

Utilicom Limited

Directors' report and financial
statements

Registered number 1506399

For the year ended
28 February 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2006.

Principal activities

The principal activity of the company during the year continued to be that of the provision of heating and energy services.

Results and dividends

The trading results for the year, and the financial position at the end of the year, are shown in the attached financial statements. The directors have not recommended a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:


P C Bono
P V Debatte
Baroness Maddock
G M Peck
S Woodward

No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies. No rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period. Interests in the share capital of the ultimate parent company, IH International SA, are shown in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P V Debatte
Director

Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY
19 June 2006

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of Utilicom Limited

We have audited the financial statements of Utilicom Limited for the year ended 28 February 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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).

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 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.

Independent auditors' report to the members of Utilicom Limited (Continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

19 June 2006

[Date]

Profit and loss account
for the year ended 28 February 2006

	<i>Note</i>	2006 £	6 months 2005 £
Turnover	<i>1,2</i>	5,943,200	2,833,874
Cost of sales		4,066,615	2,249,601
Gross profit		1,876,585	584,273
Administrative expenses		1,562,175	822,125
Other operating income	<i>3</i>	(537,624)	(315,757)
Operating profit		852,034	77,905
Interest receivable and similar income	<i>7</i>	330,823	36,616
Profit on ordinary activities before taxation	<i>4</i>	1,182,857	114,521
Tax on profit on ordinary activities	<i>8</i>	281,655	105,232
Retained profit for the year	<i>15</i>	901,202	9,289

Turnover and operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

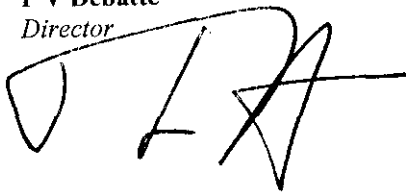
Balance sheet
at 28 February 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	9		120,826		156,731
Investments	10		105		95
			<hr/>		<hr/>
			120,931		156,826
Current assets					
Stocks	11	76,520		9,970	
Debtors	12	4,106,970		3,776,462	
Cash at bank and in hand		1,297,268		808,135	
		<hr/>		<hr/>	
		5,480,758		4,594,567	
Creditors: amounts falling due within one year	13	2,118,428		2,169,334	
		<hr/>		<hr/>	
Net current assets			3,362,330		2,425,233
			<hr/>		<hr/>
Total assets less current liabilities			3,483,261		2,582,059
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		550,000		550,000
Other reserves	15		1,508,705		1,508,705
Profit and loss account	15		1,424,556		523,354
			<hr/>		<hr/>
Shareholders' funds	16		3,483,261		2,582,059
			<hr/>		<hr/>

These financial statements were approved by the board of directors on its behalf by:

19th June 2006 and were signed on

P V Debatte
Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of Section 248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

Once brought into use, depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	15% per annum on reducing balance
Fixtures and fittings	-	15% - 33.3% per annum on reducing balance and straight line
Motor vehicles	-	25% per annum on reducing balance
Office equipment	-	33.3% per annum on reducing balance and straight line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pension costs

The company is a member of a group defined contribution scheme operated for the benefit of certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund.

Notes (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on a full provision undiscounted basis on all timing differences that have originated, but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Connection charges are normally recognised as turnover when invoiced, which is over the period that the connection is made. Capital expenditure relating to the connection is capitalised and depreciated over the life of the contract. Other expenditure relating to the connection is treated as a cost of sale matched to the period in which the connection charge is recognised.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company and arise solely within the United Kingdom.

3 Other operating income

	2006 £	2005 £
Management charges receivable	451,367	275,750
Overhead recharges to group undertakings	86,257	40,007
	<u>537,624</u>	<u>315,757</u>

4 Profit on ordinary activities before taxation

	2006 £	2005 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets: Owned	41,185	59,479
Auditors' remuneration:		
Audit	19,796	21,624
Other services	3,000	3,623
Operating lease costs:		
Land and buildings	60,000	40,010
Plant and equipment	131,612	50,989
Vehicles	62,851	21,926
	<u>218,544</u>	<u>177,021</u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2006	2005
Operations and administrative staff	58	54

The aggregate payroll costs of these persons were as follows:

	2006 £	2005 £
Wages and salaries	1,606,727	813,411
Social security costs	174,523	86,179
Other pension costs	57,004	26,869
	<u>1,838,254</u>	<u>926,459</u>

6 Remuneration of directors

	2006 £	2005 £
Directors' emoluments	158,131	111,514
Company contributions to money purchase pension schemes	17,000	8,500
	<u>175,131</u>	<u>120,014</u>

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2006	2005
Money purchase schemes	1	1

Notes (continued)

7 Interest receivable and similar income

	2006 £	2005 £
Bank interest received	81,964	36,616
Dividend	248,859	-
	<u>330,823</u>	<u>36,616</u>

8 Tax on profit on ordinary activities

Analysis of charge in period	2006 £	2005 £
<i>UK corporation tax</i>		
Current tax on income for the year	281,433	47,732
Adjustments in respect of prior years	222	57,500
	<u>281,655</u>	<u>105,232</u>
Total current tax		

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2005: higher) than the standard rate of corporation tax in the UK of 30%, (2005: 30%). The differences are explained below.

