

Company Registration No 05158607 (England and Wales)

K & T HEATING SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011

FRIDAY



A41

AZE0DYDB

14/10/2011

89

COMPANIES HOUSE

K & T HEATING SERVICES LIMITED

COMPANY INFORMATION

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

K & T HEATING SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9 - 10
Notes to the financial statements	11 - 19

K & T HEATING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2011

The directors present their report and financial statements for the year ended 31 July 2011

Principal activities and review of the business

The principal activity of the company continued to be that of plumbing and heating engineers

The directors are pleased to report that activity levels and profitability have both held up well during the year with turnover at £9.42 million (2010 £7.71 million) on which a 35.1% (2010 34.5%) gross profit margin was achieved. In addition, overheads and interest costs have been carefully managed resulting in an improved pre-tax profit of £1.475 million (2010 £1.144 million).

This level of profitability is expected to be maintained in the foreseeable future as the company continues to build on its reputation in the industry for quality and service delivery.

Principal risks, uncertainties and financial instruments

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 instrument is its own reserves 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.

The directors have considered the implications of risk to the company and for those risks that are insurable the company maintains adequate insurance cover and meets regularly with its advisers to ensure that this is always kept up to date.

The nature of the company's business is such that its revenues are concentrated on a relatively small number of local authority and social housing customers. This concentration risk has historically been mitigated by the company's strong reputation in the industry and the directors' track record of renewing key contracts and securing new work which continues to dilute the company's dependence on any one client. The company is engaged under medium to large term contracts which also mitigates the risk of any significant impact on its business during the current round of spending cuts.

Results and dividends

The results for the year are set out on page 6.

Interim ordinary dividends were paid amounting to £260,000. 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.

K & T HEATING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2011

Directors

The following directors have held office since 1 August 2010

J W Day
D Greenfield
M D Sewell
D K Miller

Charitable donations	2011 £	2010 £
During the year the company made the following payments		
Charitable donations	1,579	3,400

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.

K & T HEATING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2011

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



J W Day
Director

7/10/11

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 2011 set out on pages 6 to 19. 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 Chapter 3 of Part 16 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 - 3, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

K & T HEATING SERVICES LIMITED

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

McBrides Accountants LLP

Nick Paterno (Senior Statutory Auditor)
for and on behalf of McBrides Accountants LLP

7 October 2011

Chartered Accountants
Statutory Auditor

Nexus House
2 Cray Road
Sidcup
Kent
DA14 5DA

McBrides

K & T HEATING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 £
Turnover	2	9,428,441	7,710,568
Cost of sales		(6,116,457)	(5,052,152)
Gross profit		3,311,984	2,658,416
Administrative expenses		(1,833,845)	(1,500,171)
Operating profit	3	1,478,139	1,158,245
Other interest receivable and similar income	4	1,286	1,000
Interest payable and similar charges	5	(4,550)	(14,703)
Profit on ordinary activities before taxation		1,474,875	1,144,542
Tax on profit on ordinary activities	6	(429,455)	(332,217)
Profit for the year	16	1,045,420	812,325

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 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	8		556,714		446,396
Current assets					
Stocks	9	30,851		24,425	
Debtors	10	2,109,480		1,646,171	
Cash at bank and in hand		1,279,355		651,471	
		<u>3,419,686</u>		<u>2,322,067</u>	
Creditors' amounts falling due within one year	11	<u>(1,502,535)</u>		<u>(1,113,317)</u>	
Net current assets			<u>1,917,151</u>		<u>1,208,750</u>
Total assets less current liabilities			<u>2,473,865</u>		<u>1,655,146</u>
Creditors' amounts falling due after more than one year	12		(92,466)		(79,054)
Provisions for liabilities	13		<u>(20,397)</u>		<u>(510)</u>
			<u>2,361,002</u>		<u>1,575,582</u>
Capital and reserves					
Called up share capital	15		5,000		5,000
Profit and loss account	16		<u>2,356,002</u>		<u>1,570,582</u>
Shareholders' funds	17		<u>2,361,002</u>		<u>1,575,582</u>

