

Registered number
SC102827

Everwarm Services Limited
Directors' Report and Financial Services
For the Year Ended 31 March 2002



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COMPANIES HOUSE 05/11/02

Gibson & Co.
Registered auditors
Rutland Square House
12 Rutland Square
Edinburgh
EH1 2BB

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Everwarm Services Limited
Report and financial statements
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Everwarm Services Limited
Company Information

Directors

Robert Graham
Kennedy Saunders
Lydia Graham
Gordon Glen

Secretary

Lydia Graham

Auditors

Gibson & Co.
Rutland Square House
12 Rutland Square
Edinburgh
EH1 2BB

Bankers

The Royal Bank of Scotland plc
8 Hopetoun Street
Bathgate
West Lothian
EH48 4EU

Solicitors

Ledingham Chalmers
5 Melville Crescent
Edinburgh
EH3 7JA

Registered office

Rutland Square House
12 Rutland Square
Edinburgh
EH1 2BB

Registered number

SC102827

Everwarm Services Limited
Directors' Report

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

Principal activities and review of the business

The company's principal activity during the year continued to be the provision of heating and general plumbing services, including contract work and the provision and installation of thermal and acoustic insulation.

Results and dividends

The profit for the year, after taxation, amounted to £225,132. The directors do not recommend the payment of a dividend.

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2002	2001
Robert Graham	-	-
Kennedy Saunders	-	-
Lydia Graham	-	-
Gordon Glen	-	-

The beneficial interests of the directors in the holding company Everwarm Group Limited were as follows:

	£1 Ordinary shares	
	'A' class	'B' class
Robert Graham	399	
Kennedy Saunders	280	8,627

Political and charitable donations

During the year, the company made various charitable contributions totalling £410.

Everwarm Services Limited

Directors' Report

Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Auditors

A resolution to reappoint Gibson & Co. as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 10 October 2002.



L. Graham
Director

Everwarm Services Limited

Independent auditors' report to the shareholders of Everwarm Services Limited

We have audited the financial statements of Everwarm Services Limited for the year ended 31 March 2002 which comprise pages 5 to 15 and have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 United Kingdom 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 accounts 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 company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gibson & Co.
Registered auditors
Rutland Square House
12 Rutland Square
Edinburgh
EH1 2BB

11 October 2002

Everwarm Services Limited
Profit and Loss Account
for the year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	2	5,394,118	3,693,760
Cost of sales		(3,565,458)	(2,423,060)
Gross profit		<u>1,828,660</u>	<u>1,270,700</u>
Administrative expenses		(1,505,006)	(1,189,520)
Other operating income		12,469	11,240
Operating profit	3	<u>336,123</u>	<u>92,420</u>
Exceptional items:			
loss on the disposal of tangible fixed assets	4	-	(4,786)
		<u>336,123</u>	<u>87,634</u>
Interest receivable		6,158	5,061
Interest payable	7	(6,081)	(6,240)
Profit on ordinary activities before taxation		<u>336,200</u>	<u>86,455</u>
Tax on profit on ordinary activities	8	(111,068)	(20,369)
Profit for the financial year		<u>225,132</u>	<u>66,086</u>
Retained profit for the financial year	19	<u>225,132</u>	<u>66,086</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 8 to 15 form part of these financial statements.

Everwarm Services Limited
Balance Sheet
as at 31 March 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	9	237,767	162,636
Investments	10	60,000	-
		<u>297,767</u>	<u>162,636</u>
Current assets			
Stocks	11	86,783	119,923
Debtors	12	955,823	601,530
Cash at bank and in hand		514,487	355,311
		<u>1,557,093</u>	<u>1,076,764</u>
Creditors: amounts falling due within one year	13	(1,154,057)	(797,066)
Net current assets		<u>403,036</u>	<u>279,698</u>
Total assets less current liabilities		<u>700,803</u>	<u>442,334</u>
Creditors: amounts falling due after more than one year	14	(77,639)	(54,065)
Provisions for liabilities and charges			
Deferred taxation	16	(9,763)	-
Other provisions		-	-
		<u>613,401</u>	<u>388,269</u>
Capital and reserves			
Called up share capital	17	30,300	30,300
Share premium	18	3,805	3,805
Profit and loss account	19	579,296	354,164
Shareholders' funds:			
Equity		<u>613,401</u>	<u>388,269</u>
	20	<u>613,401</u>	<u>388,269</u>



R. Graham
Director
Approved by the board on 10 October 2002

The notes on pages 8 to 15 form part of these financial statements.

