

P.J.O. (INDITHERM) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31ST DECEMBER 1999



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COMPANIES HOUSE 05/10/00

Company No. 3587944

P.J.O. (INDITHERM) LIMITED

COMPANY INFORMATION

Directors

P J O'Grady
J O'Grady
B Holmes (Appointed 28.01.00)
C Tarry (Appointed 28.01.00)

Secretary

A J Knapton

Company Number

3587944

Registered Office

Commercial Road
Goldthorpe Industrial Estate
Goldthorpe
Rotherham
S63 9BL

Reporting Accountants

Reid & Co. Corporate Services
Limited
Witan Court
305 Upper Fourth Street
Central Milton Keynes
MK9 1EH

Bankers

HSBC
Montgomery Road
Wath Upon Deanre
Rotherham
S63 7QW

P.J.O. (INDITHERM) LIMITED

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P.J.O. (INDITHERM) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 1999

The directors present their report together with the accounts for the period ended 31st December 1999.

On the 28th January 2000 there was an issue of 2,778 'A' Ordinary Shares for £197,000 to a private investor. On the same day £220,000 of the loan due to P.J.O. Industrial Limited was converted into an investment by way of an issue of 220,000 Preference Shares.

Principal Activities

The company's principal activity continued to be that of the manufacture, sale, installation and licencing of specialised heating materials.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	31st December 1999	1st July 1999
P J O'Grady	8,000	8,000
J O'Grady	889	889
B Holmes (Appointed 28.01.00)	-	-
C Tarry (Appointed 28.01.00)	555	-

Political and Charitable Contributions

The company made no political or charitable contributions during the period.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

P.J.O. (INDITHERM) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 1999

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of the company's affairs and of the profit or loss for that period. In preparing these accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

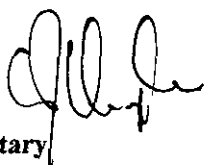
Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small company exemptions

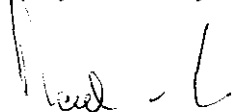
The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 6th September 2000, and signed on its behalf.



A J Knapton, Secretary
6th September 2000

ACCOUNTANTS' REPORT TO THE DIRECTORS
ON THE UNAUDITED ACCOUNTS OF
P.J.O. (INDITHERM) LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the period ended 31st December 1999, set out on pages 4 to 10, and you consider that the company is exempt from an audit and a report under Section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



Reid & Co Corporate Services Limited

Witan Court
305 Upper Fourth Street
Central Milton Keynes
MK9 1EH
Date: 6th September 2000

P.J.O. (INDITHERM) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 1ST JULY 1999 TO 31ST DECEMBER 1999

	Notes	1999 £	1999 £
Turnover	2	34,602	108,613
Cost of Sales		33,855	35,298
Gross Profit		747	73,315
Administrative Expenses		156,713	116,508
Operating Loss	3	(155,966)	(43,193)
Interest Payable and Similar Charges		(1,255)	(9,921)
Loss on Ordinary Activities before Taxation		(157,221)	(53,114)
Tax on loss on ordinary activities		-	-
Loss for the Financial Period	10	(157,221)	(53,114)

The notes on pages 7 to 10 form part of these accounts.

P.J.O. (INDITHERM) LIMITED**BALANCE SHEET****AS AT 31ST DECEMBER 1999**

	Notes	£	1999 £	£	1999 £
Fixed Assets					
Intangible assets	4		125,009		140,592
Tangible assets	5		4,127		4,244
			<u>129,136</u>		<u>144,836</u>
Current Assets					
Stocks		107,255		111,645	
Debtors	6	27,903		50,364	
Cash at bank and in hand		119		-	
		<u>135,277</u>		<u>162,009</u>	
Creditors: Amounts Falling Due Within One Year	7	<u>134,193</u>		<u>149,959</u>	
Net Current Assets			<u>1,084</u>		<u>12,050</u>
Total Assets Less Current Liabilities			<u>130,220</u>		<u>156,886</u>
Creditors: Amounts Falling Due After More Than One Year	8		<u>280,000</u>		<u>200,000</u>
			<u>(149,780)</u>		<u>(43,114)</u>
Capital and Reserves					
Share capital	9		11,110		10,000
Share premium account	10		49,445		-
Profit and loss account	10		(210,335)		(53,114)
Shareholders' Funds	11		<u>(149,780)</u>		<u>(43,114)</u>

The directors are of the opinion that the company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the period ended 31st December 1999.

The directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of the financial period and of its results for the financial period in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

P.J.O. (INDITHERM) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1999

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These accounts were approved by the board on 6th September 2000 and signed on its behalf.



P J O'Grady
Director

P.J.O. (INDITHERM) LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31ST DECEMBER 1999

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Plant and machinery	20%
Furniture and equipment	20%

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

Turnover is attributable to the principal activity of the company.

