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EVERWARM SERVICES LIMITED

**FINANCIAL STATEMENTS
31 MARCH 1999**

Registered Number: SC102827

**Gibson & Co.
Chartered Accountants
Rutland Square House,
12 Rutland Square,
Edinburgh
EH1 2BB**

IAM.



EVERWARM SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

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EVERWARM SERVICES LIMITED
COMPANY INFORMATION
31 MARCH 1999

INCORPORATED	Scotland
NUMBER	SC 102827
DIRECTORS	Robert Graham Kennedy Saunders
SECRETARY	Lydia Graham
REGISTERED OFFICE	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	McFarlane & Co. Argyll House, Quarry Wood Court, Livingston, EH54 6AX
AUDITORS	Gibson & Co., Chartered Accountants, Rutland Square House, 12 Rutland Square, Edinburgh EH1 2BB

EVERWARM SERVICES LIMITED
DIRECTORS' REPORT
31 MARCH 1999

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal Activity

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

Review the Business

Changes in administration of the insulation grant system caused delays and additional direct costs towards the end of the financial year. These factors continued to cause a downturn in profitability at the start of the new financial year. The matters referred to are now rectified and profitability has been increased.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 March 1999	1 April 1998
	Ordinary	Ordinary
	Shares	Shares
Robert Graham	-	-
Colin Miller (resigned 30 September 1999)	-	-
Kennedy Saunders	-	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 of the company for that period. In preparing those financial statements, the directors are required to

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

EVERWARM SERVICES LIMITED
DIRECTORS' REPORT
31 MARCH 1999

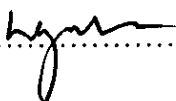
Auditors

Kidsons Impey resigned during the year and were replaced by Gibson & Co. Gibson & Co. will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1995.

Small Companies Rules

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 30/1/99 and signed on its behalf.

..........L Graham
Secretary

**EVERWARM SERVICES LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS OF
EVERWARM SERVICES LIMITED.**

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999) under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 given a true and fair view of the state of the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



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

31/1/00

EVERWARM SERVICES LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

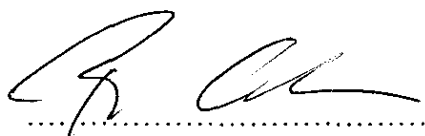
	Notes	1999 £	1998 £
Turnover	2	3,318,991	2,637,804
Cost of Sales		(2,462,472)	(1,875,275)
Gross Profit		856,519	762,529
Net Operating Expenses			
Administrative expenses		(821,668)	(675,503)
Other operating income		<u>6,697</u>	<u>925</u>
Operating Profit	3	47,548	87,951
Interest Receivable		5,877	3,543
Interest Payable		(5,314)	(5,745)
Profit on ordinary activities before taxation		42,111	85,749
Taxation	4	(10,522)	(20,615)
Profit on ordinary activities after taxation		31,589	65,134
Dividends	5	<u>-</u>	(100,000)
Retained profit/(loss) for the year		31,589	(34,866)
Retained profit brought forward		<u>189,267</u>	<u>224,133</u>
Retained profit carried forward		<u>220,856</u>	<u>189,267</u>

The notes on pages 7 to 12 form part of these financial statements.

EVERWAR SERVICES LIMITED
BALANCE SHEET
AT 31 MARCH 1999

	Notes	1999		1998	
		£	£	£	£
Fixed Assets					
Intangible Assets	6		-		-
Tangible Assets	7		<u>137,979</u>		<u>110,909</u>
			137,979		110,909
Current Assets					
Stocks	8	101,767		76,269	
Debtors	9	622,365		677,518	
Cash at bank and in hand		<u>128,234</u>		<u>113,166</u>	
		852,366		866,953	
Creditors: Amounts falling due within one year	10	<u>700,313</u>		<u>(736,768)</u>	
Net Current Assets			<u>152,053</u>		<u>130,185</u>
Total assets less current liabilities			290,032		241,094
Creditors: Amounts falling due after more than one year	11		<u>(35,071)</u>		<u>(17,722)</u>
			<u>254,961</u>		<u>223,372</u>
Capital and Reserves					
Called up share capital	12		30,300		30,300
Share premium account	13		3,805		3,805
Profit and Loss Account			<u>220,856</u>		<u>189,267</u>
Total shareholders' funds			<u>254,961</u>		<u>223,372</u>

The Financial Statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999) were approved by the board on 31/3/99 and signed on its behalf.

.....R Graham

The notes on pages 7 to 12 form part of these Financial Statements.

EVERWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a smaller company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

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

Leases and Hire Purchase Contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred Taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

EVERWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

2. Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1998 nil).

3. Operating Profit

	1999	1998
	£	£
Operating Profit is stated after charging		
Auditors' remuneration	4,000	3,679
Operating leases		
Hire of plant and machinery	<u>40,737</u>	<u>26,610</u>
Depreciation of tangible fixed assets		
Owned assets	33,863	25,503
Assets held under Finance Leases		
or Hire Purchase Contracts	12,789	-
Amortisation of intangible fixed assets	<u>-</u>	<u>1,300</u>
	<u><u>38,292</u></u>	<u><u>35,163</u></u>

4. Taxation

	1999	1998
	£	£
U K Corporation Tax at 21% (1998 21%)	<u>10,522</u>	<u>20,615</u>

EVERWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

5. Dividends

	1998 £	1998 £
Dividends payable	<u>-</u>	<u>100,000</u>

6. Intangible Fixed Assets

	Goodwill £
Cost	
1 April 1998	
and	13,000
31 March 1999	<u> </u>
Amortisation	
1 April 1998	13,000
Charge for year	<u>-</u>
31 March 1999	<u>13,000</u>
Net Book amount	
31 March 1999	<u>-</u>
1 April 1998	<u>-</u>

EVEREWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

7. Tangible Fixed Assets

	Land And Buildings	Plant and Machinery Etc.	Total
	£	£	£
Cost			
1 April 1998	11,140	228,596	239,736
Additions	-	80,155	80,155
Disposals	<u>-</u>	<u>(36,100)</u>	<u>(36,100)</u>
31 March 1999	<u>11,140</u>	<u>272,651</u>	<u>283,791</u>
Depreciation			
1 April 1998	9,713	119,114	128,827
Charge for Year	677	37,615	38,292
Disposals	<u>-</u>	<u>(21,307)</u>	<u>(21,307)</u>
31 March 1999	<u>10,390</u>	<u>135,422</u>	<u>145,812</u>
Net Book Value			
31 March 1999	<u>750</u>	<u>137,229</u>	<u>137,979</u>
1 April 1998	<u>1,427</u>	<u>109,482</u>	<u>110,909</u>

Included above are assets held under finance leases or hire purchase contracts amounting to £38,368 (1998 nil). Outstanding obligations in respect of finance leases and hire purchase contracts are secured on the assets acquired.

8. Stocks

	1999	1998
	£	£
Stocks	<u>101,767</u>	<u>76,269</u>

EVERWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

9. Debtors

	1999	1998
	£	£
Amounts falling due within one year		
Trade Debtors	590,514	621,952
Other debtors	<u>31,851</u>	<u>55,566</u>
	<u>622,365</u>	<u>677,518</u>

10. Creditors: Amounts falling due within one year

	1999	1998
	£	£
Trade creditors	371,983	334,012
Net obligations under finance leases and hire purchase contracts	20,092	13,283
Amounts owed to Group under takings	159,207	116,343
Corporation Tax	7,313	19,000
Other taxation and social security	64,343	151,094
Other Creditors	<u>77,375</u>	<u>103,036</u>
	<u>700,313</u>	<u>736,768</u>

11. Creditors: Amounts falling due after more than one year

	1999	1998
	£	£
Obligations under finance leases and hire purchase contracts	<u>35,071</u>	<u>17,722</u>

EVERWARM SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 MARCH 1999

12. Called up Share Capital

	1999		1998	
	Number of	£	Number of	£
Authorised	Shares		Shares	
Ordinary Shares of £1 each	43,997	43,997	43,997	43,997
3.75% cumulative convertible	<u>6,003</u>	<u>6,003</u>	<u>6,003</u>	<u>6,003</u>
		<u>50,000</u>		<u>50,000</u>
Allotted called up				
And fully paid				
Ordinary shares of £1 each	<u>30,300</u>	<u>30,300</u>	<u>30,300</u>	<u>30,300</u>

13. Share Premium Account

	1999
	£
1 April 1998	
and	
31 March 1999	<u>3,805</u>

14. Capital Commitments

	1999	1998
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>Nil</u>	<u>Nil</u>
Authorised but not contracted for	<u>Nil</u>	<u>Nil</u>

15. Related parties

At 31 March 1999, the company owed £104,034 (1998 £102,122) to its parent company, Everwarm Limited and £55,173 (1998 £14,721) to Options (Scotland) Limited, which is also a subsidiary company of Everwarm Limited. These relate to expenses incurred by the companies and paid on behalf of Everwarm Services Limited.