

# **COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 1995**

Company No: 2592745



**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1995**

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**Directors**

I T Cameron  
D Collison  
M J Fyfe  
D A Scally

**Registered Number**

2592745

**Auditors**

Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN

## **COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1995**

The Directors submit their report and financial statements of the Company for the year ended 31 March 1995.

#### **ULTIMATE HOLDING COMPANY**

The Company is a joint venture company owned equally by The London Power Company Ltd and Combined Power Systems Ltd.

#### **PRINCIPAL ACTIVITY**

The Company's principal activity is the supply of Combined Heat and Power (CHP) units by discounted electricity purchase schemes whereby the CHP units are installed in the customer's premises but remain in the ownership of the Company and the customer purchases the electricity generated. The Company intends to continue with this activity for the foreseeable future.

#### **RESULTS AND DIVIDEND**

The Company made a loss in the year of £136,512 after tax (1994 - loss £1,825) and this amount was transferred to reserves. The Directors recommend that no dividend be paid this year.

#### **FIXED ASSETS**

Details of the movements in fixed assets during the year are shown in Note 9 to the financial statements.

#### **DIRECTORS**

Directors who held office during the year and who were appointed up to the date of approval of this report were as follows:-

S Almozaffar	(resigned 16 June 1994)
G P Benson	(alternate to J Corson - resigned 24 June 1994)
G Buckenham	(alternate to K F Morgan - resigned 24 June 1994)
* I T Cameron	(appointed 24 June 1994)
* D Collison	(appointed 24 June 1994)
J Corson	(resigned 31 August 1994)
* M J Fyfe	(appointed 24 April 1995)
x J E Hargreaves	(alternate to D A Scally - appointed 24 June 1994)
M A Holmes	(appointed 1 October 1993 - resigned 24 June 1994)
K F Morgan	(resigned 24 June 1994)
x J P Packer	(alternate to I T Cameron - appointed 24 June 1994)
* D A Scally	(appointed 24 June 1994)
x J D Zieve	(alternate to D Collison - appointed 24 June 1994)

\* current directors  
x current alternate directors

Until 24 June 1994 Mr J D Zieve was alternate director to Mr M A Holmes and Mr J P Packer was alternate director to Mr S Almozaffar.

The Articles of Association do not provide for the rotational retirement of directors.

## **COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

### **DIRECTORS' INTERESTS**

None of the directors has a contract of service with the Company. They are all employed by either London Electricity plc or Combined Power Systems Limited.

Mr S Almozaffar, Mr J Corson, Mr I T Cameron, Mr J P Packer and Ms M J Fyfe were directors of Combined Power Systems Ltd.(CPS) during the year.

CPS manufactures CHP units for sale to the Company and maintains the units on their behalf.

There are no particulars or arrangements requiring disclosure pursuant to Section 232 of the Companies Act 1985.

### **DIRECTORS' SHAREHOLDINGS**

No director holds, or held at any time during the year any interest in the share capital of the Company.

### **CHARITABLE AND POLITICAL DONATIONS**

The Company made no charitable or political donations during the year.

### **AUDITORS**

In accordance with the elective resolution of the Company passed 22 June 1992, the auditors Coopers & Lybrand will continue in office.

By order of the Board



A Sigley  
Secretary

28 June 1995

Registered Office  
Templar House  
81-87 High Holborn  
London WC1V 6NU

## **COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

### **Statement of Directors' responsibilities**

The following statement sets out the responsibilities of the Directors in relation to the financial statements. Company law requires the Directors to prepare financial statements 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 financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have met their responsibilities as set out in this statement.

## **COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**

### **Report of the Auditors to the members of Combined Power Systems (Southern) Limited**

We have audited the financial statements on pages 7 to 14.

#### **Respective responsibilities of directors and auditors**

As described on page 5 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

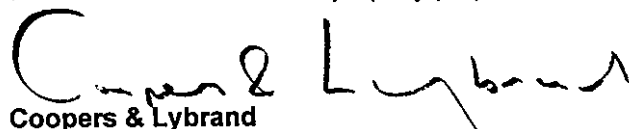
#### **Basis of opinion**

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 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 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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1995 and of its loss, cashflows and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
London  
28 June 1995

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 1995**

	Note	1995 £	1994 £
Turnover	2	1,065,661	716,629
Cost of sales		<u>(810,472)</u>	<u>(539,375)</u>
		255,189	177,254
Distribution costs		-	-
Administration expenses		<u>(167,440)</u>	<u>4,050</u>
<b>Operating Profit/(Loss)</b>	5	87,749	181,304
Interest receivable	6	4,758	1,597
Interest payable and similar charges	7	<u>(353,592)</u>	<u>(274,588)</u>
<b>Loss on ordinary activities before taxation</b>		(261,085)	(91,687)
Tax on ordinary activities	8	<u>124,573</u>	<u>89,862</u>
<b>Loss for the financial year</b>	14	<u><u>(£136,512)</u></u>	<u><u>(£1,825)</u></u>

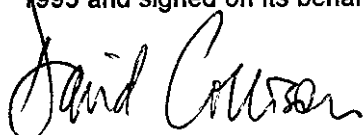
The results of the company relate entirely to continuing operations.

