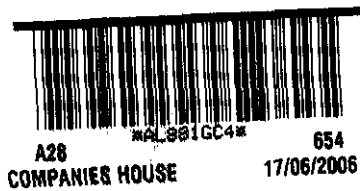


EPS Projects Limited

**Directors' report and financial
statements**

Registered number 1158387

31 March 2006



Directors

P Griffin
D J Anderson
D R Pearce
G R Rajendra
P D Reader
S Reeve
J M O'Donnell
L B Ginger
S George

Secretary

G R Rajendra

Auditors

KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP

Bankers

Bank of Scotland
14 Friar Lane
Leicester
LE1 5RA

Registered Office

Riverside House
1 New Mill Road
Orpington
Kent
BR5 3QA

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activities

The company's principal activities are all aspects of property refurbishment including the installation of heating systems, kitchens and bathrooms for domestic properties and the planned and reactive property maintenance to commercial and domestic premises.

Results

The directors consider the results for the period to be satisfactory.

The profit for the year after taxation amounted to £1,581,165 (2005: £1,229,963).

Directors and directors' interests

The directors who held office during the year were as follows:

P Griffin
D J Anderson
D R Pearce
G R Rajendra
P D Reader
S Reeve
J M O'Donnell
LB Ginger
S George (appointed 1 September 2005)

None of the directors had any interest in the shares of the company.

P Griffin, DJ Anderson, GR Rajendra, PD Reader and S Reeve are directors of the ultimate parent undertaking, Environmental Property Services Plc, and their share interests are shown in the report and financial statements of that company.

The remaining directors, who held office at the end of the financial year, had the following interests in the shares of the ultimate parent undertaking:

	'B' ordinary shares of 0.1p each	
	Interest at end of year	Interest at start of year or date of subsequent appointment
DR Pearce	37,500	25,000
JM O'Donnell	25,000	25,000
LB Ginger	25,000	25,000
S George	-	-

Directors' report *(continued)*

Employees

The company has established systems for communicating information on its performance and other significant issues affecting the business.

The company's open management style encourages employees to contribute to the development of the business. When visiting the various company businesses, the directors meet informally with employees to discuss issues which affect the company.

The board remains committed to ensuring that the working environment within the company is one where differences in people are recognised and valued. Equality is the fundamental principle that determines how the group treats its employees and this is reflected in the company's employment policies.

The board understands its responsibilities to encourage and assist in the employment, training, personal development and career development of disabled people. The company gives proper consideration to applications for employment when these are received from disabled people and employs them whenever suitable vacancies arise.

During the year, the group achieved Investor in People accreditation.

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 March 2006 the company had an average of 60 days purchases outstanding in trade creditors (2005: 72 days).

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £460 (2005: £400).

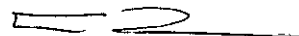
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



G R Rajendra
Secretary

Riverside House
1 New Mill Road
Orpington
Kent
BR5 3QA
25 May 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of EPS Projects Limited

We have audited the financial statements of EPS Projects Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants
Registered Auditor

6th June, 2006.

Profit and loss account
for the year ended 31 March 2006

	<i>Note</i>	Year ended 31 March 2006 £	15 months ended 31 March 2005 £
Turnover		44,861,470	45,857,663
Cost of sales		(34,972,001)	(35,823,096)
Gross profit		9,889,469	10,034,567
Administrative expenses		(8,156,621)	(8,738,377)
Operating profit		1,732,848	1,296,190
Interest receivable	5	224,846	172,474
Interest payable	6	(11,804)	(38,701)
Profit on ordinary activities before taxation	2	1,945,890	1,429,963
Tax on profit on ordinary activities	7	(364,725)	(200,000)
Profit for the financial period	13	1,581,165	1,229,963

There are no recognised gains and losses other than those included in the profit and loss account.

