

Utilicom Limited

Directors' report and financial
statements

Registered number 1506399

For the year ended
29 February 2008

SATURDAY



AAZUG1C6

A22

12/07/2008

22

COMPANIES HOUSE

Contents

Directors' report	1-2
Statement of directors' responsibilities	3
Independent auditors' report to the members of Utilicom Limited	4-5
Profit and loss account	6
Balance sheet	7
Notes	8-15

Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 February 2008

Principal activities

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

Business review

The activities of the company have continued to be focused on both the development and operation of District Energy schemes, where it remains the UK market leader, and also Building Services Maintenance and allied operations

From the base of a profitable year in 2007, the company decided to undertake a strategic restructuring of its operations in order to be better prepared for the increasing turnover levels expected in the coming years, particularly with the growth in uptake for low carbon energy schemes. This involved the employment of additional contract management and support services to strengthen the company's operations teams around the country. These additional costs have had a short term negative effect on company profitability, but the investment in support infrastructure will ensure that future years are able to benefit fully from the additional contract work available to the company.

Overall, turnover was lower than in the previous year. This was partly because the previous year included a number of large, one off installation contracts and projects which have now been completed, partly as a result of delays in projects expected to complete in the year, and partly due to the effect that the restructuring programme in the year had on operations availability.

The large installation contracts were not repeated with other customers to the same extent in the year under review, although the forward order book for the current year is buoyant.

At the year end the company remained in a strong financial position with robust reserves and, with the addition of turnover which was deferred from 2007/08, is projecting good profits for the current year.

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' report (continued)

Directors and directors' interests

The directors who held office during the year were as follows

P C Bono
P V Debatte
Baroness Maddock
M Smith
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.

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



P V Debatte
Director

Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY
2008

3 July

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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



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 29 February 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 29 February 2008 and of its profit for the year then ended,
- the financial statements 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

KPMG LLP

3 July 2008

KPMG LLP

*Chartered Accountants
Registered Auditor*

Profit and loss account
for the year ended 29 February 2008

	<i>Note</i>	2008 £	2007 £
Turnover	<i>1,2</i>	7,880,698	8,840,264
Cost of sales		6,407,701	6,730,713
Gross profit		1,472,997	2,109,551
Administrative expenses		2,220,045	1,917,025
Other operating income	<i>3</i>	(888,921)	(607,564)
Operating profit		141,873	800,090
Interest receivable and similar income	<i>7</i>	143,653	62,510
Interest payable and similar charges	<i>4</i>	(60,600)	-
Profit on ordinary activities before taxation	<i>4</i>	224,926	862,600
Tax on profit on ordinary activities	<i>8</i>	72,781	262,001
Retained profit for the year	<i>16</i>	152,145	600,599

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 29 February 2008

	<i>Note</i>	2008	2007
		£	£
Fixed assets			
Tangible assets	9	509,883	464,153
Investments	10	105	105
		<hr/>	<hr/>
		509,988	464,258
Current assets			
Stocks	11	534,723	374,436
Debtors	12	5,851,399	5,738,023
Cash at bank and in hand		2,023,029	1,505,178
		<hr/>	<hr/>
		8,409,151	7,617,637
Creditors: amounts falling due within one year	13	4,597,362	3,900,086
		<hr/>	<hr/>
Total assets less current liabilities		3,811,789	3,717,551
Provisions for liabilities and charges	14	(85,772)	(97,949)
		<hr/>	<hr/>
Net current assets		4,236,005	4,083,860
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	550,000	550,000
Other reserves	16	1,508,705	1,508,705
Profit and loss account	16	2,177,300	2,025,155
		<hr/>	<hr/>
Shareholders' funds	17	4,236,005	4,083,860
		<hr/>	<hr/>

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

3 July

2008 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

	2008 £	2007 £
Management charges receivable	767,897	515,735
Overhead recharges to group undertakings	121,024	91,829
	<u>888,921</u>	<u>607,564</u>

4 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets Owned	70,577	46,740
Auditors' remuneration		
Audit of these financial statements	27,668	17,432
Other services	-	3,757
Operating lease costs	60,000	60,000
Land and buildings	130,974	115,868
Plant and equipment	73,157	83,472
Vehicles	60,600	-
Interest payable on loan	<u>60,600</u>	<u>-</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	
	2008	2007
Operations and administrative staff	86	70

The aggregate payroll costs of these persons were as follows

	2008 £	2007 £
Wages and salaries	2,442,068	2,124,987
Social security costs	290,992	224,437
Other pension costs	97,707	79,110
	<u>2,830,767</u>	<u>2,428,534</u>

6 Remuneration of directors

	2008 £	2007 £
Directors' emoluments	228,710	200,382
Company contributions to money purchase pension schemes	22,304	18,000
	<u>251,014</u>	<u>218,382</u>

The emoluments of the highest paid director were £160,292 (2007 £138,882) and company contributions to their money purchase pension scheme were £18,000 (2007 £18,000)

	Number of directors	
	2008	2007
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	3	1

7 Interest receivable and similar income

	2008 £	2007 £
Bank interest received	143,653	62,510
	<u>143,653</u>	<u>62,510</u>

