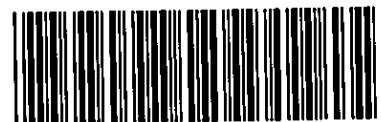


Advanced Total Energy Care Limited
Annual Report
for the year ended 31 May 2006

Registered Number 04448876

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Advanced Total Energy Care Limited
Annual Report
for the year ended 31 May 2006
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Advanced Total Energy Care Limited

Directors and Advisors

Directors

Mr Ian Colquhoun
Mr Christopher Grant
Mr Christopher Williams
Mr Ian McLeod
Mr William Fall
Mr Jack Harrison

Secretary and registered office

Mr Christopher Judd
Eaga House
Archbold Terrace
Jesmond
Newcastle upon Tyne
NE2 1DB

Independent auditors

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Solicitors

Blackett, Hart and Pratt
Eldon Chambers
23 The Quayside
Newcastle upon Tyne
NE1 3DE

Bankers

National Westminster Bank plc
Windermere Branch
2 High Street
Windermere
Cumbria
LA2 3WY

HSBC Bank plc

City Branch
110 Grey Street
Newcastle upon Tyne
NE1 6JG

Advanced Total Energy Care Limited

Directors' report for the year ended 31 May 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2006

Principal activities

The principal activity of the company during the year was the delivery of products and services within the residential energy efficiency market

Business review

The company made a profit after taxation of £1,492,810 in the year ended 31 May 2006 (2005 profit of £688,038) All of the company's product areas continued to expand during the year and at the year end the company was in a strong position to take advantage of suitable expansion opportunities that may arise The directors are satisfied with the company's trading performance during the period and with the financial position at the year end

Key performance indicators

The directors of eaga plc (formerly Eaga Partnership Limited) manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the business is not necessary or appropriate for an understanding of the development, performance or position of the business of Advanced Total Energy Care Limited The development, performance and position of the Homes Division of eaga plc, which includes the company, is discussed on pages 2 to 4 of the group's annual report which does not form part of this report

Research and development

Although the company is not actively involved in research, it continues to monitor development across the whole spectrum of residential energy efficiency products and services It does this in order to be able to offer its customers the best value proposition for both old and new technologies

Future outlook

The external commercial environment is likely to remain competitive during 2007 However the directors remain confident that income will continue to grow along with profitability together with a strengthening of the balance sheet

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are detailed below

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt, market prices, credit risk, liquidity risk and interest rate risk Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 2 to 4 of the groups' annual report which does not form part of this report

Credit risk

The company has implemented policies that requires appropriate credit checks on potential customers before sales are made Where debt finance is utilised, this is subject to pre-approval by the board of directors

Advanced Total Energy Care Limited

Liquidity risk

The company actively maintains a mixture of long-term and short-term finance that is designed to ensure the company has sufficient available funds for operations and planned expansions

The directors and their interests

The directors who served the company during the period were as follows

I Colquhoun

C Grant

C Williams

I McLeod

W Fall

J Harrison

The directors holding office at 31 May 2006 did not hold any beneficial interest in the issued share capital of the company at that date

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 group and of the profit or loss of the group for that period

In preparing those financial statements the directors are required to select suitable accounting policies, as described on page 9 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability

Employee involvement

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business unit and of the company as a whole. Communication with all employees continues primarily through the staff council

Advanced Total Energy Care Limited

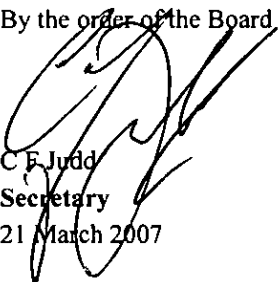
Auditors and disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting

By the order of the Board



C F Judd
Secretary
21 March 2007

Advanced Total Energy Care Limited

Independent auditors' report to the shareholders of Advanced Total Energy Care 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

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 (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 into 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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

