

**N.E.S.T.MAKERS Limited**  
**Annual Report and Accounts**  
**for the year ended 31 March 2003**

**Registered Number 3937132**



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N.E.S.T.MAKERS Limited  
Annual Report and Accounts  
for the year ended 31 March 2003  
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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 MacDiarmid

Mr David Wark (appointed 14 October 2002)

### **Secretary and registered office**

Mr David Linton

Eaga House

Archbold Terrace

Jesmond

Newcastle upon Tyne

NE2 1DB

### **Independent auditors**

PricewaterhouseCoopers LLP

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

### **Solicitors**

Salans Hertzfeld & Heilbronn 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 2003**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2003.

### **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**

Due to difficult trading conditions the company did not achieve the expected profitable trading during the year, but it is anticipated that an improvement will be achieved in the year ending 31 March 2004.

### **Turnover and profitability**

The company made a loss after taxation of £100,853 in the year ended 31 March 2003 (2002: £246,004). There was no dividend recommended in the year (2002: £Nil).

The company has net liabilities of £1,368,873 at 31 March 2003 (2002: £1,268,020). 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 2003 and that applicable accounting standards have been followed.

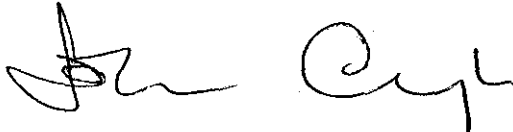
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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

Following the conversion of the company's auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution concerning their reappointment as auditors will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'J Clough', written in a cursive style.

J Clough  
Chairman

19 December 2003

# **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 report, including the opinion, has been prepared for and only for the company's members as a body 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 the affairs of the company at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

19 December 2003

# N.E.S.T.MAKERS Limited

## Profit and loss account for the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover		1,281,446	1,877,290
Administrative expenses		(1,345,132)	(2,164,465)
Operating loss		(63,686)	(287,175)
Interest receivable	3	-	8
Interest payable	4	(76,417)	(86,019)
Loss on ordinary activities before taxation	5	(140,103)	(373,186)
Taxation	6	39,250	127,182
Loss on ordinary activities after taxation	13	(100,853)	(246,004)

All of the above amounts relate to continuing activities.

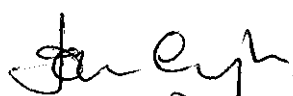

A statement of total recognised gains and losses and a reconciliation to historical cost profits and losses are not shown as all gains and losses for the year are recognised in the profit and loss account under the historical cost convention.

# N.E.S.T.MAKERS Limited

## Balance sheet as at 31 March 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	2,962	35,819
<b>Current assets</b>			
Debtors	8	178,000	155,108
Cash at bank and in hand		129,322	216,650
		307,322	371,758
<b>Creditors: amounts falling due within one year</b>	9	(390,074)	(428,707)
<b>Net current liabilities</b>		(82,752)	(56,949)
<b>Total assets less current liabilities</b>		(79,790)	(21,130)
<b>Creditors: amounts falling due after one year</b>	10	(1,289,083)	(1,246,890)
<b>Net liabilities</b>		(1,368,873)	(1,268,020)
<b>Capital and reserves</b>			
Called up share capital	12	45,000	45,000
Profit and loss account	13	(1,413,873)	(1,313,020)
<b>Equity shareholders' deficit</b>	14	(1,368,873)	(1,268,020)

The financial statements on pages 5 to 15 were approved by the board of directors on 19 December 2003 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 by the Company, 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**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax balances are not discounted.

# N.E.S.T.MAKERS Limited

## Notes to the financial statements for the year ended 31 March 2003

### 1 Directors' emoluments

None of the directors received any remuneration in respect of their services as directors of the company in the year (2002: Nil).

### 2 Employee information

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

By activity	2003	2002
Advisors	27	47
Administration	8	18
	35	65

The aggregate payroll costs, including executive directors, comprised:

	2003 £	2002 £
Wages and salaries	641,588	1,283,836
Social security costs	64,736	135,243
Pension costs	12,830	30,912
	719,154	1,449,991

## **N.E.S.T.MAKERS Limited**

### **3 Interest receivable**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	-	8

### **4 Interest payable**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Interest payable on loans from shareholders	76,417	84,330
Bank interest	-	1,689
	<b>76,417</b>	<b>86,019</b>

### **5 Loss on ordinary activities before taxation**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year		
Tangible fixed assets	34,524	34,446
Loss on disposal of fixed assets	717	9,685
Auditors' remuneration for:		
Audit	4,300	4,000
Other services to the company	2,000	2,004
Hire of land and buildings – operating leases	-	20,965
Hire of plant and machinery - operating leases	17,529	18,784

# N.E.S.T.MAKERS Limited

## 6 Taxation

(a) Analysis of credit in the year	2003 £	2002 £
<b>Current tax:</b>		
Adjustments in respect of prior periods	-	(24,659)
Group relief	(34,226)	(101,181)
Total current tax	(34,226)	(125,840)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(5,365)	(8,985)
Adjustment in respect of previous periods	341	7,643
Total deferred tax	(5,024)	(1,342)
<b>Total tax credit</b>	(39,250)	(127,182)
<b>(b) Factors affecting tax credit for the year</b>		
Loss on ordinary activities before tax	(140,103)	(373,186)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(42,031)	(111,956)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,440	1,790
Depreciation in excess of capital allowances for year	5,365	8,067
Other short term timing differences	-	918
Adjustments to tax charge in respect of previous periods	-	(24,659)
Current tax credit for the year	(34,226)	(125,840)