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of charge in period

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on income for the year	83,801	163,910
Adjustments in respect of prior years	1,157	142
	<hr/>	<hr/>
Total current tax	84,958	164,052
Deferred tax (see note 14)	(12,177)	97,949
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>72,781</u>	<u>262,001</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2007 lower) than the standard rate of corporation tax in the UK of 30%, (2007 30%) The differences are explained below

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	224,926	862,600
	<hr/>	<hr/>
Current tax at 30% (2007 30%)	67,478	258,780
<i>Effects of</i>		
Expenses not deductible for tax purposes	2,896	3,131
Capital allowances for year in excess of depreciation	(4,753)	(98,001)
Other timing differences	18,180	-
	<hr/>	<hr/>
Current tax on income for the year	83,801	163,910
Adjustments in respect of prior periods	1,157	142
	<hr/>	<hr/>
Total current tax	84,958	164,052
	<hr/>	<hr/>
Deferred tax		
(Decrease)/Increase in deferred tax provision (note 14)	4,521	97,949
Capital allowances	(16,698)	-
Other timing differences		
	<hr/>	<hr/>
Total deferred tax (note 14)	(12,177)	97,949
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>72,781</u>	<u>262,001</u>

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<i>Cost</i>				
At beginning of year	461,086	171,680	311,260	944,026
Additions	40,782	15,272	60,253	116,307
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	501,868	186,952	371,513	1,060,333
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	109,974	119,143	250,756	479,873
Charge for year	20,198	10,179	40,200	70,577
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	130,172	129,322	290,956	550,450
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 29 February 2008	371,696	57,630	80,557	509,883
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2007	351,112	52,537	60,504	464,153
	<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	104	40,000	40,094
Additions	1	-	1
Disposals	-	(40,000)	(40,000)
	<hr/>	<hr/>	<hr/>
At end of year	105	-	105
	<hr/>	<hr/>	<hr/>
<i>Diminution provision</i>			
At beginning of year	-	39,999	39,999
On disposals	-	(39,999)	(39,999)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 29 February 2008	105	-	105
	<hr/>	<hr/>	<hr/>
At 28 February 2007	104	1	105
	<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 Enterprise (UK) Limited	Engineering	England	Ordinary	100%
Cogen Systems Limited	Dormant	Scotland	Ordinary	100%
Residential Heat and Power 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

	2008 £	2007 £
Stock of parts	108,447	9,970
Work in progress	426,276	364,466
	<u>534,723</u>	<u>374,436</u>

12 Debtors

	2008 £	2007 £
Trade debtors	993,909	1,251,981
Amounts owed by group undertakings	4,600,145	4,163,307
Prepayments and accrued income	256,574	320,891
Other debtors	771	1,844
	<u>5,851,399</u>	<u>5,738,023</u>

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	817,231	1,306,599
Amounts owed to group undertakings	1,813,209	483,617
Taxation and social security	495,503	345,352
Other creditors	79,291	46,690
Accruals and deferred income	1,392,128	1,717,828
	<u>4,597,362</u>	<u>3,900,086</u>

Notes (continued)

14 Provisions for liabilities and charges

	2008	2007
	£	£
The movement in deferred taxation provision during the year was		
At beginning of year	97,949	-
Charge to the profit and loss account for the year	(12,177)	97,949
	<hr/>	<hr/>
At end of year	85,772	97,949
	<hr/>	<hr/>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2008	2007
	£	£
Difference between accumulated depreciation and capital allowances	102,740	97,949
Other timing differences	(16,968)	-
	<hr/>	<hr/>
	85,772	97,949
	<hr/>	<hr/>

15 Called up share capital

	2008	2007
	£	£
<i>Authorised</i>		
1,650,000 Ordinary shares of £1 each	1,650,000	1,650,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
550,000 Ordinary shares of £1 each	550,000	550,000
	<hr/>	<hr/>

16 Reserves

	Other reserves	Profit and loss account
	£	£
At beginning of year	1,508,705	2,025,155
Retained profit for the year	-	152,145
	<hr/>	<hr/>
At end of year	1,508,705	2,177,300
	<hr/>	<hr/>

17 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	152,145	600,599
Opening shareholders' equity funds	4,083,860	3,483,261
	<hr/>	<hr/>
Closing shareholders' equity funds	4,236,005	4,083,860
	<hr/>	<hr/>

Notes (continued)

18 Pension scheme

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the group to the scheme and amounted to £97,707 (2007 £79,110)

19 Commitments under operating leases

At 29 February 2008 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2008 £	Other 2008 £	Land and buildings 2007 £	Other 2007 £
Operating leases which expire				
Within 1 year	-	67,009	-	18,755
Within 2 to 5 years	-	21,867	-	13,861
Over 5 years	79,913	-	60,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	79,913	88,876	60,000	32,616
	<hr/>	<hr/>	<hr/>	<hr/>

20 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 (2007 £nil)

21 Related party transactions

At the year end the company owed £64,090 (2007 was owed £83,617 by) to IDEX Energy UK Limited, a group company, and £20,000 (2007 £20,000) was owed by Strasbourgeoise d'Exploitation de Chauffage SAS, 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

22 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 SAS and Strasbourgeoise d'Exploitation de Chauffage SAS, 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