

N.E.S.T. MAKERS Limited
Annual Report and Accounts
for the year ended 31 March 2002

Registered Number 3937132



N.E.S.T. MAKERS Limited
Annual Report and Accounts
for the year ended 31 March 2002
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N.E.S.T. MAKERS Limited

Directors and Advisors

Chairman

Mr John Clough

Directors

Mr John Campbell (resigned 12 September 2002)

Mr John Clough

Mr Jack Harrison

Mr Raymond Jack

Mr Joseph Johnson

Mr William McDiarmid

Mr David Wark (appointed 14 October 2002)

Secretary and registered office

Mr David Linton

Manweb House

Chester Business Park

Wrexham Road

Chester

CH4 9RF

Independent auditors

PricewaterhouseCoopers

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

Solicitors

Salans Hertzfeld & Heilbromm HRK

Clements House

14-18 Gresham Street

London

EC2V 7NN

Bankers

National Westminster Bank plc

Keel Row House

1 Sandgate

Quayside

Newcastle upon Tyne

NE1 2NG

N.E.S.T. MAKERS Limited

Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements of the company for the year ended 31 March 2002.

Principal activities

The company's principal activity during the year was to undertake energy efficiency surveys and provide energy efficiency advice to customers along with energy tariff advice. The principal market in which the company operates is the 'fuel poor' and benefit market.

Business review and future developments

The company has experienced difficult trading during the year ended 31 March 2002.

Structural changes are planned for the coming year as well as the introduction of a new, improved product.

The company expects to build on this and be trading profitability during the latter six months of the year ending 31 March 2003 and beyond.

Turnover and profitability

The company made a loss after taxation of £246,004 in the year ended 31 March 2002 (2001: £1,067,016 as restated). There was no dividend recommended in the year (2001:£Nil).

The company has net liabilities of £1,268,020 at 31 March 2002 (2001: £1,022,016 as restated). The directors consider that sufficient funding will be made available to the company by the joint venture partners to continue operations and meet liabilities as they fall due for the foreseeable future.

Directors

The details of directors who served during the year are set out on page 1. None of the directors had any disclosable interests in the shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2002 and that applicable accounting standards have been followed.

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 the financial statements 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.

N.E.S.T. MAKERS Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board



J Clough
Chairman

22 November 2002

N.E.S.T. MAKERS Limited

Independent auditors' report to the shareholders of N.E.S.T. MAKERS Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
22 November 2002

N.E.S.T. MAKERS Limited

Profit and loss account for the year ended 31 March 2002

	Notes	Year ended 31 March 2002	13 months ended 31 March 2001 as restated
		£	£
Turnover		1,877,290	759,913
Administration expenses		(2,164,465)	(2,198,367)
Operating loss		(287,175)	(1,438,454)
Interest receivable	3	8	1,647
Interest payable	4	(86,019)	(58,400)
Loss on ordinary activities before taxation	5	(373,186)	(1,495,207)
Taxation	6	127,182	428,191
Loss on ordinary activities after taxation	13	(246,004)	(1,067,016)

All of the above amounts relate to continuing activities.

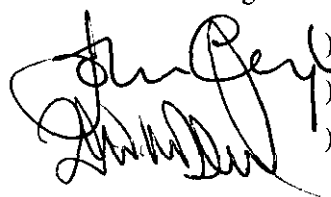
A statement of total recognised gains and losses and a reconciliation to historical cost profits and losses are not shown as all gains and losses for the year are recognised in the profit and loss account under the historical cost convention.

N.E.S.T. MAKERS Limited

Balance sheet as at 31 March 2002

	Notes	2002 £	2001 as restated £
Fixed assets			
Tangible assets	7	35,819	96,241
Current assets			
Debtors	8	155,108	550,129
Cash at bank and in hand		216,650	259,237
		371,758	809,366
Creditors: amounts falling due within one year	9	(428,707)	(669,223)
Net current (liabilities)/assets		(56,949)	140,143
Total assets less current liabilities		(21,130)	236,384
Creditors: amounts falling due after one year	10	(1,246,890)	(1,258,400)
Net liabilities		(1,268,020)	(1,022,016)
Capital and reserves			
Called up share capital	12	45,000	45,000
Profit and loss account	13	(1,313,020)	(1,067,016)
Equity shareholders' deficit	14	(1,268,020)	(1,022,016)

The financial statements on pages 5 to 15 were approved by the board of directors on 22 November 2002 and were signed on its behalf by:

 Directors

N.E.S.T. MAKERS Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and with the requirements of the Companies Act 1985. A summary of the accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, including incidental expenses incurred on acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	33.3%
Furniture	33.3%
Equipment	33.3%

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Turnover

Turnover is recognised in full when the energy efficient survey is performed, and after a 14 day cooling off period for energy tariff advice.