Balance sheet
at 31 March 2006

	<i>Note</i>	2006	2005
		£	£
Fixed assets			
Tangible assets	8	196,368	472,831
Current assets			
Stock and work in progress	9	1,227,465	1,115,002
Debtors	10	8,578,103	10,678,838
Cash at bank and in hand		4,448,421	2,739,413
		<u>14,253,989</u>	<u>14,533,253</u>
Creditors: amounts falling due within one year	11	<u>(10,710,740)</u>	<u>(12,847,632)</u>
Net current assets		<u>3,543,249</u>	<u>1,685,621</u>
Total assets less current liabilities		<u>3,739,617</u>	<u>2,158,452</u>
Capital and reserves			
Called up share capital	12	150,000	150,000
Profit and loss account	13	3,589,617	2,008,452
Equity shareholders' funds		<u>3,739,617</u>	<u>2,158,452</u>

These financial statements were approved by the board of directors on 25 May 2006
and were signed on its behalf by:


D J Anderson
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2006

	Year ended 31 March 2006 £	15 months ended 31 March 2005 £
Profit for the financial period	1,581,165	1,229,963
Opening shareholders' funds	2,158,452	928,489
	<hr/>	<hr/>
Closing shareholders' funds	3,739,617	2,158,452
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold premises	-	over the period of the lease
Plant and machinery	-	33% per annum straight line
Fixtures, fittings and equipment	-	33% per annum straight line
Motor vehicles	-	25% per annum straight line
Computer equipment	-	33% per annum straight line

The carrying value of tangible fixed assets is reviewed for impairment in periods when events or changes in circumstances indicate that the carrying value may not be recoverable.

Leases

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future leases are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. For work in progress, cost includes direct materials, direct labour and an appropriate proportion of fixed and variable overheads.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Post retirement benefits

The company makes payments to group personal pension schemes for employees. Contributions are charged to the profit and loss account as they become due.

Taxation

The charge for taxation is based on the profit for the year/period and takes into account deferred tax without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the value of work done during the year excluding value added tax and is wholly undertaken in the United Kingdom.

Notes (continued)

2 Profit on ordinary activities before taxation

	Year ended 31 March 2006 £	15 months ended 31 March 2005 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	41,750	44,100
Other services	5,000	10,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	169,165	434,884
Leased	7,465	13,862
Hire of plant and machinery – rentals payable under operating leases	10,753	19,222
Hire of land and buildings – rentals payable under operating leases	316,178	320,110
Hire of other assets - operating leases	652,891	694,560
Losses on disposal of fixed assets	218,933	-
	<u>218,933</u>	<u>-</u>

3 Remuneration of directors

	Year ended 31 March 2006 £	15 months ended 31 March 2005 £
Directors' emoluments	586,933	528,248
Company pension contributions to personal pension plans	36,456	43,352
	<u>623,389</u>	<u>571,600</u>

	Number of directors 2006	2005
Retirement benefits are accruing to the following number of directors under:		
Personal pension plan	7	6
	<u>7</u>	<u>6</u>

The amounts in respect of the highest paid director were as follows:

	£	£
Emoluments	134,050	118,977
Company pension contributions to personal pension plan	9,406	11,678
	<u>143,456</u>	<u>130,655</u>

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	Year ended	15 months ended
	31 March 2006	31 March 2005
Administration	182	168
Operations	210	230
	<u>392</u>	<u>398</u>

The aggregate payroll costs of these persons were as follows:

	Year ended	15 months ended
	31 March 2006	31 March 2005
	£	£
Wages and salaries	10,540,718	12,450,287
Social security costs	1,094,905	1,300,119
Other pension costs	218,810	287,881
	<u>11,854,433</u>	<u>14,038,287</u>

5 Interest receivable

	Year ended	15 months ended
	31 March 2006	31 March 2005
	£	£
Bank interest	224,846	172,474

6 Interest payable

	Year ended	15 months ended
	31 March 2006	31 March 2005
	£	£
Bank interest	11,804	38,701

Notes (continued)

7 Taxation

Analysis of charge in year/period

	Year ended 31 March 2006	15 months ended 31 March 2005
	£	£
<i>UK corporation tax</i>		
Corporation tax payable	55,505	-
Group relief	103,000	196,000
	<hr/>	<hr/>
Total current tax charge	158,505	196,000
Deferred tax		
Origination of timing differences	429,616	4,000
Adjustment in respect of previous periods	(223,396)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>364,725</u>	<u>200,000</u>

