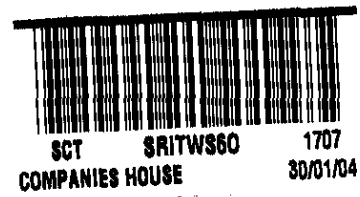


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HEATLINE LIMITED  
YEAR ENDED  
31 MARCH 2003



JOHN KERR & COMPANY  
CHARTERED ACCOUNTANTS

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003

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## Contents

## Page

1	Report of the directors
2	Profit and loss account
3 - 4	Balance sheet
5 - 8	Notes forming part of the financial statements
9	Accountant's report
10	Detailed profit and loss account

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Directors W B Stewart

S S Stewart

Secretary W B Stewart

Registered Office 52 Kilnford Crescent

Dundonald

Ayrshire

KA2 8DN

Registered Number 70391

Reporting Accountants John Kerr & Company

Chartered Accountants

32A Hamilton Street

SALTCOATS

KA21 5DS

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2003

1

The directors submit their report together with the financial statements for the year ended 31 March 2003.

Results

The profit and loss account is set out on page 2 and shows the profit for the year. A dividend of £6,000 is proposed for the year. (2002: £8,000).

Principal Activities

The company is engaged as contractors in the construction industry.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	<u>Ordinary Shares of £1 each</u>	
	31.3.03	31.3.02
William B Stewart	600	600
Sylvia S Stewart	400	400
	===	===

The director who retires by rotation is Mr W B Stewart who, being eligible, offers himself for re-election.

Reporting Accountants

John Kerr & Company have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

In preparing this report we have taken advantage of the special exemptions applicable to small companies.

By Order of the Board

W B Stewart  
Secretary

28<sup>th</sup> January 2004

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003

2

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
Turnover	2	49,564	45,603
Other operating income	5	63	1,960
		-----	-----
		49,627	47,563
Raw materials and consumables		18,192	9,873
Staff costs		12,671	16,439
Depreciation of tangible fixed assets		1,975	1,203
Other operating charges	4	10,852	12,173
		-----	-----
Operating profit		5,937	7,875
Interest receivable	5	350	239
		-----	-----
Profit on ordinary activities before taxation		6,287	8,114
Taxation on profit on ordinary activities	6	159	642
		-----	-----
Profit for the financial year		6,128	7,472
Dividends		6,000	8,000
		-----	-----
Retained profit for year		128	(528)
Retained profit brought forward		105,181	105,709
		-----	-----
Retained profit carried forward	12	<u>105,309</u>	<u>105,181</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 5 to 8 form part of these financial statements.

BALANCE SHEET  
AS AT 31 MARCH 2003

3

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		£	£
<u>Fixed assets</u>			
Tangible assets	7	24,769	19,946
Investments	8	130,000	130,000
		-----	-----
		154,769	149,946
<u>Current assets</u>			
Stocks and work in progress		17,929	24,679
Debtors - due within one year	9	1,154	541
Cash at bank and in hand		19,470	16,694
		-----	-----
		38,553	41,914
<u>Creditors: amounts falling due within one year</u>	10	42,337	41,003
		-----	-----
<u>Net current assets</u>		(3,784)	911
		-----	-----
<u>Total assets less current liabilities</u>		150,985	150,857
		=====	=====
<u>Capital and reserves</u>			
Called up share capital - equity	11	1,000	1,000
Profit and loss account - equity		149,985	149,857
		-----	-----
		150,985	150,857
		=====	=====

The notes on pages 5 to 8 form part of these financial statements.

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BALANCE SHEET  
AS AT 31 MARCH 2003 (CONTINUED)

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4

The Director:

- 1 confirm that for the year ending 28 February 2003 the company was entitled to the exemption under subsection (1) of section 249A;
- 2 confirm that no notice requiring an audit had been deposited under subsection (2) of s249B in relation to the accounts for the financial year;
- 3 acknowledge his responsibility for:
  - (a) ensuring that the company keeps accounting records which comply with section 221; and
  - (b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

The Director has taken advantage of the exemptions conferred by Part VII to the Companies Act 1985, applicable to small companies in the presentation of their accounts, and have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions as a small company.



.....  
S S Stewart  
Director

28<sup>th</sup> January 2004

The notes on pages 5 to 8 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003

5

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following accounting policies have been applied.

Turnover

Turnover represents sales to external customers at invoiced amount less value added tax.

Depreciation

Depreciation is provided to write off the cost less estimated residual values of all fixed assets, except freehold land and some freehold buildings, over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Plant and machinery - 25% reducing balance  
Motor vehicles - 25% reducing balance.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined scheme. All of the contributions paid in the year are charged to the Profit and Loss Account.