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,182,857	114,521
	<u>354,857</u>	<u>34,356</u>
Current tax at 30% (2005: 30%)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,871	13,538
Capital allowances for year in excess of depreciation	(2,328)	(162)
Dividend not taxable	(74,159)	-
Losses brought forward	(808)	-
	<u>281,433</u>	<u>47,732</u>
Current tax on income for the year		
Adjustments in respect of prior periods	222	57,500
	<u>281,655</u>	<u>105,232</u>
Tax on profit on ordinary activities		

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>					
At beginning of year	151,086	145,083	32,879	236,829	565,877
Additions	-	8,850	-	12,111	20,961
Disposals	-	-	(32,879)	-	(32,879)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	151,086	153,933	-	248,940	553,959
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	94,183	102,082	6,505	206,376	409,146
Charge for year	8,536	7,782	6,593	14,174	37,085
Adjustment on disposals	-	-	(13,098)	-	(13,098)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	102,719	109,864	-	220,550	433,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 28 February 2006	48,367	44,069	-	28,390	120,826
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2005	56,903	43,001	26,374	30,453	156,731
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
<i>Cost</i>			
At beginning of year	94	40,000	40,094
Additions	10	-	10
Impairment losses brought forward	-	(39,999)	(39,999)
	<hr/>	<hr/>	<hr/>
At end of year	104	1	105
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 February 2006	104	1	105
	<hr/>	<hr/>	<hr/>
At 28 February 2005	94	1	95
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Fixed asset investments (continued)

Subsidiary undertakings.

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Activity	Country of Incorporation	Class of share share held	Proportion of Share capital held
Industrielle de Chauffage (UK) Limited	Engineering	England	Ordinary	100%
North Channel Energy Services Limited	Dormant	Scotland	Ordinary	100%
Cogen Systems Limited	Dormant	England	Ordinary	100%

These financial statements present information about the company as an individual undertaking and not about its group (see accounting policies).

11 Stocks

	2006 £	2005 £
Stock of parts	9,970	9,970
Work in progress	66,550	-
	<hr/>	<hr/>
	76,520	9,970
	<hr/>	<hr/>

12 Debtors

	2006 £	2005 £
Trade debtors	1,100,642	950,747
Amounts owed by group undertakings	2,715,818	2,510,001
Prepayments and accrued income	290,485	315,714
Other debtors	25	-
	<hr/>	<hr/>
	4,106,970	3,776,462
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	591,228	387,923
Amounts owed to group undertakings	-	332,859
Taxation and social security	463,932	467,247
Other creditors	190,494	62,102
Accruals and deferred income	872,774	919,203
	<hr/>	<hr/>
	2,118,428	2,169,334
	<hr/>	<hr/>

Notes (continued)

14 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,650,000 Ordinary shares of £1 each	1,650,000	1,650,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
550,000 Ordinary shares of £1 each	550,000	550,000
	<u> </u>	<u> </u>

15 Reserves

	Other reserves £	Profit and loss account £
At beginning of year	1,508,705	523,354
Retained profit for the year	-	901,202
	<u> </u>	<u> </u>
At end of year	1,508,705	1,424,556
	<u> </u>	<u> </u>

16 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	901,202	9,289
Opening shareholders' equity funds	2,582,059	2,572,770
	<u> </u>	<u> </u>
Closing shareholders' equity funds	3,483,261	2,582,059
	<u> </u>	<u> </u>

17 Commitments under operating leases

At 28 February 2006 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2006 £	Other 2006 £	Land and buildings 2005 £	Other 2005 £
Operating leases which expire:				
Within 1 year	-	18,755	3,854	13,531
Within 2 to 5 years	-	13,861	-	48,357
Over 5 years	60,000	-	60,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	60,000	32,616	63,854	61,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

18 Contingent liabilities

The company had a contingent liability at the balance sheet date in respect of Value Added Tax due to HM Customs and Excise by fellow group undertakings as a result of group registration for Value Added Tax purposes, the liability amounting to £nil (2005: £nil).

19 Related party transactions

At the year end the company was owed £283,511 (2005: £327,640) by IDEX Energy UK Limited, a group company and £20,000 (2005: £20,000) by Strasbourgeoise d'Exploitation de Chauffage SA, the joint intermediate parent company.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is jointly owned and controlled by IDEX SA and Strasbourgeoise d'Exploitation de Chauffage SA, both of which are incorporated in France. These companies are subsidiaries of IH International SA, incorporated in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by IH International SA, and accounts can be requested from 5 Rue Guillaume Kroll, L-1882, Luxembourg. The smallest group in which the results of the company are consolidated is that headed by Utilicom Group Limited, and accounts are available to the public and may be obtained from Companies House.