

SURREY COMBINED UTILITIES AND POWER LIMITED

Directors' report and financial statements

Year ended 31 July 2000

Registered number : 2825034



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2000.

Principal activity

The principal activity of the company is the supply of electricity and gas to the University of Surrey.

Business Review

The company continues to sell electricity and gas to its parent undertaking, the University of Surrey, which at present is the company's only customer. Profit margins remain at the levels of previous years, but the results for the year ended 31 July 2000 were affected favourably by the receipt of loyalty rebates from the company's electricity supplier. During the year the company has been engaged in the installation and testing of a combined heat and power scheme on the campus of the university. The plant is expected to be fully operational before the end of 2000. Other energy saving initiatives are under consideration and the company is seeking to extend and diversify arrangements for its supply of utilities to the university.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1999:£37,500).

The profit for the year retained in the company is £9,275 (1999 : loss £26,529).

Directors and directors' interests

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

H W B Davies
D Caleb
A J Knapp
J Davis

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political contributions during the year (1999 : £ nil). Donations to UK charities amounted to £144,346 (covenanted to the University of Surrey) (1999: £77,500).

Auditors

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

Small companies exemptions

Advantage has been taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of schedule 8 to the Companies Act 1985.

By order of the board



S MacGregor
Company Secretary

University of Surrey
Guildford
Surrey GU2 7XH

Date: 13.10.00

Statement of directors' responsibilities

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 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.

**Report of the auditors to the members of
Surrey Combined Utilities and Power Limited.**

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 transactions with the company is not disclosed.

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'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Date:  2000

Profit and loss account*for the year ended 31 July 2000*

| | <i>Note</i> | 1999/2000 £ | 1998/99 £ |
|---|-------------|-----------------------|---------------------|
| Turnover | 1 | 1,140,072 | 1,092,902 |
| Cost of sales | | (1,045,953) | (1,071,484) |
| Gross profit | | <u>94,119</u> | <u>21,418</u> |
| Administrative expenses | | <u>(8,786)</u> | <u>(30,472)</u> |
| Operating profit/(loss) | | 85,333 | (9,054) |
| Other interest receivable and similar income | 5 | 67,299 | 97,710 |
| Interest payable and similar charges | 6 | (41) | (277) |
| Profit on ordinary activities before covenant and taxation | 2 | <u>152,591</u> | <u>88,379</u> |
| Gross covenant payment | | (144,346) | (77,500) |
| Profit on ordinary activities before taxation | | <u>8,245</u> | <u>10,879</u> |
| Tax on profit on ordinary activities | | <u>1,030</u> | <u>92</u> |
| Profit /(loss) on ordinary activities after taxation | | 9,275 | 10,971 |
| Dividends | | - | (37,500) |
| Profit /(loss) retained for the financial year | | <u>9,275</u> | <u>(26,529)</u> |
| Accumulated reserves brought forward | | 93 | 26,622 |
| Accumulated reserves carried forward | | <u>9,368</u> | <u>93</u> |

The results of the current and previous years are derived wholly from continuing operations.

There were no recognised gains or losses either in the current year or the preceding year other than those included in the profit and loss account. There was no movement in shareholders' funds other than the retained profit in the year shown above.

The notes on pages 6 to 8 form part of these financial statements.

Balance sheet

at 31 July 2000

| | Notes | 2000 | | 1999 | |
|--|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | 8 | | 356,834 | | 44,256 |
| Tangible Assets | | | | | |
| Current assets | | | | | |
| Debtors | 9 | 1,174,846 | | 1,475,294 | |
| Cash at bank and in hand | | 7,726 | | 13,610 | |
| | | <u>1,182,572</u> | | <u>1,488,904</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(697,848)</u> | | <u>(476,175)</u> | |
| Net current assets | | | 484,724 | | 1,012,729 |
| Creditors: amounts falling due after more than one year | 11 | | <u>(757,140)</u> | | <u>(981,842)</u> |
| Total assets less liabilities | | | 84,418 | | 75,143 |
| Deferred capital grants | | | (75,000) | | (75,000) |
| Net assets | | | <u>9,418</u> | | <u>143</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 50 | | 50 |
| Profit and loss account | | | 9,368 | | 93 |
| Shareholders' funds | | | <u>9,418</u> | | <u>143</u> |

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

These financial statements were approved by the board of directors on 13/10/00 and were signed on its behalf by :



H W B Davies
Director

The notes on pages 6 to 8 form part of these financial statements.

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 from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

As the company is a wholly owned subsidiary of the University of Surrey, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of the University of Surrey, within which this company is included, can be obtained from the address given in note 14.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and equipment - 10% per annum

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Capital grants

Capital based grants are included in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the supply of electricity and gas to the parent entity.

