

Zen Eaga Solar Limited

Annual Report and Financial Statements
for the period ended 31 December 2004

Registered Number 05066562



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for the period ended 31 December 2004
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Zen Eaga Solar Limited

Directors and Advisors

Directors

John van Dam	(Appointed 25 March 2004)
Teun Bokhoven	(Appointed 25 March 2004)
Steven Caseley	(Appointed 5 May 2005)
Joseph Andrew Johnson	(Appointed 26 April 2005)
Michael Paul Seeney	(Appointed 25 April 2005)

Secretary and registered office

Mr David Linton
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

HSBC Bank plc
City Branch
110 Grey Street
Newcastle upon Tyne
NE1 6JG

Zen Eaga Solar Limited

Directors' report for the period ended 31 December 2004

The directors present their report and the audited financial statements of the company for the ten month period ended 31 December 2004.

Principal activities

The company was incorporated on 8 March 2004 and commenced trading on 14 June 2004.

The company's principal activity during the period was the sale of solar powered thermal water heating systems.

Business review and future developments

The company made a loss after taxation of £77,125 in the ten month period ended 31 December 2004. There was no dividend recommended in the period.

The company has net liabilities of £76,125 at 31 December 2004. The directors have received a commitment in writing from each of the joint venture partners, Eaga Partnership Limited and Zen International BV, that sufficient funding will be made available to the company by them to continue operations and meet liabilities as they fall due for the foreseeable future.

The directors consider that the company has performed satisfactorily during the period and are optimistic of future growth prospects.

Directors

The details of directors who served during the period are set out on page 1. None of the directors had any interests in the shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 10 month period ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

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 order of the Board



J A Johnson

Director

26 October 2005

Zen Eaga Solar Limited

Independent auditors' report to the shareholders of Zen Eaga Solar 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 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 is not disclosed.

Basis of audit 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 give a true and fair view of the state of the affairs of the company at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

26 October 2005

Zen Eaga Solar Limited

Profit and loss account for the 10 month period ended 31 December 2004

	Notes	2004 £
Turnover		27,172
Cost of sales		(18,089)
Gross Profit		9,083
Administrative expenses		(99,977)
Operating loss		(90,894)
Interest receivable	3	929
Loss on ordinary activities before taxation	4	(89,965)
Taxation	5	12,840
Loss on ordinary activities after taxation	11	(77,125)

The company commenced trading in the sale of solar powered thermal water heating systems from 14 June 2004. All of the above amounts relate to continuing activities.

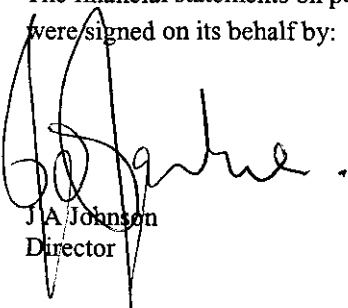
A statement of total recognised gains and losses and a note of historical cost profits and losses are not shown as all gains and losses for the period are recognised in the profit and loss account under the historical cost convention.

Zen Eaga Solar Limited

Balance sheet as at 31 December 2004

	Notes	2004 £
Fixed assets		
Tangible assets	6	2,342
Current assets		
Stock		30,289
Debtors	7	43,186
Cash at bank and in hand		4,315
		77,790
Creditors: amounts falling due within one period	8	(57,267)
Net current assets		20,523
Total assets less current liabilities		22,865
Creditors: amounts falling due after one period	9	(98,990)
Net liabilities		(76,125)
Capital and reserves		
Called up equity share capital	10	1,000
Profit and loss account	11	(77,125)
Equity shareholders' deficit	12	(76,125)

The financial statements on pages 4 to 12 were approved by the Board of directors on 26 October 2005 and were signed on its behalf by:



J.A. Johnson
Director

Zen Eaga Solar Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and comply 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 and on the going concern basis. The directors consider this to be appropriate as the company has continued support of the shareholders, Eaga Partnership Limited and Zen International BV.