### (c) Factors that may affect future tax charges

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

# N.E.S.T.MAKERS Limited

## 7 Tangible fixed assets

	Equipment £
<b>Cost</b>	
At 1 April 2002	103,338
Additions	2,384
Disposals	(2,150)
<b>At 31 March 2003</b>	<b>103,572</b>
<b>Depreciation</b>	
At 1 April 2002	67,519
Charge for the year	34,524
Disposals	(1,433)
<b>At 31 March 2003</b>	<b>100,610</b>
<b>Net book amount</b>	
<b>At 31 March 2003</b>	<b>2,962</b>
At 31 March 2002	35,819

## 8 Debtors

	2003 £	2002 £
Trade debtors	2,727	1,727
Amounts due from related undertakings	113,052	123,585
Prepayments and accrued income	47,662	20,261
Called up share capital not fully paid	2	2
Deferred tax asset (see note 11)	14,557	9,533
	<b>178,000</b>	<b>155,108</b>

# N.E.S.T.MAKERS Limited

## 9 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	29,176	1,323
Amounts owed to related undertakings	187,124	275,717
Taxation and social security	56,339	61,780
Other creditors	1,052	35,955
Accruals and deferred income	116,383	53,932
	390,074	428,707

## 10 Creditors: amounts falling due after one year

	2003	2002
	£	£
Loans owed to related undertakings	1,289,083	1,246,890

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 2002	9,533
Credit to profit and loss account	5,024
At 31 March 2003	14,557

The total deferred tax asset is shown below

	2003	2002
	£	£
Accelerated capital allowances	14,557	8,615
Short term timing differences	-	918
Deferred tax asset	14,557	9,533

# N.E.S.T.MAKERS Limited

## 12 Called up share capital

	2003 £	2002 £
<b>Authorised</b>		
22,500 (2002: 22,500) "A" shares of £1 each	22,500	22,500
22,500 (2002: 22,500) "B" shares of £1 each	22,500	22,500
50,000 (2002: 50,000) ordinary shares of 10p each	5,000	5,000
	<b>50,000</b>	<b>50,000</b>
<b>Allotted, called up and fully paid</b>		
22,498 (2002: 22,498) "A" shares of £1 each	22,498	22,498
22,500 (2002: 22,500) "B" shares of £1 each	22,500	22,500
	<b>44,998</b>	<b>44,998</b>
<b>Allotted, called up share capital not fully paid</b>		
2 (2002: 2) "A" shares of £1 each	2	2
	<b>45,000</b>	<b>45,000</b>

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

## 13 Reserves

	Profit and loss account £
At 1 April 2002	(1,313,020)
Loss for the year	(100,853)
At 31 March 2003	<b>(1,413,873)</b>

## 14 Reconciliation of movements in equity shareholders' deficit

	2003 £	2002 £
Opening shareholders' deficit	(1,268,020)	(1,022,016)
Loss for the year	(100,853)	(246,004)
Closing equity shareholders' deficit	<b>(1,368,873)</b>	<b>(1,268,020)</b>

## N.E.S.T.MAKERS Limited

### 15 Financial commitments

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

	2003	2002
	Other	Other
	£	£
Expiring:		
Within one year	3,420	-
Within two to five years inclusive	12,643	17,203
	16,063	17,203

### 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 £12,830 (2002: £30,912).



# N.E.S.T.MAKERS Limited

## 17 Related party transactions

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

	2003	2002
	£	£
<b>Eaga Partnership Limited</b>		
Sales to Eaga Partnership Limited in the year	603,540	1,508,576
Purchases from Eaga Partnership Limited in the year	63,149	71,131
Costs incurred recharged by Eaga Partnership Limited in the year	34,445	61,281
Interest payable on loan from Eaga Partnership Limited in the year	38,209	42,165
Amount owed by Eaga Partnership Limited at 31 March	99,647	115,552
Amount owed to Eaga Partnership Limited at 31 March	99,499	97,841
Outstanding loan balance due to Eaga Partnership Limited at 31 March	644,542	623,445

### Scottish Power UK plc and its subsidiaries

Sales to Scottish Power UK plc and its subsidiaries in the year	677,906	367,244
Purchases from Scottish Power UK plc and its subsidiaries in the year	172,687	37,693
Costs incurred recharged by Scottish Power UK plc and its subsidiaries in the year	103,465	154,552
Interest payable on loan by Scottish Power UK plc and its subsidiaries in the year	38,208	42,165
Amount owed by Scottish Power UK plc and its subsidiaries at 31 March	13,405	8,033
Amount owed to Scottish Power UK plc and its subsidiaries at 31 March	87,625	177,876
Outstanding loan balance due to Scottish Power UK plc and its subsidiaries at 31 March	644,541	623,445

## 18 Ultimate controlling party

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