2 Profit on ordinary activities before taxation

| | 1999/2000 | 1998/99 |
|---|--------------|--------------|
| | £ | £ |
| <i>Profit on ordinary activities before taxation is stated after charging</i> | | |
| Auditors' remuneration : for audit work | <u>1,300</u> | <u>1,250</u> |

3 Remuneration of directors

None of the directors received any emoluments during the current or previous years.

Notes *(continued)*

4 Staff numbers and costs

The company had no employees during the year (1999 : nil)

5 Interest receivable

| | 1999/2000 | 1998/99 |
|--|-----------|---------|
| | £ | £ |
| Interest on loan to parent undertaking | 67,299 | 97,710 |

6 Interest payable and similar charges

| | 1999/2000 | 1998/99 |
|-------------------------|-----------|---------|
| | £ | £ |
| Bank overdraft interest | 41 | 227 |

7 Taxation

| | 1999/2000 | 1998/99 |
|---|--------------|-----------|
| | | £ |
| UK Corporation tax at 20% (1999 : 20.67%) on the results for the year on ordinary activities | - | - |
| Overprovision in respect of prior years | 1,030 | 92 |
| | <u>1,030</u> | <u>92</u> |

8 Tangible fixed assets

| | Plant & Equipment | | |
|------------------|-----------------------|---------------|----------------|
| | Under Construction | Operational | Total |
| | £ | £ | £ |
| Cost | | | |
| At 1 August 1999 | - | 44,256 | 44,256 |
| Additions | 306,460 | 10,543 | 317,003 |
| At 31 July 2000 | <u>306,460</u> | <u>54,799</u> | <u>361,529</u> |
| Depreciation | | | |
| At 1 August 1999 | - | - | - |
| Charge for year | - | 4,425 | 4,425 |
| At 31 July 2000 | <u>-</u> | <u>4,425</u> | <u>4,425</u> |
| Net book value | | | |
| At 31 July 2000 | <u>306,460</u> | <u>50,374</u> | <u>356,834</u> |
| At 31 July 1999 | <u>-</u> | <u>44,256</u> | <u>44,256</u> |

9 Debtors: amounts falling due within one year

| | 2000 | 1999 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 14,100 | 30,684 |
| Amounts owed by parent undertaking | <u>854,167</u> | <u>1,171,667</u> |
| | 868,267 | 1,202,351 |
| Other debtors | 5,252 | 13,959 |
| Prepayments and accrued income | 301,327 | 258,984 |
| | <u>1,174,846</u> | <u>1,475,294</u> |

Notes (continued)

| | | | | | |
|----|---|----------------|----------------|----------------|----------------|
| 10 | Creditors: amounts falling due within one year | 2000 | | 1999 | |
| | | £ | £ | £ | £ |
| | Trade creditors | | - | | 14,159 |
| | Amount owed to parent parent undertaking | | 144,346 | | 59,675 |
| | Other creditors including taxation : | | | | |
| | Corporation tax | | - | | - |
| | Other taxes | 6,294 | | 17,825 | |
| | Taxation | | 6,294 | | 17,825 |
| | Accruals and deferred income | | 547,208 | | 384,516 |
| | | | <u>697,848</u> | | <u>476,175</u> |
| 11 | Creditors : amounts falling due after more than one year | 2000 | | 1999 | |
| | | £ | | £ | |
| | Accruals and deferred income | <u>757,140</u> | | <u>981,842</u> | |
| 12 | Called up share capital | 2000 | | 1999 | |
| | | £ | | £ | |
| | <i>Authorised</i> | | | | |
| | 1000 ordinary shares of £1 each | <u>1,000</u> | | <u>1,000</u> | |
| | <i>Allotted, called up and fully paid</i> | | | | |
| | 50 ordinary shares of £1 each | <u>50</u> | | <u>50</u> | |
| 13 | Capital commitments | 2000 | | 1999 | |
| | | £ | | £ | |
| | Commitments contracted at 31 July | 131,340 | | 482,900 | |
| | Authorised but not contracted at 31 July | - | | 83,000 | |
| | | <u>131,340</u> | | <u>565,900</u> | |

14 Ultimate parent undertaking

The company is controlled by the University of Surrey, England, as it is a wholly owned subsidiary. The ultimate controlling party is the University of Surrey.

The largest group in which the results of the company are consolidated is that headed by the University of Surrey. The consolidated accounts of the group are available to the public and may be obtained from the Finance Department, University of Surrey, Guildford, Surrey GU2 7XH. No other group accounts include the results of the company.