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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Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Turnover

Turnover which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Cash flow statement

Zen Eaga Solar Limited is a small company. The directors have taken advantage of the exemption from preparing a cash flow statement afforded to them in Financial Reporting Standard No 1 "Cash flow statements".

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.

Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and damaged stocks.

Zen Eaga Solar Limited

Notes to the financial statements for the period ended 31 December 2004

1 Directors' emoluments

None of the directors received any remuneration in respect of their services as directors of the company in the period (2004: Nil).

2 Employee information

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

By activity	2004
Administration	1

The aggregate payroll costs comprised:

	2004 £
Wages and salaries	14,250
Social security costs	1,672
Pension costs	-
	15,922

3 Interest receivable

	2004 £
Bank interest receivable	929

Zen Eaga Solar Limited

4 Loss on ordinary activities before taxation

	Note	2004 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation		
Tangible fixed assets		1,171
Auditors' remuneration for:		
- Audit		2,000
- Other services to the company	(i)	1,500

(i) Fees for other services represent tax services.

5 Taxation

	2004 £
Current tax:	
UK corporation tax on losses in the period	(12,840)

	2004 £
Loss on ordinary activities before tax	(89,965)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	(26,990)
<i>Effects of:</i>	
Expenses not deductible for tax purposes	1,500
Accelerated capital allowances/other timing differences	12,650
Current tax credit for the period	(12,840)

Factors that may affect future tax charges

There is a deferred tax asset not provided of £12,649. There are no other factors that are expected to materially affect future tax charges.

Zen Eaga Solar Limited

5 Taxation (continued)

The total unprovided deferred tax asset is shown below

	2004 £
Depreciation in excess of capital allowances	88
Short term timing differences	12,561
Deferred tax asset	12,649

6 Tangible fixed assets

	Equipment £
Cost	
At 8 March 2004	-
Additions	3,513
At 31 December 2004	3,513
Depreciation	
At 8 March 2004	-
Charge for the period	1,171
At 31 December 2004	1,171
Net book value	
At 31 December 2004	2,342

Zen Eaga Solar Limited

7 Debtors

	2004 £
Trade debtors	24,172
Amounts due from related undertakings	12,840
Prepayments and accrued income	2,510
Other debtors	3,664
	43,186

8 Creditors: amounts falling due within one period

	2004 £
Trade creditors	33,449
Amounts owed to related undertakings	10,707
Taxation and social security	2,584
Other creditors	637
Accruals and deferred income	9,890
	57,267

9 Creditors: amounts falling due after one period

	2004 £
Loans owed to related undertakings	98,990

No terms have been made for the repayment of these loans. The Directors of Eaga Partnership Limited and Zen International B.V. have indicated that they are not aware of any circumstances which would require repayment of the loans in the foreseeable future.

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10 Called up equity share capital

	2004 £
Authorised	
12,500 'A' Ordinary shares of £1 each	12,500
12,500 'B' Ordinary shares of £1 each	12,500
	25,000
Allotted, called up and fully paid	
500 'A' Ordinary shares of £1 each	500
500 'B' Ordinary shares of £1 each	500
	1,000

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

11 Reserves

	Profit and loss account £
Loss for the period	(77,125)
At 31 December 2004	(77,125)

12 Reconciliation of movements in equity shareholders' deficit

	2004 £
Retained loss for the period	(77,125)
Shares issued during the period	1,000
Closing equity shareholders' deficit	(76,125)

Zen Eaga Solar Limited

13 Related party transactions

Related party transactions and balances arising in the normal course of business:

	2004
	£
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Eaga Partnership Limited	
Costs incurred recharged by Eaga Partnership Limited	25,059
Value of stock purchased from Zen International B.V.	19,507
Amounts due from Eaga Partnership Limited at period end	12,840
Outstanding loan balance due to Eaga Partnership Limited at period end	49,495
Outstanding loan balance due to Zen International B.V. at period end	49,495
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14 Ultimate controlling party

The shares of the company are owned equally by Eaga Partnership Limited and Zen International B.V. , therefore the directors believe there is no single ultimate controlling party.