Pension scheme

The company operates a defined contribution pension scheme for the benefit of its employees. The company's contributions to this scheme, which are based on employee earnings, are recognised in the period in which the related payroll costs are incurred.

Cash flow statement

N.E.S.T. MAKERS Limited is a small company. The directors have taken advantage of the exemption from preparing a cash flow statement afforded to them in Financial Reporting Standard No 1 "Cash flow statements".

Deferred taxation

With effect from 1 April 2001, the company changed its accounting policy on "deferred tax" in line with FRS 19. FRS 19 introduces a form of full provision for accounting for deferred tax, called the incremental liability approach, which replaces the partial provision approach previously followed under SSAP 15.

Deferred tax is now provided on timing differences where the company has an obligation to pay more tax in the future as a result of the reversal of those timing differences. Previously deferred tax was provided on timing differences to the extent that they were expected to reverse in the foreseeable future.

As a consequence of this change in accounting policy the prior year tax credit has been increased by £8,191 and the current year's tax credit has been increased by £1,342.

N.E.S.T. MAKERS Limited

Notes to the financial statements for the year ended 31 March 2002

1 Directors' emoluments

None of the directors received any remuneration in respect of their services as directors of the company in the year (2001: Nil).

2 Employee information

The average number of employees, including executive directors, employed by the company during the year was:

By activity	Year ended 31 March 2002	13 months ended 31 March 2001
Advisors	47	30
Administration	18	16
	65	46

The aggregate payroll costs, including executive directors, comprised:

	Year ended 31 March 2002 £	13 months ended 31 March 2001 £
Wages and salaries	1,283,836	869,381
Social security costs	135,243	82,003
Pension costs	30,912	4,574
	1,449,991	955,958

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3 Interest receivable

	Year ended 31 March 2002 £	13 months ended 31 March 2001 £
Bank interest receivable	8	1,647

4 Interest payable

	Year ended 31 March 2002 £	13 months ended 31 March 2001 £
Interest payable on loans from shareholders	84,330	58,400
Bank interest	1,689	-
	86,019	58,400

5 Loss on ordinary activities before taxation

	Year ended 31 March 2002 £	13 months ended 31 March 2001 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year/period:		
Tangible fixed assets	34,446	48,120
Loss on disposal of fixed assets	9,685	-
Auditors' remuneration for:		
Audit	4,000	3,500
Other services to the company	2,004	2,500
Hire of land and buildings – operating leases	20,965	29,769
Hire of plant and machinery – operating leases	18,784	3,467

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6 Taxation

(a) Analysis of credit in the year/period	Year ended 31 March 2002 £	13 months ended 31 March 2001 £
Current tax:		
Adjustments in respect of prior periods	(24,659)	-
Group relief	(101,181)	(420,000)
Total current tax	(125,840)	(420,000)
Deferred tax:		
Origination and reversal of timing differences	(8,985)	(8,191)
Adjustment in respect of previous periods	7,643	-
Total deferred tax	(1,342)	(8,191)
Total tax credit	(127,182)	(428,191)
(b) Factors affecting tax credit for the year/period		
Loss on ordinary activities before tax	(373,186)	(1,495,207)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(111,956)	(448,562)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,790	20,371
Depreciation in excess of capital allowances for year/ period	8,067	8,191
Other short term timing differences	918	-
Adjustments to tax charge in respect of previous periods	(24,659)	-
Current tax credit for the year/period	(125,840)	(420,000)

(c) Factors that may affect future tax charges

There are no factors that are expected to materially affect future tax charges.

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7 Tangible fixed assets

	Fixtures and fittings £	Furniture £	Equipment £	Total £
Cost				
At 1 April 2001	41,542	3,598	99,221	144,361
Additions	-	-	4,117	4,117
Disposals	(41,542)	(3,598)	-	(45,140)
At 31 March 2002	-	-	103,338	103,338
Depreciation				
At 1 April 2001	13,847	1,200	33,073	48,120
Charge for the year	-	-	34,446	34,446
Disposals	(13,847)	(1,200)	-	(15,047)
At 31 March 2002	-	-	67,519	67,519
Net book amount				
At 31 March 2002	-	-	35,819	35,819
At 31 March 2001	27,695	2,398	66,148	96,241

