

Registration number: 513427

A S Nicholls Limited

Director's Report and Financial Statements
for the Year Ended 30 September 2006

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COMPANIES HOUSE

HWCA Limited
Registered Auditors Chartered Accountants
120-124 Towngate
Leyland
Lancashire
PR25 2LQ

A S Nicholls Limited

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A S Nicholls Limited
Officers and Advisers

Director	P Worthington
Secretary	P M Worthington
Registered office	Barons Court Manchester Road Wilmslow Cheshire SK9 1BQ
Auditors	HWCA Limited Registered Auditors Chartered Accountants 120-124 Towngate Leyland Lancashire PR25 2LQ

A S Nicholls Limited

Director's Report for the Year Ended 30 September 2006

The director presents his report and the audited financial statements for the year ended 30 September 2006.

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and which he knows the auditors are unaware of.

Principal activity and business review

The principal activity of the company is that of supplying, installing and maintaining heating and air conditioning systems.

Turnover has remained consistent with gross profit percentage increasing slightly to 31.0% from 29.4%. Better control of expenses results in an improved performance on the previous year.

The company continues to have a strong balance sheet with good liquidity and improving cash flow.

The director considers that the results for the year and the financial position at the end of the year were satisfactory.

Post balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements.

Results and dividend

The results for the company are set out in the financial statements.

The director does not recommend the payment of a dividend.

A S Nicholls Limited
Director's Report for the Year Ended 30 September 2006

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Supplier payment policy

It is the company's policy to settle debts with its creditors on a timely basis, taking into consideration the terms and conditions offered by each supplier. At 30 September 2006 the number of creditor days outstanding for the company was 44 days.

Director and his interests

The director who held office during the year was as follows:

- P Worthington

The director did not have an interest in the shares of the company at any time during the year.

P Worthington has an interest in 500,000 ordinary shares of 1p in the company's parent, Worthington Nicholls Group Plc.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, interest rate and liquidity risk. It is, and has been throughout the period under review, the company's policy that no speculative trading in financial instruments shall be undertaken.

Credit risk

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details are provided in note 18 to the financial statements.

Auditors

The auditors, HWCA Limited, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

A S Nicholls Limited
Director's Report for the Year Ended 30 September 2006

..... continued

Approved by the Board and signed on its behalf by:



P Worthington
Director

Date: 21/10

Independent Auditors' Report to the Members of A S Nicholls Limited

We have audited the financial statements of A S Nicholls Limited for the year ended 30 September 2006 set out on pages 7 to 19. These financial statements have been prepared in accordance with 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 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 described in the statement of Directors' responsibilities on page 2, the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 Director's 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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.

**Independent Auditors' Report to the Members of
A S Nicholls Limited**

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Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

120-124 Towngate
Leyland
Lancashire
PR25 2LQ

HWCA Ltd
.....
HWCA Limited
Registered Auditors Chartered Accountants
Date: 17/1/07

A S Nicholls Limited

Profit and Loss Account for the Year Ended 30 September 2006

	Note	2006 £	2005 £
Turnover		1,228,038	1,220,909
Cost of sales		(847,886)	(862,010)
Gross profit		<u>380,152</u>	<u>358,899</u>
Administrative expenses		(346,701)	(359,487)
Operating profit/(loss)	2	<u>33,451</u>	<u>(588)</u>
Other interest receivable and similar income		1,866	-
Interest payable and similar charges	5	(8,856)	(8,328)
Profit/(loss) on ordinary activities before taxation		<u>26,461</u>	<u>(8,916)</u>
Tax on profit/(loss) on ordinary activities	6	(5,757)	-
Profit/(loss) for the financial year		<u><u>20,704</u></u>	<u><u>(8,916)</u></u>

Turnover and operating profit/(loss) derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

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

The notes on pages 10 to 19 form an integral part of these financial statements.

A S Nicholls Limited
Balance Sheet as at 30 September 2006

		2006		2005	
	Note	£	£	£	£
Fixed assets					
Tangible assets	7		3,113		13,883
Current assets					
Stocks	8	15,786		18,761	
Debtors	9	318,128		524,107	
Cash at bank and in hand		299,610		13	
		<u>633,524</u>		<u>542,881</u>	
Creditors: Amounts falling due within one year	10	<u>(342,940)</u>		<u>(283,771)</u>	
Net current assets			<u>290,584</u>		<u>259,110</u>
Net assets			<u>293,697</u>		<u>272,993</u>
Capital and reserves					
Called up share capital	13		500		500
Capital redemption reserve	14		520		520
Profit and loss reserve	14		292,677		271,973
Equity shareholders' funds	15		<u>293,697</u>		<u>272,993</u>

These accounts were approved by the Director on 21/10/07.....



P Worthington
Director

The notes on pages 10 to 19 form an integral part of these financial statements.