Everwarm Services Limited
Cash Flow Statement
for the year ended 31 March 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		336,123	92,420
Depreciation charges		51,713	41,274
Gain on sale of tangible assets		(219)	-
Decrease/(increase) in stocks		33,140	(21,775)
Increase in debtors		(354,293)	(82,568)
Increase in creditors		257,351	198,272
Net cash inflow from operating activities		323,815	227,623
CASH FLOW STATEMENT			
Net cash inflow from operating activities		323,815	227,623
Returns on investments and servicing of finance	21	77	(1,179)
Taxation		(17,233)	(12,254)
Capital expenditure	21	(186,625)	(62,701)
		120,034	151,489
Financing	21	39,142	5,420
Increase in cash		159,176	156,909
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		159,176	156,909
Increase in debt and lease financing		(39,142)	(5,420)
Change in net debt	22	120,034	151,489
Net funds at 1 April		279,653	128,164
Net funds at 31 March		399,687	279,653

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

1 Accounting policies

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	10% straight line
Plant and machinery	25% reducing balance
Motor vehicles	33% reducing balance
Goodwill	10% straight line

Stocks

Stock and work in progress is valued at the lower of cost and net realisable value.
Cost represents direct materials and labour and production overheads.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Assets and liabilities are calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations 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.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Grants

Employment grants are credited to the profit and loss account in the period in which they are received.

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

Pensions

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

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

In the opinion of the directors none of the turnover is attributable to geographical markets outside the UK (2001 £nil).

3 Operating profit	2002	2001
	£	£

This is stated after charging:

Depreciation of owned fixed assets	24,547	27,486
Depreciation of assets held under finance leases and hire purchase contracts	27,166	13,788
Operating lease rentals - plant and machinery	30,163	12,928
Auditors' remuneration	6,000	5,500

4 Exceptional items	2002	2001
	£	£

Loss on disposal of plant and machinery	-	(4,786)
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5 Directors' emoluments	2002	2001
	£	£

Emoluments	76,104	15,631
Company contributions to money purchase pension schemes	46,000	-
	122,104	15,631

6 Staff costs	2002	2001
	£	£

Wages and salaries	1,252,135	899,295
Social security costs	115,243	93,391
Other pension costs	54,576	-
	1,421,954	992,686

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

Average number of employees during the year	Number	Number
Administration	10	10
Distribution	5	5
Manufacturing	64	64
Sales	6	6
	<u>85</u>	<u>85</u>

7 Interest payable	2002	2001
	£	£
Finance charges payable under finance leases and hire purchase contracts	<u>6,081</u>	<u>6,240</u>

8 Taxation	2002	2001
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	101,305	17,233
Adjustments in respect of previous periods	-	3,136
	<u>101,305</u>	<u>20,369</u>
Deferred tax:		
Origination and reversal of timing differences	9,763	-
	<u>111,068</u>	<u>20,369</u>
Tax on profit on ordinary activities	<u>111,068</u>	<u>20,369</u>

Factors affecting tax charge for period
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2002	2001
	£	£
Profit on ordinary activities before tax	<u>336,200</u>	<u>86,455</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	100,860	25,937
Effects of:		
Marginal rate adjustment	(3,746)	(8,646)
Expenses not deductible for tax purposes	6,066	1,907
Capital allowances for period in excess of depreciation	(1,875)	(1,965)
Adjustments to tax charge in respect of previous periods	-	3,136
Current tax charge for period	<u>101,305</u>	<u>20,369</u>

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

9 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2001	11,140	279,299	290,439
Additions	-	141,925	141,925
Disposals	-	(17,194)	(17,194)
At 31 March 2002	<u>11,140</u>	<u>404,030</u>	<u>415,170</u>
Depreciation			
At 1 April 2001	10,820	116,983	127,803
Charge for the year	215	51,498	51,713
On disposals	-	(2,113)	(2,113)
At 31 March 2002	<u>11,035</u>	<u>166,368</u>	<u>177,403</u>
Net book value			
At 31 March 2002	<u>105</u>	<u>237,662</u>	<u>237,767</u>
At 31 March 2001	<u>320</u>	<u>162,316</u>	<u>162,636</u>
		2002 £	2001 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts		<u>128,074</u>	<u>86,464</u>

