

Zen Eaga Solar Limited
Annual Report
for the 17 month period ended 31 May 2006

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Zen Eaga Solar Limited
Annual Report
for the 17 month period ended 31 May 2006
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Zen Eaga Solar Limited

Directors and Advisors

Directors

S Caseley

J A Johnson

M P Seeney

Secretary

C F Judd

Registered office

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 17 month period ended 31 May 2006

The directors present their report and the audited financial statements of the company for the 17 month period ended 31 May 2006

Principal activities

The company's principal activity continued to be that of the sale of solar powered thermal water heating systems

Business review and future developments

The company made a loss after taxation of £185,757 in the 17 month period ended 31 May 2006 (10 month period ended 31 December 2004 loss £77,125) There was no dividend recommended in the period

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

Directors

The directors of the company who held office during the year were

J van Dam (resigned 8 June 2006)
T Bokhoven (resigned 16 February 2007)
S Caseley
J A Johnson
M P Seeney

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 17 month period ended 31 May 2006 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

Zen Eaga Solar 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 the 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

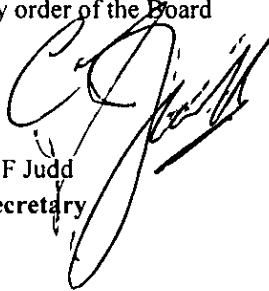
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the Board

C F Judd
Secretary

A handwritten signature in black ink, appearing to be 'C F Judd', written over the printed name and title.

21 March 2007

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

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

Zen Eaga Solar 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 loss for the period then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
21 March 2007

Zen Eaga Solar Limited

Profit and loss account for the 17 month period ended 31 May 2006

	Note	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Turnover		444,616	27,172
Cost of sales		(357,655)	(18,089)
Gross Profit		86,961	9,083
Administrative expenses		(305,330)	(99,977)
Operating loss		(218,369)	(90,894)
Interest receivable	3	497	929
Loss on ordinary activities before taxation	4	(217,872)	(89,965)
Taxation	5	32,115	12,840
Loss on ordinary activities after taxation	11	(185,757)	(77,125)

All of the above amounts relate to continuing activities

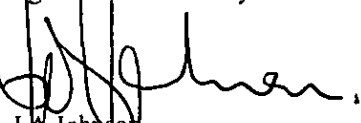
A statement of total recognised gains and losses and a note of historical cost profits and losses are not shown as all gains and losses for the period are recognised in the profit and loss account under the historical cost convention

Zen Eaga Solar Limited

Balance sheet as at 31 May 2006

	Note	31 May 2006 £	31 December 2004 £
Fixed assets			
Tangible assets	6	683	2,342
Current assets			
Stock		40,922	30,289
Debtors	7	181,280	43,186
Cash at bank and in hand		57,431	4,315
		279,633	77,790
Creditors: amounts falling due within one year	8	(427,698)	(57,267)
Net current (liabilities)/assets		(148,065)	20,523
Total assets less current liabilities		(147,382)	22,865
Creditors: amounts falling due after one year	9	(114,500)	(98,990)
Net liabilities		(261,882)	(76,125)
Capital and reserves			
Called up equity share capital	10	1,000	1,000
Profit and loss account	11	(262,882)	(77,125)
Equity shareholders' deficit	12	(261,882)	(76,125)

The financial statements on pages 6 to 14 were approved by the Board of directors on 21 March 2007 and were signed on its behalf by


J A Johnson
Director

Zen Eaga Solar Limited

Statement of 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.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company eaga plc (formerly Eaga Partnership Limited). The directors have received confirmation that eaga plc intend to support the company for at least one year after these financial statements are signed.

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 17 month period ended 31 May 2006

1 Directors' emoluments

None of the directors received any remuneration in respect of their services as directors of the company in the period (10 month period ended 31 December 2004 Nil)

2 Employee information

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

By activity	17 month period ended 31 May 2006	10 month period ended 31 December 2004
Administration	-	1

All employees are directly employed by eaga plc The aggregate payroll costs recharged to the company during the period comprised

	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Wages and salaries	157,535	14,250
Social security costs	32,121	1,672
Pension costs	6,530	-
	196,186	15,922

3 Interest receivable

	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Bank interest receivable	497	929

