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HEATLINE LIMITED
YEAR ENDED
31 MARCH 2005

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COMPANIES HOUSE 28/01/06

JOHN KERR & COMPANY
CHARTERED ACCOUNTANTS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

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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 2005

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The directors submit their report together with the financial statements for the year ended 31 March 2005.

Results

The profit and loss account is set out on page 2 and shows the profit for the year. A dividend of £Nil is proposed for the year. (2004: £25,000).

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>	
	<u>31.3.05</u>	<u>31.3.04</u>
William B Stewart	600	600
Sylvia S Stewart	400	400
	<u>====</u>	<u>====</u>

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.

DIRECTOR'S REPORT

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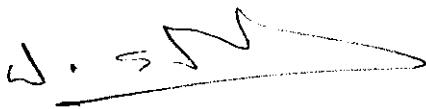
DIRECTOR'S RESPONSIBILITIES

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 year. 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;
- . state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- . 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.

By Order of the Board



W B Stewart
Secretary

23 January 2006

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

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	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
Turnover	2	54,162	49,601
Other income	5	-	160
		-----	-----
		54,162	49,761
Raw materials and consumables		27,262	21,022
Staff costs		8,793	10,667
Depreciation of tangible fixed assets		1,293	1,482
Other operating charges	4	13,380	13,295
		-----	-----
Operating profit		3,434	3,295
Interest receivable	5	222	297
		-----	-----
Profit on ordinary activities before taxation		3,656	3,592
Taxation on profit on ordinary activities	6	-	20
		-----	-----
Profit for the financial year		3,656	3,612
Dividends		-	25,000
		-----	-----
Retained deficit for year		3,656	(21,388)
Retained profit brought forward		83,921	105,309
		-----	-----
Retained profit carried forward	12	<u>87,577</u>	<u>83,921</u>

All amounts relate to continuing activities.

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

The notes on pages 6 to 9 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2005

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	Note	2005		2004	
		£	£	£	£
<u>Fixed assets</u>					
Tangible assets	7		22,634		23,287
Investments	8		130,000		130,000
			152,634		153,287
<u>Current assets</u>					
Stocks and work in progress		11,489		22,074	
Debtors - due within one year	9	216		647	
Cash at bank and in hand		27,724		13,287	
		39,429		36,008	
<u>Creditors: amounts falling due within one year</u>	10	58,810		59,698	
<u>Net current liabilities</u>			(19,381)		(23,690)
<u>Total assets less current liabilities</u>			133,253		129,597
<u>Capital and reserves</u>					
Called up share capital - equity	11		1,000		1,000
Profit and loss account - equity			132,253		128,597
			133,253		129,597

The notes on pages 6 to 9 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2005 (CONTINUED)

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The Director:

- 1 confirm that for the year ending 31 March 2005 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.


.....

Director

23 January 2006

The notes on pages 6 to 9 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

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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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that.

- Deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of roller relief; and
- The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Pensions

Contributions to the company's money purchase scheme are charged to the profit and loss account in the year in which they become payable.

2 TURNOVER

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

3 DIRECTORS

	<u>2005</u>	<u>2004</u>
	£	£
Directors' emoluments, including pension contributions	8,793	10,054
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

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4 OTHER OPERATING CHARGES

Other operating charges include:	<u>2005</u>	<u>2004</u>
	£	£
Reporting Accountants remuneration	1,250	1,200
	=====	=====

5 OTHER INCOME

Interest payable includes:	<u>2005</u>	<u>2004</u>
	£	£
Interest received	222	297
Franked Investment Insurance	-	160
	====	====

6 TAXATION

Based on profits for the year:	<u>2005</u>	<u>2004</u>
	£	£
UK corporation tax at 19% (2004 - 19%)	-	(14)
Overprovision in prior years	-	(6)
	-	-
	-	(20)
	=	====

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 2004	18,500	18,843	15,275	52,618
Additions	-	-	640	640
	<hr/>			
At 31 March 2005	18,500	18,843	15,915	53,258
<u>Depreciation</u>				
At 1 April 2004	14,844	-	14,487	29,331
Charge for year	914	-	379	1,293
	<hr/>			
At 31 March 2005	15,758	-	14,866	30,624
<u>Net Book Value</u>				
At 31 March 2005	2,742	18,843	1,049	22,634
	<hr/> <hr/>			
At 31 March 2004	3,656	18,843	788	23,287
	<hr/> <hr/>			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

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8 INVESTMENTS

£

As at 31 March 2004 and 31 March 2005

130,000

=====

The market value at 31 March was £27,730 (2004: £26,496). The directors do not consider this a permanent impairment.

9 DEBTORS

Amounts receivable within one year

20052004

£

£

Tax recoverable

-

14

Trade Debtors

216

633

216647

===

===

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR20052004

£

£

Trade creditors

1,476

447

Other creditors

5,009

3,000

Tax and social security

2,876

506

Accruals and deferred income

1,303

1,264

Directors loan

48,146

54,481

58,81059,698

=====

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

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11 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	£	£	£	£
Ordinary shares of £1 each	5,000	5,000	1,000	1,000

12 MOVEMENT IN SHAREHOLDERS FUNDS

	£
As at 1 April 2004	129,597
Profit for year	3,656

Dividend	133,253

As at 31 March 2005	133,253
	=====

13 RELATED PARTIES

During the year the company undertook works on behalf of the directors. The services were in respect of building new properties and amounted to £9,000.

CHARTERED ACCOUNTANTS' REPORT

10

In accordance with the engagement letter, and in order to assist you to fulfil your duties under the Companies Act 1985, we have prepared the accounts of the company on pages 3 to 9 from the accounting records and information and explanations supplied to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken to enable us to prepare the accounts on behalf of the Company's Board of Directors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with best practice guidance issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the preparation of accounts.

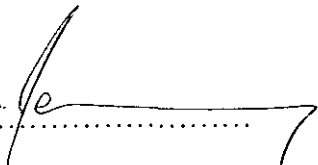
You have acknowledged on the balance sheet for the year ended 31 March 2005 your duty to ensure that the company has kept proper accounting records and to prepare accounts that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the accounts. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the accounts.

Signature

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

Date

27.  2006