

Utilicom Limited
Directors' Report and Accounts
Year ended 30 June 1999

Company Registration No. 1506399 (England and Wales)



Utilicom Limited

Company Information

Directors

A J Planchot
C J Maillard
P C Bono
Baroness D M Maddock

Secretary

D Pennington

Company number

1506399

Registered office

Pelham House
Broadfield Barton
Crawley
West Sussex
RH11 6BY

Auditors

BDO Stoy Hayward
Northside House
69 Tweedy Road
Bromley
Kent
BR1 3WA

Utilicom Limited

Contents

Directors' report	1
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6

Utilicom Limited

Directors' Report **Year ended 30 June 1999**

The directors present their report and accounts for the year ended 30 June 1999.

Directors

The following directors have held office since 1 July 1998:

A J Planchot

C J Maillard

P C Bono

Baroness D M Maddock

(Appointed 16 July 1999)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Principal activities and review of the business

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

Year 2000

The company has considered its readiness for the Millennium bug. Computer systems have been tested and replacement assets purchased as required, therefore no problems are envisaged.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 1999	1 July 1998
A J Planchot	-	-
C J Maillard	-	-
P C Bono	-	-

Utilicom Limited

Directors' Report Year ended 30 June 1999

Auditors

On 1 March 1999, the auditors, Moores Rowland, merged their practice with that of BDO Stoy Hayward and are now practising under that name. In accordance with section 385 of the Companies Act 1985, a resolution proposing that BDO Stoy Hayward be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board



P C Bono
Director
9 November 1999

Utilicom Limited

Auditors' Report To the Shareholders of Utilicom Limited

We have audited the accounts on pages 4 to 12 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

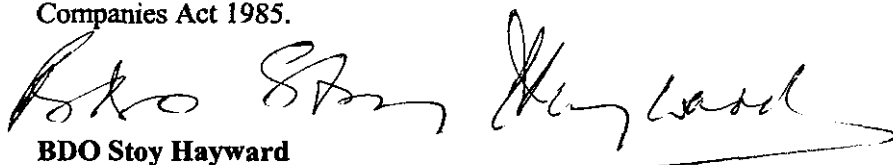
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward

Chartered Accountants
Registered Auditors

Bromley

9 November 1999

Utilicom Limited

Profit and Loss Account Year ended 30 June 1999

	Notes	1999 £	1998 £
Turnover	2	2,910,545	1,767,791
Cost of sales		(2,152,721)	(1,228,771)
Gross profit		757,824	539,020
Administrative expenses		(498,116)	(441,016)
Other operating income		59,996	63,100
Operating profit	3	319,704	161,104
Other interest receivable and similar income	4	28,892	12,752
Interest payable and similar charges	5	(10,881)	(6,706)
Profit on ordinary activities before taxation		337,715	167,150
Tax on profit on ordinary activities	7	(5,995)	-
Profit on ordinary activities after taxation	16	331,720	167,150

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Utilicom Limited

Balance Sheet As at 30 June 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	8	208,628		216,619	
Investments	9	90		90	
		<u>208,718</u>		<u>216,709</u>	
Current assets					
Stocks	10	203,671		114,158	
Debtors	11	1,197,856		510,091	
Cash at bank and in hand		743,394		631,520	
		<u>2,144,921</u>		<u>1,255,769</u>	
Creditors: amounts falling due within one year	12	(1,061,348)		(469,502)	
Net current assets		<u>1,083,573</u>		<u>786,267</u>	
Total assets less current liabilities		<u>1,292,291</u>		<u>1,002,976</u>	
Creditors: amounts falling due after more than one year	13	(79,464)		(108,466)	
Provisions for liabilities and charges	14	(66,718)		(80,123)	
		<u>1,146,109</u>		<u>814,387</u>	
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	(912,596)		(1,244,318)	
Shareholders' funds - equity interests	17	<u>1,146,109</u>		<u>814,387</u>	

The accounts were approved by the Board on 9 November 1999

P C Bono
Director

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	5% on a reducing balance basis
Plant machinery and computer equipment	Computer equipment over 3 years, capital works over 10 years, other items at 25% reducing balance basis
Fixtures and fittings	15% and 33% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

1.4 Leasing

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

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Group accounts

The accounts present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.10 Long term provision

The company undertakes to replace certain items of boiler plant and machinery, with regard to long term heat supply contracts, at the end of their useful lives. It is the company's policy to provide for this potential liability over the life of the contract by annual amounts adjusted for inflation. Expenditure incurred is offset against this provision.

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	1999 £	1998 £
Operating profit is stated after charging:		
Depreciation of tangible assets	24,601	24,953
Exceptional item	-	29,051
Operating lease rentals		
- Plant and machinery	43,284	49,415
- Other assets	34,479	18,393
Auditors' remuneration	5,765	6,500

4 Other interest receivable and similar income	1999 £	1998 £
--	-----------	-----------

Bank interest	28,892	12,752
---------------	--------	--------

5 Interest payable	1999 £	1998 £
--------------------	-----------	-----------

On bank loans and overdrafts	10,881	6,706
------------------------------	--------	-------

6 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Operating	25	19
Administration	10	6
	35	25

Employment costs

	£	£
Wages and salaries	762,512	541,290
Social security costs	85,220	57,307
Other pension costs	26,899	26,277
	874,631	624,874

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

7	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998- 0%)	5,995	-

The company has estimated losses of £1,100,000 (1998- £1,300,000) available for carry forward against future trading profits.