10 Investments

	Other investments £
Cost	
Additions	60,000
At 31 March 2002	<u>60,000</u>
Other investments	
	2002 £
Unlisted investments	<u>60,000</u>

11 Stocks and work in progress

	2002 £	2001 £
Raw materials and consumables	35,543	34,110
Work in progress	<u>51,240</u>	<u>85,813</u>
	<u>86,783</u>	<u>119,923</u>

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

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

12 Debtors	2002	2001
	£	£
Trade debtors	909,955	579,398
Other debtors	5,800	-
Prepayments and accrued income	21,513	22,132
Other taxes and social security costs	18,555	-
	<u>955,823</u>	<u>601,530</u>

13 Creditors: amounts falling due within one year	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	37,161	21,593
Trade creditors	409,976	353,069
Amounts owed to group undertakings and undertakings in which the company has a participating interest	467,164	172,407
Corporation tax	101,305	17,233
Other taxes and social security costs	25,896	61,643
Other creditors	40,878	15,279
Accruals and deferred income	71,677	155,842
	<u>1,154,057</u>	<u>797,066</u>

14 Creditors: amounts falling due after one year	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	<u>77,639</u>	<u>54,065</u>

15 Obligations under finance leases and hire purchase contracts	2002	2001
	£	£
Amounts payable:		
Within one year	37,161	21,593
Within two to five years	77,639	54,065
	<u>114,800</u>	<u>75,658</u>

Liabilities under finance leases and hire purchase contracts are secured on the assets concerned.

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

16 Deferred taxation			2002	2001
			£	£
Accelerated capital allowances			9,763	-
Undiscounted provision for deferred tax			9,763	-
			2002	2001
			£	£
Deferred tax charge in profit and loss account			9,763	-
At 31 March			9,763	-
17 Share capital			2002	2001
			£	£
Authorised:				
Ordinary shares of £1 each			43,997	43,997
3.75% cumulative convertible			6,003	6,003
			50,000	50,000
	2002	2001	2002	2001
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	30,300	30,300	30,300	30,300

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

18 Share premium	2002	2001
	£	£
At 1 April	3,805	3,805
At 31 March	<u>3,805</u>	<u>3,805</u>
19 Profit and loss account	2002	2001
	£	£
At 1 April	354,164	288,078
Retained profit	225,132	66,086
At 31 March	<u>579,296</u>	<u>354,164</u>
20 Reconciliation of movement in shareholders' funds	2002	2001
	£	£
At 1 April	388,269	322,183
Profit for the financial year	225,132	66,086
At 31 March	<u>613,401</u>	<u>388,269</u>
21 Gross cash flows	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	6,158	5,061
Interest element of finance lease rental payments	(6,081)	(6,240)
	<u>77</u>	<u>(1,179)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(141,925)	(97,311)
Payments to acquire investments	(60,000)	-
Receipts from sales of tangible fixed assets	15,300	34,610
	<u>(186,625)</u>	<u>(62,701)</u>
Financing		
Capital element of finance lease rental payments	<u>39,142</u>	<u>5,420</u>

Everwarm Services Limited
Notes to the Accounts
for the year ended 31 March 2002

22 Analysis of changes in net debt

	At 1 Apr 2001 £	Cash flows £	Non-cash changes £	At 31 Mar 2002 £
Cash at bank and in hand	355,311	159,176		514,487
Finance leases	(75,658)	(39,142)		(114,800)
Total	279,653	120,034	-	399,687

23 Contingent liabilities

There were no contingent liabilities at 31 March 2002 (2001 £nil).

24 Related parties

During the year the company paid management charges in the sum of £445,000 (2001 £420,000) to its parent company, Everwarm Limited and owed £180,905 (2001 £33,272) to Everwarm Limited at 31 March 2002. The company paid rent of £nil (2001 £18,000) for the use of premises and management charges of £nil (2001 £25,000) to Options (Scotland) Limited which is also a subsidiary company of Everwarm Limited and owed £286,258 (2001 £139,135) to Options (Scotland) Limited at 31 March 2002.

25 Controlling party and parent undertaking

Everwarm Services Limited is a wholly owned subsidiary of Everwarm Limited, a company incorporated in Scotland.

Everwarm Limited is a wholly owned subsidiary of Everwarm Group Limited, a company incorporated in Scotland.