Factors affecting the tax charge for the current year/period

The current tax charge for the year/period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	Year ended 31 March 2006	15 months ended 31 March 2005
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,945,890	1,429,963
	<hr/>	<hr/>
Current tax at 30% (2005: 30%)	583,767	428,989
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,852	14,011
Depreciation for period in excess of capital allowances	65,350	67,000
Group relief claimed	(103,000)	(196,000)
Payment for group relief	103,502	196,000
Utilisation of tax losses brought forward	(496,560)	(319,000)
Other timing differences	1,594	5,000
	<hr/>	<hr/>
Total current tax charge (see above)	<u>158,505</u>	<u>196,000</u>

Deferred taxation assets provided in the financial statements and the amounts not provided are as follows:

	2006	2005	2006	2005
	£	£	£	£
Depreciation in excess of capital allowances	98,729	-	-	33,000
Short term timing differences	27,051	-	-	25,000
Tax losses	-	332,000	-	156,000
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset	<u>125,780</u>	<u>332,000</u>	<u>-</u>	<u>214,000</u>

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>					
At beginning of year	615,330	200,571	89,356	1,250,345	2,155,602
Additions	41,435	-	-	78,519	119,954
Disposals	(594,136)	(200,571)	(64,930)	(839,231)	(1,698,868)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	62,629	-	24,426	489,633	576,688
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	341,815	196,996	86,010	1,057,950	1,682,771
Charge for year	84,728	3,575	2,488	85,839	176,630
On disposals	(405,693)	(200,571)	(64,075)	(808,742)	(1,479,081)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	20,850	-	24,423	335,047	380,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2006	41,779	-	3	154,586	196,368
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	273,515	3,575	3,346	192,395	472,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9 Stock and work in progress

	2006 £	2005 £
Stock	71,890	58,825
Work in progress	1,155,575	1,056,177
	<hr/>	<hr/>
	1,227,465	1,115,002
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2006 £	2005 £
Trade debtors	5,847,350	7,355,063
Amounts recoverable on long term contracts	394,668	391,239
Other debtors	120,246	122,125
Prepayments and accrued income	77,796	469,996
Amounts owed by group undertakings	2,012,263	2,008,415
Deferred tax asset (see note 7)	125,780	332,000
	<u>8,578,103</u>	<u>10,678,838</u>

Trade debtors include £150,000 (2005: £Nil) due after more than one year.

11 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	6,989,439	5,589,183
Payments received on account	-	971,970
Amounts owed to group undertakings	1,790,000	4,261,755
Corporation tax payable	55,505	-
Other taxes and social security	1,035,490	1,381,943
Other creditors	147,355	133,590
Accruals and deferred income	589,951	313,191
Group relief payable	103,000	196,000
	<u>10,710,740</u>	<u>12,847,632</u>

12 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Equity: 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: 150,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Notes (continued)

13 Movements in reserves

	Profit and loss account £
At beginning of year	2,008,452
Retained profit for the year	1,581,165
	<hr/>
At end of year	3,589,617
	<hr/>

14 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	11,944	169,553	11,994	25,003
In the second to fifth years inclusive	36,454	413,833	34,454	302,852
After more than five years	90,200	-	189,865	-
	<hr/>	<hr/>	<hr/>	<hr/>
	138,598	583,386	236,313	327,855
	<hr/>	<hr/>	<hr/>	<hr/>

15 Related party disclosures

The company has taken advantage of the exemption under FRS 8 (paragraph 3c) not to disclose transactions with other members of the Environmental Property Services Plc group.

16 Ultimate parent undertaking

The immediate parent undertaking is Environmental Property Services Holdings Limited. The directors consider that the ultimate parent undertaking and controlling party is Environmental Property Services Plc.

Environmental Property Services Plc is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of its group financial statements are available from the registered office.

17 Contingent liabilities

The company is party to a debenture and cross-guarantee from all group companies to secure the bank loans and overdrafts of the group. At the end of the year, net group borrowings amounted to £3,157,000 (2005: £7,285,000).