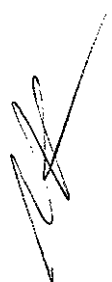


LOTHIAN HEATING SERVICES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
30TH JUNE 1997

I D SUTHERLAND FCCA

Certified Accountant & Registered Auditor
8 Old Mill Lane
Edinburgh
EH16 5TZ



LOTHIAN HEATING SERVICES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1997

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LOTHIAN HEATING SERVICES LIMITED**AUDITOR'S REPORT TO THE COMPANY****PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

I have examined the abbreviated accounts on pages 3 to 5, together with the financial statements of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1997.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8A to the Companies Act 1985. It is my responsibility to form an independent opinion as to the company's entitlement to prepare accounts under the special provisions of section 246 of the Act referred to in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

I have carried out the procedures I considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to prepare accounts under the provisions referred to above and that the abbreviated accounts have been properly prepared from those financial statements. The scope of my work for the purpose of this report does not include examining or dealing with events after the date of my report on the full financial statements.

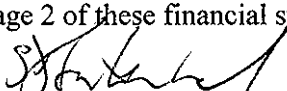
OPINION

In my opinion the company is entitled under the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with sections 246 and 247 of the Act, in respect of the year ended 30th June 1997, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with Schedule 8A of the Act.

OTHER INFORMATION

On 27 April 1998 I reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1997, and the full text of my audit report is reproduced on page 2 of these financial statements.

8 Old Mill Lane
Edinburgh
EH16 5TZ


I D SUTHERLAND FCCA
Certified Accountant
& Registered Auditor

27/4/1998

LOTHIAN HEATING SERVICES LIMITED
AUDITOR'S REPORT TO THE SHAREHOLDERS
YEAR ENDED 30TH JUNE 1997

I have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

BASIS OF OPINION

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the company's state of affairs as at 30th June 1997 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

8 Old Mill Lane
Edinburgh
EH16 5TZ


I D SUTHERLAND FCCA
Certified Accountant
& Registered Auditor

27/4/1998

LOTHIAN HEATING SERVICES LIMITED

ABBREVIATED BALANCE SHEET

30TH JUNE 1997

	Note	1997		1996	
		£	£	£	£
FIXED ASSETS	2				
Tangible assets			106,623		118,161
CURRENT ASSETS					
Stocks		750		750	
Debtors		228,834		231,104	
Cash at bank and in hand		240,956		287,455	
		<u>470,540</u>		<u>519,309</u>	
CREDITORS: Amounts falling due within one year		<u>(167,185)</u>		<u>(220,269)</u>	
NET CURRENT ASSETS			303,355		299,040
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>409,978</u>		<u>417,201</u>
CAPITAL AND RESERVES					
Called-up share capital	3		300		300
Profit and loss account			<u>409,678</u>		<u>416,901</u>
SHAREHOLDERS' FUNDS			<u>409,978</u>		<u>417,201</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 27th April 1998, and are signed on their behalf by:

A. Y. Liston
A Y LISTON

LOTHIAN HEATING SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Heritable property	2% straight line
Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance

Stocks

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 1st July 1996 and 30th June 1997	<u>172,908</u>
DEPRECIATION	
At 1st July 1996	54,747
Charge for year	<u>11,538</u>
At 30th June 1997	<u>66,285</u>
NET BOOK VALUE	
At 30th June 1997	<u>106,623</u>
At 30th June 1996	<u>118,161</u>

LOTHIAN HEATING SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 1997

3. SHARE CAPITAL

Authorised share capital:

	1997 £	1996 £
300 Equity ordinary shares of £1 each	<u>300</u>	<u>300</u>

Allotted, called up and fully paid:

	1997 £	1996 £
Ordinary share capital	<u>300</u>	<u>300</u>