8 Debtors

	2002 £	2001 as restated £
Trade debtors	1,727	-
Amounts due from related undertakings	123,585	524,761
Prepayments and accrued income	20,261	17,175
Called up share capital not fully paid	2	2
Deferred tax asset (see note 11)	9,533	8,191
	155,108	550,129

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9 Creditors: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	1,323	27,910
Amounts owed to related undertakings	275,717	484,910
Taxation and social security	61,780	89,419
Other creditors	35,955	19,216
Accruals and deferred income	53,932	47,768
	428,707	669,223

10 Creditors: amounts falling due after one year

	2002	2001
	£	£
Loans owed to related undertakings	1,246,890	1,258,400

The above loans are owed on a 50:50 basis to Eaga Partnership Limited and Scottish Power UK plc. Both of the above loans are repayable between two and five years. Interest is payable at a rate of 2% above the NatWest Bank base rate per annum and compounded annually.

11 Deferred tax asset

	£
At 1 April 2001 as previously reported	-
Prior year adjustment – FRS 19	8,191
At 1 April 2001 restated	8,191
Credit to profit and loss account	1,342
At 31 March 2002	9,533

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The total deferred tax asset is shown below

	2002 £	2001 as restated £
Accelerated capital allowances	8,615	8,191
Short term timing differences	918	-
Deferred tax asset	9,533	8,191

12 Called up share capital

	2002 £	2001 £
Authorised		
22,500 (2001: 22,500) "A" shares of £1 each	22,500	22,500
22,500 (2001: 22,500) "B" shares of £1 each	22,500	22,500
50,000 (2001: 50,000) ordinary shares of 10p each	5,000	5,000
	50,000	50,000
Allotted, called up and fully paid		
22,498 (2001: 22,498) "A" shares of £1 each	22,498	22,498
22,500 (2001: 22,500) "B" shares of £1 each	22,500	22,500
	44,998	44,998
Allotted, called up share capital not fully paid		
2 (2001: 2) "A" shares of £1 each	2	2
	45,000	45,000

The "A" shares and "B" shares rank pari passu in respect of voting rights, rights to dividends and their priority on winding up.

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13 Reserves

	Profit and loss account as restated £
At 1 April 2001 as previously reported	(1,075,207)
Prior year adjustment – FRS 19	8,191
	(1,067,016)
Loss for the year	(246,004)
At 31 March 2002	(1,313,020)

14 Reconciliation of movements in equity shareholders' deficit

	2002 £	2001 as restated £
Opening shareholders' deficit as previously reported	(1,030,207)	-
Prior year adjustment – FRS 19	8,191	-
Opening shareholders' deficit restated	(1,022,016)	-
New shares issued	-	45,000
Loss for the year/period	(246,004)	(1,067,016)
Closing equity shareholders' deficit	(1,268,020)	(1,022,016)

15 Financial commitments

Annual financial commitments under non-cancellable operating leases at the balance sheet date were:

	2002		2001	
	Other	Land and buildings	Other	Land and buildings
	£	£	£	£
Expiring:				
Within one year	-	-	-	22,351
Within two to five years inclusive	17,203	-	6,435	-
	17,203	-	6,435	22,351

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16 Pension obligations

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 managed by NPI Group. The pension cost charged to the profit and loss account represents contributions payable by the company to the fund and amounted to £30,912 (2001: £4,574).

17 Related party transactions

Related party transactions and balances arising in the normal course of business:

Eaga Partnership Limited	2002	2001
	£	£
Sales to Eaga Partnership Limited in the year/period	1,508,576	691,383
Purchases from Eaga Partnership Limited in the year/period	71,131	63,553
Costs incurred recharged by Eaga Partnership Limited in the year/period	61,281	49,106
Amount owed by Eaga Partnership Limited at 31 March	115,552	299,570
Amount owed to Eaga Partnership Limited at 31 March	97,841	20,629
Outstanding loan balance due to Eaga Partnership Limited at 31 March	623,445	629,200
 Scottish Power UK plc		
Sales to Scottish Power UK plc in the year/period	367,244	68,530
Purchases from Scottish Power UK plc in the year/period	37,693	292,458
Costs incurred recharged by Scottish Power UK plc in the year/period	154,552	261,906
Amount owed by Scottish Power UK plc at 31 March	8,033	225,191
Amount owed to Scottish Power UK plc at 31 March	177,876	464,281
Outstanding loan balance due to Scottish Power UK plc at 31 March	623,445	629,200

18 Ultimate controlling party

The shares of the company are owned equally by Eaga Partnership Limited and Scottish Power UK plc.