A S Nicholls Limited

Cash Flow Statement for the Year Ended 30 September 2006

		2006		2005	
	Note	£	£	£	£
Net cash flow from operating activities	20		327,130		2,392
Returns on investment and servicing of finance	21		(6,990)		(8,328)
Taxation	21		-		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(833)		-	
Sale of tangible fixed assets		<u>2,000</u>	<u>1,167</u>	<u>15,783</u>	<u>15,783</u>
Cash inflow before management of liquid resources and financing			321,307		9,847
Financing					
Capital element of hire purchase payments		<u>(4,510)</u>	<u>(4,510)</u>	<u>4,510</u>	<u>4,510</u>
Net cash flow			<u>316,797</u>		<u>(19,463)</u>

Reconciliation of net cash flow to movement in net debt

		2006	2005
	Note	£	£
Increase/(decrease) in cash in the year	22	316,797	(19,463)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>4,510</u>	<u>(4,510)</u>
Change in net debt resulting from cash flows		<u>321,307</u>	<u>(23,973)</u>
Net (debt)/funds at the start of the year	22	<u>(21,697)</u>	<u>2,276</u>
Net funds/(debt) at the end of the year	22	<u>299,610</u>	<u>(21,697)</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	25% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2006	2005
	£	£
Auditors remuneration	4,850	5,000
Loss on sale of tangible fixed assets	1,916	2,258
Depreciation of leased tangible fixed assets	7,687	11,752
	<u>14,453</u>	<u>19,010</u>

3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2006 No.	2005 No.
Administration	3	3
Engineering	10	8
	<u>13</u>	<u>11</u>

The aggregate payroll costs of these persons were as follows:

	2006 £	2005 £
Wages and salaries	391,845	343,347
Social security	9,688	6,784
Other pension costs	2,937	1,861
	<u>404,470</u>	<u>351,992</u>

4 Director's emoluments

No emoluments were paid to the director during the year (2005 - £nil).

5 Interest payable and similar charges

	2006 £	2005 £
Bank interest payable	1,268	-
Loan interest	7,020	6,772
Hire purchase interest	568	1,556
	<u>8,856</u>	<u>8,328</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

6 Taxation

Analysis of current period tax charge

	2006 £	2005 £
Current tax		
Corporation tax charge	<u>5,757</u>	<u>-</u>

Factors affecting current period tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2005 - higher than) the standard rate of corporation tax in the UK of 19.00% (2005 - 19.00%).

The differences are reconciled below:

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	<u>26,461</u>	<u>(8,916)</u>
Standard rate corporation tax charge/(credit)	5,028	(1,694)
Expenses not deductible for tax purposes (including goods)	4,418	2,626
Timing differences between capital allowances and depreciation	1,122	(624)
Losses	<u>(4,811)</u>	<u>(308)</u>
Total current tax for the year	<u>5,757</u>	<u>-</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
As at 1 October 2005	35,995	8,914	33,250	78,159
Additions	833	-	-	833
Disposals	-	-	(11,750)	(11,750)
As at 30 September 2006	<u>36,828</u>	<u>8,914</u>	<u>21,500</u>	<u>67,242</u>
Depreciation				
As at 1 October 2005	30,232	8,908	25,136	64,276
Eliminated on disposals	-	-	(7,834)	(7,834)
Charge for the year	3,812	-	3,875	7,687
As at 30 September 2006	<u>34,044</u>	<u>8,908</u>	<u>21,177</u>	<u>64,129</u>
Net book value				
As at 30 September 2006	<u>2,784</u>	<u>6</u>	<u>323</u>	<u>3,113</u>
As at 30 September 2005	<u>5,763</u>	<u>6</u>	<u>8,114</u>	<u>13,883</u>

Hire purchase agreements

Included within the total net book value of tangible fixed assets is none (2005 - £13,864) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was none (2005 - £11,752).

8 Stocks and work in progress

	2006 £	2005 £
Stock and work in progress	<u>15,786</u>	<u>18,761</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

9 Debtors

	2006 £	2005 £
Trade debtors	263,825	268,266
Other debtors	53,403	255,007
Prepayments and accrued income	900	834
	<u>318,128</u>	<u>524,107</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

10 Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	-	17,200
Obligations under finance leases and hire purchase contracts	-	4,510
Trade creditors	56,819	62,687
Corporation tax	5,757	-
Social security and other taxes	131,497	140,601
Other creditors	132,387	31,757
Accruals and deferred income	16,480	27,016
	<u>342,940</u>	<u>283,771</u>

11 Maturation of borrowings

Amounts repayable:

	Bank loans & overdrafts £	Obligations under finance leases and HP contracts £	Total £
As at 30 September 2006	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2005			
In one year or less on demand	17,200	4,510	21,710
	<u>17,200</u>	<u>4,510</u>	<u>21,710</u>

12 Security of borrowings

The bank overdraft is secured by the cross company guarantees.