Approved by the Board and authorised for issue on

7/10/11



D Greenfield
Director

Company Registration No 05158607

K & T HEATING SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		1,606,675		873,328
Returns on investments and servicing of finance				
Interest received	1,286		1,000	
Interest paid	(4,550)		(14,703)	
Net cash outflow for returns on investments and servicing of finance		(3,264)		(13,703)
Taxation		(334,343)		(317,551)
Capital expenditure				
Payments to acquire tangible assets	(295,579)		(226,924)	
Receipts from sales of tangible assets	62,502		9,750	
Net cash outflow for capital expenditure		(233,077)		(217,174)
Equity dividends paid		(260,000)		(444,800)
Net cash inflow/(outflow) before management of liquid resources and financing		775,991		(119,900)
Financing				
Capital element of hire purchase contracts	(121,206)		(131,686)	
Net cash outflow from financing		(121,206)		(131,686)
Increase/(decrease) in cash in the year		654,785		(251,586)

K & T HEATING SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011		2010	
		£		£	
	Operating profit	1,478,139		1,158,245	
	Depreciation of tangible assets	195,634		161,929	
	(Profit)/loss on disposal of tangible assets	(13,801)		1,435	
	Increase in stocks	(6,426)		(14,078)	
	Increase in debtors	(463,309)		(438,559)	
	Increase in creditors within one year	416,438		4,356	
	Net cash inflow from operating activities	1,606,675		873,328	
2	Analysis of net funds	1 August 2010		31 July 2011	
		£		£	
	Net cash				
	Cash at bank and in hand	651,471	627,884	-	1,279,355
	Bank overdrafts	(26,901)	26,901	-	-
		<u>624,570</u>	<u>654,785</u>	<u>-</u>	<u>1,279,355</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(161,214)	121,206	(59,074)	(99,082)
	Net funds	463,356	775,991	(59,074)	1,180,273
3	Reconciliation of net cash flow to movement in net funds	2011		2010	
		£		£	
	Increase/(decrease) in cash in the year	654,785		(251,586)	
	Cash outflow from decrease in debt and lease financing	121,206		131,686	
	Change in net debt resulting from cash flows	775,991		(119,900)	
	New finance lease	(59,074)		(47,352)	
	Movement in net funds in the year	716,917		(167,252)	
	Opening net funds	463,356		630,608	
	Closing net funds	1,180,273		463,356	

K & T HEATING SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2011

4 Major non-cash transactions

During the year the company entered into finance leases in respect of capital equipment with a capital value at the inception of the lease of £59,074 (2010 £47,352)

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

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

Leasehold buildings	Straight line over 10 years
Plant and machinery	25% Reducing balance and straight line over 3 years
Fixtures and fittings	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

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

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	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	195,634	161,929
Loss on disposal of tangible assets	-	1,435
Operating lease rentals		
- Plant and machinery	84,655	101,206
- Other assets	59,181	46,584
Auditors' remuneration	12,750	12,000
and after crediting		
Profit on disposal of tangible assets	(13,801)	-

4 Investment income	2011 £	2010 £
Bank interest	1,286	1,000
	<u>1,286</u>	<u>1,000</u>

5 Interest payable	2011 £	2010 £
Hire purchase interest	<u>4,550</u>	<u>14,703</u>

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	409,568	334,343
	Total current tax	409,568	334,343
	Deferred tax		
	Origination and reversal of timing differences	19,887	(2,126)
		429,455	332,217
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,474,875	1,144,542
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	383,468	320,472
	Effects of		
	Non deductible expenses	26,263	17,220
	Depreciation add back	47,277	45,742
	Capital allowances	(67,372)	(44,053)
	Small companies relief	-	(5,038)
	Difference due to change in tax rate	19,932	-
		26,100	13,871
	Current tax charge for the year	409,568	334,343
7	Dividends	2011 £	2010 £
	Ordinary interim paid	260,000	444,800

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

8 Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 August 2010	9,789	109,068	93,749	744,084	956,690
Additions	3,000	15,648	-	336,005	354,653
Disposals	-	-	-	(142,973)	(142,973)
At 31 July 2011	12,789	124,716	93,749	937,116	1,168,370
Depreciation					
At 1 August 2010	5,136	91,634	67,399	346,125	510,294
On disposals	-	-	-	(94,272)	(94,272)
Charge for the year	1,279	11,546	7,815	174,994	195,634
At 31 July 2011	6,415	103,180	75,214	426,847	611,656
Net book value					
At 31 July 2011	6,374	21,536	18,535	510,269	556,714
At 31 July 2010	4,653	17,434	26,350	397,959	446,396