3 Operating Loss

The operating loss is arrived at after charging or crediting:

	1999	1999
	£	£
Depreciation of owned assets	492	305
Amortisation of intangible fixed assets	15,583	15,240
Pension contributions	-	-
Auditors' remuneration	-	1,675
	<u> </u>	<u> </u>

P.J.O. (INDITHERM) LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31ST DECEMBER 1999

4 Intangible Fixed Assets

	Other Intangible Fixed Assets	Total
Cost	£	£
At 1st July 1999	155,832	155,832
At 31st December 1999	155,832	155,832
Amortisation		
At 1st July 1999	15,240	15,240
Provided during the period	15,583	15,583
At 31st December 1999	30,823	30,823
Net Book Values		
At 31st December 1999	125,009	125,009
<i>At 30th June 1999</i>	<i>140,592</i>	<i>140,592</i>

5 Tangible Fixed Assets

	Plant and machinery £	Total £
Cost		
At 1st July 1999	4,549	4,549
Additions	375	375
At 31st December 1999	4,924	4,924
Depreciation		
At 1st July 1999	305	305
Charge for the period	492	492
At 31st December 1999	797	797
Net Book Value		
At 31st December 1999	4,127	4,127
<i>At 30th June 1999</i>	<i>4,244</i>	<i>4,244</i>

P.J.O. (INDITHERM) LIMITED**NOTES TO THE ACCOUNTS****FOR THE PERIOD ENDED 31ST DECEMBER 1999**

6	Debtors	1999	1999
		£	£
	Trade debtors	24,767	37,157
	Other debtors	3,136	13,207
		<u>27,903</u>	<u>50,364</u>

7	Creditors: Amounts Falling Due Within One Year	1999	1999
		£	£
	Factoring account	9,000	-
	Bank loans and overdrafts	37,406	12,671
	Trade creditors	30,737	59,238
	Other creditors	57,050	78,050
		<u>134,193</u>	<u>149,959</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

8	Creditors: Amounts Falling Due After One Year	1999	1999
		£	£
	Other creditors	280,000	200,000
		<u>280,000</u>	<u>200,000</u>

The creditor falling due after one year of £280,000 is an amount due to P.J.O. Industrial Limited. On the 28th January 2000 £220,000 of this balance was converted in to a long term investment by converting it into 220,000 preference shares of £1 each. The remaining balance is due to be repaid by February 2001.

9	Share Capital	1999	1999
		£	£
	Authorised		
	- Ordinary shares of £1 each	98,000	98,000
	- 'A' Ordinary shares of £1 each	2,000	-
		<u>100,000</u>	<u>98,000</u>
	Allotted		
	10,555 Allotted, called up and fully paid ordinary shares and 555 'A' ordinary shares of £1 each	11,110	10,000

During the year 555 Ordinary Shares and 555 'A' Ordinary Shares were issued.

On the 28th January 2000 the Authorised Share Capital was increased to 320,000 by the creation of 220,000 Preference Shares and on the same day the issued Share Capital was increased to 233,888 by the issue of 220,000 Preference Shares and 2,778 'A' Ordinary Shares.

P.J.O. (INDITHERM) LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31ST DECEMBER 1999

10 Reserves

	Share Premium Account	Profit and Loss Account
	£	£
Loss for the period	-	(53,114)
At 1st July 1999	-	(53,114)
Loss for the period	-	(157,221)
Premium on allotment	49,445	-
At 31st December 1999	49,445	(210,335)

11 Reconciliation of Shareholders' Funds

	1999 £	1999 £
Loss for the financial period	(157,221)	(53,114)
Issue of share capital	50,555	10,000
Decrease in the shareholders' funds	(106,666)	(43,114)
Closing shareholders' funds	(149,780)	(43,114)

12 Related Parties

During the year various expenses and salary costs which totalled £137,200 (Year Ended 30th June 1999 £387,300) were charged in the normal course of business to the company from P.J.O. Industrial Limited. The price charged was the normal market price in the case of each individual cost. At the balance sheet date the amount due to P.J.O. Industrial Limited was £330,000.

Mr P J O'Grady is a director of P.J.O Industrial Limited and in the opinion of the directors is in control of both that company and P.J.O. (Inditherm) Limited.

13 Post Balance Sheet Events

On the 28th January 2000 a further 2,778 'A' Ordinary Shares were issued for £197,000 and on the same day P.J.O. Industrial Limited converted £220,000 of the balance due to that company into 220,000 Preference Shares.

These transactions have resulted in the Issued Share Capital increasing to £233,888 and the net balance of the Share Premium Account and Profit & Loss Account being £33,332 excluding the Profit or Loss for the four weeks to 28th January 2000.