A statement of total recognised gains and losses and a reconciliation of historical cost profits and losses are not shown as all gains and losses are recognised in the profit and loss account, and there is no difference between the result reported and that calculated under the historical cost convention.

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 1995**

	Note	1995 £	1994 £
<b>Fixed Assets</b>			
Tangible Assets	9	<u>4,511,558</u>	<u>4,898,808</u>
<b>Current Assets</b>			
Stock	10	77,465	-
Debtors	11	1,176,375	884,905
Cash at bank and in hand		<u>167,182</u>	<u>25,386</u>
		1,421,022	910,291
<b>Creditors</b>			
Amounts falling due within one year	12	(372,874)	(211,381)
Other creditors			
		<u>1,048,148</u>	<u>698,910</u>
<b>Net Current Assets</b>			
		<u>1,048,148</u>	<u>698,910</u>
<b>Creditors</b>			
Amounts falling due after more than one year	12	(4,619,361)	(4,520,862)
<b>Total Assets less Current Liabilities</b>		<u>£940,345</u>	<u>£1,076,857</u>
<b>Capital and Reserves</b>			
Called up share capital	13	1,441,948	1,441,948
Profit & Loss Account	14	<u>(501,603)</u>	<u>(365,091)</u>
		<u>£940,345</u>	<u>£1,076,857</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors on 28 June 1995 and signed on its behalf by:



D Collison  
Director

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1995**

	Note	1995 £	1994 £
<b>Net Cash Flow from operating activities:</b>	15	<u>481,531</u>	<u>537,779</u>
<b>Returns on Investment and Servicing of Finance</b>			
Interest received		4,758	1,597
Interest paid		<u>(353,592)</u>	<u>(274,588)</u>
		<u>(348,834)</u>	<u>(272,991)</u>
<b>Investing Activities</b>			
Purchase of Tangible Fixed Assets		<u>(89,400)</u>	<u>(2,262,470)</u>
<b>Taxation</b>			
Received for consortium relief		<u>-</u>	<u>-</u>
<b>Net Cash Outflow Before Financing</b>		<u>43,297</u>	<u>(1,997,682)</u>
<b>Financing</b>			
Issue of ordinary share capital		-	-
Increase in short term loans		<u>98,499</u>	<u>2,172,850</u>
<b>Net cash flow from financing</b>		<u>98,499</u>	<u>2,172,850</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>	17	<u><u>141,796</u></u>	<u><u>175,168</u></u>

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 1995**

	<b>1995</b> <b>£</b>	<b>1994</b> <b>£</b>
Loss for the financial year	(136,512)	(1,825)
Net addition to shareholders' funds	(136,512)	(1,825)
Shareholders' funds at the beginning of the year	<u>1,076,857</u>	<u>1,078,682</u>
Closing shareholders' funds	<u><u>£940,345</u></u>	<u><u>£1,076,857</u></u>

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 1995**

**1. ACCOUNTING POLICIES**

**(a) Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

**(b) Tangible Fixed Assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis from the date of commissioning over their expected useful economic lives. The rate used for this purpose is 10% in the case of CHP units installed in customers' premises, which are the only tangible fixed assets.

CHP units under construction to be installed in customers premises for the sale of electricity are now classified as fixed assets in the course of construction. The prior year comparatives have been restated accordingly.

**(c) Turnover**

Turnover is stated net of VAT and trade discounts. Sales income is recognised on commissioning of units.

**(d) Work in Progress**

Work In Progress represents advance payments for CHP Units under construction for onward sale to third parties.

**2. TURNOVER**

	1995 £	1994 £
The analysis of turnover, which was all within the UK, from each class of activity was as follows:-		
Electricity sales	<u>1,065,661</u>	<u>716,629</u>
	<u>£1,065,661</u>	<u>£716,629</u>

**3. EMPLOYEES**

The company had no employees during the year.

**4. DIRECTORS**

During the year no directors received emoluments for work performed on behalf of Combined Power Systems (Southern) Limited.