Zen Eaga Solar Limited

4 Loss on ordinary activities before taxation

	Note	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Loss on ordinary activities before taxation is stated after charging			
Depreciation			
Tangible fixed assets		1,659	1,171
Auditors' remuneration for			
- Audit		3,279	2,000
- Other services to the company	(i)	-	1,500

(i) Fees for other services represent tax services

Zen Eaga Solar Limited

5 Taxation

(a) Analysis of charge in period

	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Current tax:		
UK corporation tax on losses in the period	(31,550)	(12,840)
Adjustments in respect of previous periods	(565)	-
Total tax credit	(32,115)	(12,840)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher (10 months ended 31 December 2004 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Loss on ordinary activities before tax	(217,872)	(89,965)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(65,362)	(26,990)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,922	1,500
Other timing differences	31,890	12,650
Adjustments to tax charge in respect of previous period	(565)	-
Current tax credit for the period	(32,115)	(12,840)

Zen Eaga Solar Limited

5 Taxation (continued)

(c) Factors that may affect future tax charges

There is a deferred tax asset not provided of £13,580 (10 month period ended 31 December 2004 £12,649)

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

The total unprovided deferred tax asset is shown below

	17 month period ended 31 May 2006 £	10 month period ended 31 December 2004 £
Depreciation in excess of capital allowances	414	88
Short term timing differences	45,166	12,561
Deferred tax asset	45,580	12,649

6 Tangible fixed assets

	Equipment £
Cost	
At 1 January 2005 and 31 May 2006	3,513
Depreciation	
At 1 January 2005	1,171
Charge for the period	1,659
At 31 May 2006	2,830
Net book value	
At 31 May 2006	683
At 31 December 2004	2,342

Zen Eaga Solar Limited

7 Debtors

	31 May 2006 £	31 December 2004 £
Trade debtors	66,796	24,172
Amounts due from related undertakings	90,776	12,840
Prepayments and accrued income	-	2,510
Other debtors	23,708	3,664
	181,280	43,186

8 Creditors: amounts falling due within one year

	31 May 2006 £	31 December 2004 £
Trade creditors	123,707	33,449
Amounts owed to related undertakings	269,353	10,707
Taxation and social security	-	2,584
Other creditors	-	637
Accruals and deferred income	34,638	9,890
	427,698	57,267

9 Creditors: amounts falling due after one year

	31 May 2006 £	31 December 2004 £
Loans owed to related undertakings	114,500	98,990

Loans to related undertakings are unsecured, interest free, with no terms for repayment

Zen Eaga Solar Limited

10 Called up equity share capital

	31 May 2006 £	31 December 2006 £
Authorised		
12,500 'A' Ordinary shares of £1 each	12,500	12,500
12,500 'B' Ordinary shares of £1 each	12,500	12,500
	25,000	25,000
Allotted, called up and fully paid		
500 'A' Ordinary shares of £1 each	500	500
500 'B' Ordinary shares of £1 each	500	500
	1,000	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 £
At 1 January 2005	(77,125)
Loss for the period	(185,757)
At 31 May 2006	(262,882)

12 Reconciliation of movements in equity shareholders' deficit

	17 months ended 31 May 2006 £	10 months ended 31 December 2004 £
Opening equity shareholders' deficit	(76,125)	-
Retained loss for the period	(185,757)	(77,125)
Shares issued during the period	-	1,000
Closing equity shareholders' deficit	(261,882)	(76,125)

Zen Eaga Solar Limited

13 Related party transactions

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

	31 May 2006 £	31 December 2004 £
eaga plc		
Sales to eaga plc	56,002	-
Costs incurred recharged by eaga plc	157,414	25,059
Value of stock purchased from Zen International B V	142,885	19,507
Amounts due from eaga plc at period end	44,955	12,840
Amounts due from Everwarm Services Limited at period end	42,057	-
Amounts due from Everwarm North Limited	3,764	-
Amounts due to eaga plc at period end	167,791	-
Amounts due to Everwarm Services Limited at period end	12,230	-
Outstanding loan balance due to eaga plc at period end	114,500	49,495
Outstanding loan balance due to Zen International B V at period end	89,332	49,495

14 Ultimate controlling party

The shares of the company are owned equally by eaga plc and Zen International B V therefore the directors believed during the period there was no single ultimate controlling party

Subsequent to the period end eaga plc acquired Zen International B V 's 50% holding in the company to become the ultimate parent undertaking