2 TURNOVER

During the year 100% of turnover was attributable to markets within the UK.

3 DIRECTORS

	<u>2003</u>	<u>2002</u>
	£	£
Directors' emoluments	10,460	11,800
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

6

4 OTHER OPERATING CHARGES

Other operating charges include:	<u>2003</u>	<u>2002</u>
	£	£
Auditors' remuneration	1,200	1,200
	=====	=====

5 OTHER INCOME

Interest payable includes:	<u>2003</u>	<u>2002</u>
	£	£
Interest received	350	239
Franked Investment Insurance	63	1,960
	=====	=====

6 TAXATION

Based on profits for the year:	<u>2003</u>	<u>2002</u>
	£	£
UK corporation tax at 19% (2002 - 19%)	6	642
Underprovision in prior years	153	-
	-----	-----
	159	642
	=====	=====

7 TANGIBLE ASSETS

	<u>Motor Vehicles</u>	<u>Heritable Property</u>	<u>Plant and Machinery</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
At 1 April 2002	12,000	18,843	14,977	45,820
Additions	6,500	-	298	6,798
	<hr/>			
At 31 March 2003	18,500	18,843	15,275	52,618
	<hr/>			
<u>Depreciation</u>				
At 1 April 2002	12,000	-	13,874	25,874
Charge for year	1,625	-	350	1,975
	<hr/>			
At 31 March 2003	13,625	-	14,224	27,849
	<hr/>			
<u>Net Book Value</u>				
At 31 March 2003	4,875	18,843	1,051	24,769
	<hr/>			
At 31 March 2002	-	18,843	1,103	19,946
	<hr/>			



NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

7

8	<u>INVESTMENTS</u>	£	
	As at 31 March 2002 and 31 March 2003	130,000	<u>=====</u>
	The purchase in the year was ordinary shares of Cable & Wireless Plc. The market value at 31 March was £34,633 (2002: £14,511).		
9	<u>DEBTORS</u>		
	Amounts receivable within one year	<u>2003</u>	<u>2002</u>
		£	£
	Trade debtors	1,154	541
		<u>=====</u>	<u>=====</u>
10	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2003</u>	<u>2002</u>
		£	£
	Trade creditors	2,145	3,631
	Other creditors	3,000	3,000
	Tax and social security	918	5,272
	Accruals and deferred income	1,274	1,279
	Corporation tax	-	493
	Directors loan	32,213	27,328
	Bank Overdraft	2,787	-
		<u>=====</u>	<u>=====</u>
		42,337	41,003
		<u>=====</u>	<u>=====</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

8

11 <u>SHARE CAPITAL</u>	Authorised		Allotted, called up and fully paid	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	£	£	£	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>1,000</u>	<u>1,000</u>
12 <u>MOVEMENT IN SHAREHOLDERS FUNDS</u>			£	
As at 1 April 2002			150,857	
Profit for year			6,128	
			-----	
Dividend			156,985	
			6,000	
			-----	
As at 31 March 2003			<u>150,985</u>	

## ACCOUNTANT'S REPORT TO THE SHAREHOLDERS OF HEATLINE LIMITED

9

As described on page 4 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. In accordance with their instructions and in order to assist the directors to fulfill their responsibilities, we have prepared the accounts on pages 2 to 8 from the accounting records and from information and explanations supplied to us.

As we have not performed an audit we do not provide any assurance that the accounts show a true and fair view, which remains the sole responsibility of the directors.



*John Kerr & Company*  
*Chartered Accountants*  
*32a Hamilton Street*  
*SALTCOATS*  
*KA21 5DS*

*28 - January - 2004.*

DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003

10

	<u>2003</u>	<u>2002</u>
	£	£
<u>Turnover</u>	49,564	45,603
<u>Cost of sales</u>	18,192	9,873
	-----	-----
<u>Gross profit</u>	31,372	35,730
Interest received	350	239
Franked investment income	63	1,960
	-----	-----
	31,785	37,929
	-----	-----
<u>Administrative Expenses</u>		
Wages, salaries and pensions	12,671	16,439
Rent, rates and insurance	2,242	3,772
Heat and light	1,302	1,327
Telephone	897	1,256
Postage, stationery and advertising	131	-
Van and travel expenses	5,069	3,655
Audit and accountancy	919	905
General expenses	129	374
Depreciation	1,975	1,203
Corporation Tax Interest	-	657
Loss on disposal of fixed asset	-	227
Subscription	163	-
	-----	-----
	25,498	29,815
	-----	-----
<u>Profit Before Taxation</u>	<u>6,287</u>	<u>8,114</u>

This page does not form part of the financial statements.