Advanced Total Energy Care Limited

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

21 March 2007

Advanced Total Energy Care Limited

Profit and loss account for the year ended 31 May 2006

	Notes	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Turnover		12,716,618	7,181,939
Cost of Sales		(8,904,811)	(5,308,730)
Gross profit		3,811,807	1,873,209
Administrative expenses		(1,712,398)	(1,012,442)
Interest receivable and similar income	3	26,592	-
Operating profit		2,126,001	860,767
Profit on ordinary activities before taxation	4	2,126,001	860,767
Taxation	5	(633,191)	(172,729)
Profit on ordinary activities after taxation	12	1,492,810	688,038

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

Advanced Total Energy Care Limited

Balance sheet as at 31 May 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	6	455,037	55,704
Current assets			
Stock		-	3,099
Debtors	7	1,841,498	2,936,245
Cash at bank and in hand		1,786,546	503,231
		3,628,044	3,442,575
Creditors: amounts falling due within one year	8	(2,066,012)	(2,625,546)
Net current assets		1,562,032	817,029
Total assets less current liabilities		2,017,069	872,733
Creditors: amounts falling due after one year	9	-	(351,769)
Provisions for liabilities and charges	10	(3,295)	-
Net assets		2,013,774	520,964
Capital and reserves			
Called up share capital	11	150,000	150,000
Profit and loss account	12	1,863,774	370,964
Equity shareholders' funds	13	2,013,774	520,964

The financial statements on pages 7 to 17 were approved by the board of directors on 21 March 2007 and were signed on its behalf by



I D McLeod
Director

Advanced Total Energy Care Limited

Statement of 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:

Equipment	33.3%
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Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

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 year in which the related payroll costs are incurred.

Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 'Cash flow statements (revised 1996)' due to the fact that its cashflows are included in the consolidated financial statements of its ultimate parent company, which are publicly available. Accordingly no cash flow statement has been prepared.

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.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Advanced Total Energy Care Limited

Notes to the financial statements for the year ended 31 May 2006

1 Directors' emoluments

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Aggregate emoluments	193,072	261,945
Company pension contributions to defined contribution pension schemes	3,260	19,497
	196,332	281,442

The number of directors accruing benefits under pension schemes were

	Year ended 31 May 2006 Number	17 month period ended 31 May 2005 Number
Money purchase schemes	2	3

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Highest paid director		
Salary	-	86,348
Other cash payments	-	58,471
Benefits in kind	-	6,059
Total emoluments	-	150,878
Company pension contributions to defined contribution pension schemes	-	11,285
Aggregate emoluments including pension contributions	-	162,163

The aggregate emoluments are under £200,000. Therefore the details of the highest paid director's emoluments have not been disclosed.

Advanced Total Energy Care Limited

2 Employee information

The average number of employees, employed by the company during the year was

By activity	Year ended 31 May 2006 Number	17 month period ended 31 May 2005 Number
Advisors	298	61
Administration	19	72
	317	133

The aggregate payroll costs, including executive directors, comprised

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Wages and salaries	5,644,308	3,022,436
Social security costs	490,763	258,641
Pension costs (note 15)	108,247	10,940
	6,243,318	3,292,017

3 Interest receivable and similar income

	Year ended 31 May 2006 £'000	17 month period ended 31 May 2005 £'000
Bank interest receivable	26,592	-

Advanced Total Energy Care Limited

4 Profit on ordinary activities before taxation

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation charge for the year/period - tangible fixed assets	90,398	23,123
Auditors' remuneration for		
Audit	6,400	5,185
Other services to the company	200	5,143
Hire of land and buildings – operating leases	183,694	22,305
Hire of plant and machinery - operating leases	10,770	26,997
Loss on disposal of fixed assets	-	6,357
Charitable donations	640	-

5 Taxation

(a) Analysis of charge in the year

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Current tax:		
UK corporation tax on profits of the year	631,862	194,917
Adjustments in respect of prior years	(1,966)	(22,188)
Total current tax	629,896	172,729
Deferred tax:		
Origination and reversal of timing differences	3,295	-
Total deferred tax	3,295	-
Total tax charge	633,191	172,729