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

	Motor vehicles £
Net book values	
At 31 July 2011	148,117
At 31 July 2010	193,012
Depreciation charge for the year	
At 31 July 2011	49,372
At 31 July 2010	64,337

9 Stocks	2011 £	2010 £
Raw materials and consumables	30,851	24,425

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

10 Debtors	2011 £	2010 £
Trade debtors	1,133,317	917,536
Other debtors	82,787	71,309
Prepayments and accrued income	893,376	657,326
	<u>2,109,480</u>	<u>1,646,171</u>

11 Creditors amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	-	26,901
Net obligations under hire purchase contracts	6,616	82,160
Trade creditors	480,272	213,395
Corporation tax	409,568	334,343
Other taxes and social security costs	369,888	265,254
Other creditors	87,841	79,764
Accruals and deferred income	148,350	111,500
	<u>1,502,535</u>	<u>1,113,317</u>

Obligations under hire purchase agreements are secured on the assets concerned

12 Creditors amounts falling due after more than one year	2011 £	2010 £
Net obligations under hire purchase contracts	<u>92,466</u>	<u>79,054</u>

Obligations under hire purchase agreements are secured on the assets concerned

Net obligations under hire purchase contracts		
Repayable within one year	6,616	82,160
Repayable between two and five years	92,466	79,054
	<u>99,082</u>	<u>161,214</u>
Included in liabilities falling due within one year	(6,616)	(82,160)
	<u>92,466</u>	<u>79,054</u>

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 August 2010	510
Profit and loss account	19,887
	<u>20,397</u>
Balance at 31 July 2011	<u>20,397</u>

The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>20,397</u>	<u>510</u>

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.

	2011 £	2010 £
Contributions payable by the company for the year	<u>229,036</u>	<u>28,850</u>

15 Share capital

	2011 £	2010 £
Allotted, called up and fully paid 5,000 Ordinary of £1 each	<u>5,000</u>	<u>5,000</u>

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2010	1,570,582
Profit for the year	1,045,420
Dividends paid	(260,000)
Balance at 31 July 2011	<u>2,356,002</u>

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	1,045,420	812,325
Dividends	(260,000)	(444,800)
Net addition to shareholders' funds	<u>785,420</u>	<u>367,525</u>
Opening shareholders' funds	1,575,582	1,208,057
Closing shareholders' funds	<u>2,361,002</u>	<u>1,575,582</u>

18 Financial commitments

At 31 July 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2012

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
Within one year	-	-	-	2,509
Between two and five years	-	-	5,308	5,308
In over five years	60,000	57,348	-	-
	<u>60,000</u>	<u>57,348</u>	<u>5,308</u>	<u>7,817</u>

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

19 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	472,363	428,713
Company pension contributions to defined contribution schemes	225,692	25,692
	<u>698,055</u>	<u>454,405</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2010 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	161,604	152,545
Company pension contributions to defined contribution schemes	109,846	9,846
	<u>271,450</u>	<u>162,391</u>

20 Transactions with directors & related party transactions

J W Day owed the company £20,049 at the beginning of the year, which was subsequently repaid J W Day received further advances of £37,200 and made repayments of £19,244 during the year, and owed the company £17,956 at the year end

D Greenfield owed the company £17,972 at the beginning of the year, which was subsequently repaid D Greenfield received further advances of £63,506 and made repayments of £45,550 during the year, and owed the company £17,956 at the year end

Dividends totalling £130,000 (2010 £222,400) were paid to each of the directors, J W Day and D Greenfield, including amounts paid to their wives

K & T HEATING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

21 Employees

Number of employees

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

	2011 Number	2010 Number
Directors	4	4
Administration	25	24
Engineers and direct labour	82	76
	<u>111</u>	<u>104</u>

Employment costs

	2011 £	2010 £
Wages and salaries	3,799,396	3,402,402
Social security costs	440,295	391,865
Other pension costs	229,036	28,850
	<u>4,468,727</u>	<u>3,823,117</u>

22 Control

The company was under the control of J W Day and D Greenfield and their families, who between them hold 100% of the issued ordinary shares