8	Tangible fixed assets	Short leasehold land and buildings £	Plant machinery and computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
	Cost					
	At 1 July 1998	183,777	191,963	134,161	7,242	517,143
	Additions	-	9,500	3,610	3,500	16,610
	At 30 June 1999	183,777	201,463	137,771	10,742	533,753
	Depreciation					
	At 1 July 1998	65,273	114,394	113,679	7,178	300,524
	Charge for the year	5,925	13,388	4,397	891	24,601
	At 30 June 1999	71,198	127,782	118,076	8,069	325,125
	Net book value					
	At 30 June 1999	112,579	73,681	19,695	2,673	208,628
	At 30 June 1998	118,504	77,569	20,482	64	216,619

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1998 & at 30 June 1999	90

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Industrielle De Chauffage Enterprise UK Ltd	England and Wales	Ordinary	90

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Industrielle De Chauffage Enterprise UK Ltd	20,066	11,467

10 Stocks and work in progress

	1999 £	1998 £
Raw materials and consumables	18,665	21,108
Work in progress	185,006	93,050
	<u>203,671</u>	<u>114,158</u>

11 Debtors

	1999 £	1998 £
Trade debtors	502,561	317,912
Amounts owed by parent and fellow subsidiary undertakings	583,591	-
Amounts owed by subsidiary undertakings	22,789	24,804
Other debtors	4,698	3,086
Prepayments and accrued income	84,217	164,289
	<u>1,197,856</u>	<u>510,091</u>

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

12 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	26,712	24,558
Trade creditors	280,316	133,246
Amounts owed to parent and fellow subsidiary undertakings	84,942	171,405
Corporation tax	5,995	-
Other taxes and social security costs	193,363	50,528
Other creditors	21,802	24,545
Accruals and deferred income	448,218	65,220
	<u>1,061,348</u>	<u>469,502</u>

13 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loans	<u>79,464</u>	<u>108,466</u>
Analysis of loans		
Wholly repayable within five years	<u>106,176</u>	<u>132,888</u>
	106,176	132,888
Included in current liabilities	<u>(26,712)</u>	<u>(24,422)</u>
	<u>79,464</u>	<u>108,466</u>
Loan maturity analysis		
Between one and two years	26,712	21,839
Between two and five years	<u>52,752</u>	<u>86,627</u>

The loan is secured by a fixed charge over the leasehold property of the company.

14 Provisions for liabilities and charges

	Long term heat supply contracts £
Balance at 1 July 1998	80,123
Profit and loss account	<u>(13,405)</u>
Balance at 30 June 1999	<u>66,718</u>

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

15 Share capital	1999 £	1998 £
Authorised		
1,650,000 Ordinary shares of £1 each	<u>1,650,000</u>	<u>1,650,000</u>
Allotted, called up and fully paid		
550,000 Ordinary shares of £1 each	<u>550,000</u>	<u>550,000</u>

16 Statement of movements on reserves

	Other reserves £	Profit and loss account £
Balance at 1 July 1998	1,508,705	(1,244,316)
Retained profit for the year	-	331,720
Balance at 30 June 1999	<u>1,508,705</u>	<u>(912,596)</u>

17 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	331,720	167,150
Opening shareholders' funds	<u>814,387</u>	<u>647,237</u>
Closing shareholders' funds	<u>1,146,109</u>	<u>814,387</u>

18 Financial commitments

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiry date:				
Within one year	-	-	-	33,335
Between two and five years	-	-	89,392	45,602
In over five years	<u>8,070</u>	<u>8,070</u>	<u>-</u>	<u>-</u>
	<u>8,070</u>	<u>8,070</u>	<u>89,392</u>	<u>78,937</u>

Utilicom Limited

Notes to the Accounts Year ended 30 June 1999

19 Pension costs

The company operates a defined contribution pension scheme for the benefits of certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also makes pension payments to certain employees' personal pension schemes. The pension cost charge amounted to £26,899 (1998 - £26,277).

20 Control

The company is controlled by its directors.

The company is ultimately jointly owned by Idex SA and Strec SA, both of whom are registered in France. Copies of Idex SA group accounts can be obtained from 8 Bis Rue Escudier, 92513 Boulogne - Bilancourt Cedex, France. The group accounts of Strec SA are available at 2 Place Des Moulins, 67000 Strasbourg, France.

21 Related party transactions

The company is controlled by its directors, who are also directors of its parent companies.

During the year the company supplied draughtsmen and engineers services to Southampton Geothermal Heating Company Limited, a fellow subsidiary undertaking. This amounted to £93,750 (1998 - £116,355) at normal commercial rates. In addition the company recharged £54,500 (1998 - £52,300) of central management time spent on the affairs of Southampton Geothermal. At the balance sheet date this company was owed £502,451 by Southampton Geothermal (1998 - £70,957 was owed to Southampton Geothermal by the company).

At the balance sheet date the company was owed £84,942 by Utilicom Holdings Limited (1998 - £100,447 was owed to Utilicom Holdings)

During the year the company was supplied with design engineers services by Industrielle de Chauffage Enterprise United Kingdom Limited, this amounted to £74,377 (1998 - £15,636) and engineers services of £20,459 were supplied to this subsidiary. The company also charged its subsidiary £5,496 (1998 - £2,700) for central management time. At the year end the subsidiary owed this company £22,789 (1998 - £24,804). At the balance sheet date £80,896 was owed by Bloomsbury Heat and Power, in respect of plant and machinery supplied to this fellow subsidiary undertaking.