952
In over five years	44,088	44,088	-	-
	44,088	44,088	9,900	31,604

19 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	374,603	209,946
Company pension contributions to money purchase schemes	25,692	25,364
	400,295	235,310

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	161,435	77,306
Company pension contributions to money purchase schemes	9,846	9,682

20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2009	2008	in year
	£	£	£
J W Day	3,300	34,005	36,321
D Greenfield	22,400	24,634	26,867

Dividends of £100,000 (2008: £115,000) were paid to each of the directors, J W Day and D Greenfield.

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2009 Number	2008 Number
Directors	3	3
Administration	25	25
Engineers and direct labour	78	84
	106	112

Employment costs	2009 £	2008 £
Wages and salaries	3,421,546	3,337,630
Social security costs	396,731	389,337
Other pension costs	28,825	27,852
	3,847,102	3,754,819