Advanced Total Energy Care Limited

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (17 months ended 31 May 2005 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Year ended 31 May 2006 £	17 month period ended 31 May 2005 £
Profit on ordinary activities before tax	2,126,001	860,767
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	637,800	258,230
<i>Effects of</i>		
Expenses not deductible for tax purposes	3,742	3,000
Capital allowances in excess of depreciation and other short term timing differences	(9,680)	(66,313)
Adjustment in respect of prior year	(1,966)	(22,188)
Current tax charge for the year	629,896	172,729

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

6 Tangible fixed assets

	Equipment £
Cost	
At 1 June 2005	87,882
Additions	489,731
At 31 May 2006	577,613
Depreciation	
At 1 June 2005	32,178
Charge for the year	90,388
At 31 May 2006	122,576
Net book amount	
At 31 May 2006	455,037
At 31 May 2005	55,704

Advanced Total Energy Care Limited

7 Debtors

	2006 £	2005 £
Trade debtors	67,722	29,915
Amounts due from group undertakings	1,525,678	2,904,732
VAT	75,410	-
Taxation	-	1,133
Prepayments and accrued income	74,783	465
Other debtors	97,905	-
	1,841,498	2,936,245

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	195,283	30,230
Amounts owed to group undertakings	154,824	1,879,044
Taxation and social security	429,772	62,709
Other creditors	14,750	208,674
Corporation tax	350,896	194,917
Accruals and deferred income	920,487	249,972
	2,066,012	2,625,546

Amounts due to group undertakings are unsecured, interest free and repayable on demand

9 Creditors: amounts falling due after one year

	2006 £	2005 £
Loans owed to group undertakings	-	351,769

Advanced Total Energy Care Limited

10 Provisions for liabilities and charges

Deferred taxation

Provision for a deferred liability has been made as shown below

	Amounts provided	
	2006 £'000	2005 £'000
Tax effect of timing differences because of		
Excess of capital allowances over depreciation	7,721	-
Other short term timing differences	(4,426)	
	3,295	-

11 Called up share capital

	2006 £	2005 £
Authorised		
1,000,000 "A" shares of £1 each	1,000,000	1,000,000
1,000,000 "B" shares of £1 each	1,000,000	1,000,000
	2,000,000	2,000,000
Allotted, called up and fully paid		
75000 (2005 75000) "A" shares of £1 each	75,000	75,000
75000 (2005 75000) "B" shares of £1 each	75,000	75,000
	150,000	150,000

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

Advanced Total Energy Care Limited

12 Reserves

	Profit and loss account
	£
At 1 June 2005	370,964
Profit for the year	1,492,810
At 31 May 2006	1,863,774

13 Reconciliation of movements in equity shareholders' funds

	2006 £	2005 £
Opening shareholders' funds/(deficit)	520,964	(167,074)
Profit for the year	1,492,810	688,038
Closing equity shareholders' funds	2,013,774	520,964

14 Financial commitments

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

	2006 Land and buildings £	2005 Land and buildings £
Expiring		
Within one year	-	-
Within two to five years inclusive	12,000	42,811
After 5 years	183,694	-

15 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 AXA Group. The pension cost charged to the profit and loss account for the year ended 31 May 2006 represents contributions payable by the company to the fund and amounted to £108,247 (17 month period ended 31 May 2005: £10,940).

Advanced Total Energy Care Limited

16 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Transactions' not to disclose intra-group transactions. There are no other transactions to be disclosed under Financial Reporting Standard 8.

17 Ultimate parent undertaking

The ultimate parent company is eaga plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the group accounts can be obtained from Eaga House, Archbold Terrace, Jesmond, Newcastle upon Tyne, NE2 1DB.

The equity and control of eaga plc are held in trust for the qualifying employees of the group by Eaga Partnership Trustee Limited and Eaga Partnership Trustee Two Limited.