**5. OPERATING PROFIT/(LOSS)**

	1995 £	1994 £
Operating profit/(loss) is stated after charging:		
Auditor's remuneration	3,100	2,150
Depreciation	<u>476,650</u>	<u>306,315</u>

COMBINED POWER SYSTEMS (SOUTHERN) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 1995

6. INTEREST RECEIVABLE	1995 £	1994 £
Bank deposit interest	<u>4,758</u>	<u>1,597</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES	1995 £	1994 £
Bank overdrafts	-	-
Interest on loan from London Electricity plc	<u>353,592</u>	<u>274,588</u>
	<u>£353,592</u>	<u>£274,588</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES	1995 £	1994 £
The tax credit for the year comprises:		
Provision for consortium relief receivable	72,635	89,862
Adjustment re 1993/94	<u>51,938</u>	
	<u>124,573</u>	<u>89,862</u>

9. FIXED ASSETS

	CHP Units £	CHP Units In the course of Construction £	Total £
Cost			
At 1 April 1994	4,204,430	1,066,874	5,271,304
Transfers	681,721	(681,721)	-
Additions	-	89,400	89,400
At 31 March 1995	<u>4,886,151</u>	<u>474,553</u>	<u>5,360,704</u>
Depreciation			
At 1 April 1994	372,496	-	372,496
Charge for the year	<u>476,650</u>	-	<u>476,650</u>
At 31 March 1995	<u>849,146</u>	-	<u>849,146</u>
Net Book Value			
At 31 March 1995	<u>4,037,005</u>	<u>474,553</u>	<u>4,511,558</u>
At 31 March 1994	<u>3,831,934</u>	<u>1,066,874</u>	<u>4,898,808</u>

CHP units are purchased solely from CPS Limited, who have a 50% shareholding in the company.

COMBINED POWER SYSTEMS (SOUTHERN) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 1995

10. STOCK	1995 £	1994 £
Raw materials and consumables	31,677	-
Finished goods and goods for resale	45,788	-
	<u>£77,465</u>	<u>-</u>

11. DEBTORS

Amounts falling due within one year:

Trade Debtors	409,779	247,772
Consortium Relief receivable	364,980	240,407
VAT recoverable	-	-
Accrued income	-	-
Other debtors & prepayments	401,616	396,727
	<u>£1,176,375</u>	<u>£884,906</u>

Note - Other debtors and prepayments includes an amount of £194,568 due from Combined Power Systems Limited.

12. CREDITORS	1995 £	1994 £
Amounts falling due within one year		
Trade creditors and accruals	58,000	181,083
Amount due to Parent Company	285,841	-
VAT payable	29,033	30,298
	<u>£372,874</u>	<u>£211,381</u>

Amounts falling due after more than one year

Loan from London Electricity plc	<u>4,619,361</u>	<u>4,520,862</u>
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Interest on the loan from London Electricity is charged at base rate plus 2 percent. The loan is secured on the assets of the company.

13. SHARE CAPITAL	1995 £	1994 £
Authorised:		
A Ordinary shares of £1 each	1,250,000	1,250,000
B Ordinary shares of £1 each	1,250,000	1,250,000
	<u>£2,500,000</u>	<u>£2,500,000</u>
Issued and fully paid:		
A Ordinary shares of £1 each	720,974	720,974
B Ordinary shares of £1 each	720,974	720,974
	<u>£1,441,948</u>	<u>£1,441,948</u>

**COMBINED POWER SYSTEMS (SOUTHERN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 1995**

**14. PROFIT & LOSS ACCOUNT**

	1995 £	1994 £
Balance at 1 April 1994	(365,091)	(363,266)
Loss for the year	<u>(136,512)</u>	<u>(1,825)</u>
Balance at 31 March 1995	<u>(501,603)</u>	<u>(365,091)</u>

**15. NET CASH FLOW FROM OPERATING ACTIVITIES**

	1995 £	1994 £
Operating Profit/(Loss)	87,749	181,304
Add back Depreciation	476,650	306,315
Increase in Stock	(77,465)	-
Increase in Trade Debtors	(162,007)	49,963
Increase in Other Debtors & Prepayments	(4,889)	(167,793)
(Decrease) / Increase in Trade Creditors	(123,083)	167,822
(Decrease) / Increase in Other Creditors	(1,265)	30,298
Increase in Accruals	285,840	(30,130)
	<u>£481,531</u>	<u>£537,779</u>

**16. ANALYSIS OF CHANGES IN FINANCING**

	Share Capital £	Long term loans £
Balance at 1 April 1993	1,441,948	2,348,012
New shares issued for cash	-	-
Cash inflow from financing	-	2,172,850
Balance at 1 April 1994	1,441,948	4,520,862
Cash inflow from financing	-	98,499
Balance at 31 March 1995	<u>1,441,948</u>	<u>£4,619,361</u>

**17. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Cash at bank and in hand £	Bank overdraft £	Total £
Balance at 1 April 1993	-	(149,782)	(£149,782)
Increase in net cash and cash equivalents	25,386	149,782	£175,168
Balance at 1 April 1994	25,386	-	25,386
Increase in net cash and cash equivalents	141,796	-	141,796
Balance at 31 March 1995	<u>167,182</u>	<u>-</u>	<u>167,182</u>

**18. CAPITAL COMMITMENTS**

There were no Capital Commitments contracted, but not yet provided for as at 31 March 1995.