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

13 Share capital

	2006 £	2005 £
Authorised		
Equity		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Equity		
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

14 Reserves

	Capital redemption reserve £	Profit and loss reserve £	Total £
Balance at 1 October 2005	520	271,973	272,493
Transfer from profit and loss account for the year	-	20,704	20,704
Balance at 30 September 2006	<u>520</u>	<u>292,677</u>	<u>293,197</u>

15 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(loss) attributable to members of the company	<u>20,704</u>	<u>(8,916)</u>
	20,704	(8,916)
Other recognised gains for the year	-	520
Net addition/(reduction) to shareholders' funds	<u>20,704</u>	<u>(8,396)</u>
Opening equity shareholders' funds	<u>272,993</u>	<u>321,229</u>
Closing equity shareholders' funds	<u>293,697</u>	<u>272,993</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

16 Contingent liabilities

The company's bankers hold a cross guarantee dated 6 June 2006 over the amounts due to them from the parent company, Worthington Nicholls Group Plc, and certain of its subsidiary companies, A S Nicholls Limited and Worthington Nicholls Facilities Limited. The aggregate amounts outstanding under this guarantee at 30 September 2006 by the parent company was £1,889,825 and by the subsidiary companies was £172,947.

17 Operating lease commitments

As at 30 September 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Within one year	-	-	14,642	-
Between two and five years	-	-	-	37,464
Over five years	14,400	14,400	-	-
	<u>14,400</u>	<u>14,400</u>	<u>14,642</u>	<u>37,464</u>

18 Financial instruments

The company's financial instruments comprise bank borrowings, loan notes, hire purchase finance, cash and liquid resources, and other current assets and liabilities that arise directly from its operations. It is, and has been the company's policy throughout the period under review, that no speculation trading in financial instruments shall be undertaken.

As permitted by Financial Reporting Standard 13 short term debtors and creditors have been excluded from the disclosures in this note.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these and other risks on an ongoing basis and these are summarised below:-

Interest rate risk

Financial assets

The company's financial assets, other than short term debtors, consist of sterling cash deposits and cash at bank. The deposits are placed on money markets at variable rates.

Financial liabilities

The company has no derivative financial instruments at 30 September 2006 and in the opinion of the directors the fair value of the company's financial assets and liabilities is equal to book value.

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

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Foreign currency risk

The company's functional currency is sterling and all balances are held in sterling accounts. There is no foreign currency exposure as transactions carried out in foreign currencies are minimal.

Liquidity risk

All of the company's cash balances and short term deposits are held in such a way that enables the correct balance of access to working capital and a competitive rate of interest to be achieved. Working capital requirements are constantly monitored.

Credit risk

The directors believe that credit risk is limited due to debts being spread over a large number of debtors. No individual debtor poses a significant risk.

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

19 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £2,937 (2005 - £1,861).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Reconciliation of operating profit/(loss) to operating cash flows

	2006 £	2005 £
Operating profit/(loss)	33,451	(588)
Depreciation, amortisation and impairment charges	7,687	11,752
Loss on disposal of fixed assets	1,916	2,258
Decrease in stocks	2,975	12,817
Decrease/(increase) in debtors	205,979	(102,126)
Increase in creditors	75,122	78,279
Net cash inflow from operating activities	<u>327,130</u>	<u>2,392</u>

21 Analysis of cash flows

	2006 £	2005 £
Returns on investment and servicing of finance		
HP interest paid	(568)	(1,556)
Other interest paid	(8,288)	(6,772)
Interest received	1,866	-
	<u>(6,990)</u>	<u>(8,328)</u>
Taxation		
Taxation paid	<u>-</u>	<u>-</u>

A S Nicholls Limited

Notes to the Financial Statements for the Year Ended 30 September 2006

..... continued

22 Analysis of net funds/(debt)

	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand	13	299,597	299,610
Bank overdraft	(17,200)	17,200	-
Cash and bank net debt	<u>(17,187)</u>	<u>316,797</u>	<u>299,610</u>
 Hire purchase	 (4,510)	 4,510	 -
Change in debt	<u>(4,510)</u>	<u>4,510</u>	<u>-</u>
 Net funds/(debt)	 <u>(21,697)</u>	 <u>321,307</u>	 <u>299,610</u>

23 Related parties

Controlling entity

The company is a wholly owned subsidiary of Worthington Nicholls Group Plc, a company incorporated in England and Wales.

Worthington Nicholls Group Plc is the sole parent company of the group of which the company is a member and for which group accounts are drawn up. Copies of the group accounts are available from Barons Court, Manchester Road, Wilmslow, Cheshire, SK9 1BQ.

Related party transactions

As a subsidiary undertaking of Worthington Nicholls Group Plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Worthington Nicholls Group Plc.

During the year, the company traded with Worthington Nicholls Limited, a company in which P Worthington is a director. Purchases during the year amounted to £NIL (2005 - £434,000) and a management fee of £72,000 (2005 - £112,000) was paid. The outstanding balance at the end of the year was £NIL (2005 - £233,239) included within other debtors.

At the end of the year the company was owed £39,366 (2005 - £26,554) from RFE Filters Limited, a company in which P Worthington is a director.