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Utilicom Limited

Report and Financial Statements

Year Ended

31 August 2002

1506394



BDO

BDO Stoy Hayward
Chartered Accountants

Utilicom Limited

Annual report and financial statements for the year ended 31 August 2002

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Directors

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

Secretary and registered office

D Pennington, Garrett House, Manor Royal, Crawley, West Sussex, RH10 2PY

Company number

1506399

Auditors

BDO Stoy Hayward, Nile House, PO Box 1034
Nile Street, Brighton, BN1 1JB

Utilicom Limited

Report of the directors for the year ended 31 August 2002

The directors present their report together with the audited financial statements for the year ended 31 August 2002.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

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

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £ 1 each	
	31 August 2002	1 September 2001
A J M Planchot	-	-
C J Maillard	-	1
P C Bono	-	-
Baroness Maddock	-	-

C J Maillard's share was jointly owned with IDEX Energy UK Limited, a fellow group undertaking. Interests in the share capital of the parents, IDEX SA and STREC SA, are shown in the financial statements of those companies. No rights to subscribe for shares or debentures of the group were granted or exercised during the year.

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 year. 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; 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 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.

Utilicom Limited

Report of the directors for the year ended 31 August 2002 (Continued)

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, BDO Stoy Hayward, will be deemed to be reappointed for each succeeding financial year.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



Director

8 November 2002

Utilicom Limited

Report of the independent auditors

To the shareholders of Utilicom Limited

We have audited the financial statements of Utilicom Limited for the year ended 31 August 2002 on pages 5 to 17 which have been prepared under the accounting policies set out on page 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom 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.

Utilicom Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2002 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
and Registered Auditors
Brighton

21 November 2002

Utilicom Limited

Profit and loss account for the year ended 31 August 2002

		Continuing operations			
	Note	2002	Acquisition	2002	2001
		£	£	£	£
Turnover	2	3,407,892	331,064	3,738,956	2,748,042
Cost of sales		2,585,595	215,826	2,801,421	1,878,557
		<hr/>	<hr/>	<hr/>	<hr/>
Gross profit		822,297	115,238	937,535	869,485
Administrative expenses		800,084	5,943	806,027	682,333
		<hr/>	<hr/>	<hr/>	<hr/>
		22,213	109,295	131,508	187,152
Other operating income		233,204	-	233,204	241,629
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	3	255,417	109,295	364,712	428,781
Other interest receivable and similar income	5			21,601	14,652
Interest payable and similar charges				(566)	(1,719)
				<hr/>	<hr/>
Profit on ordinary activities before taxation				385,747	441,714
Taxation on profit on ordinary activities	6			(5,995)	5,995
				<hr/>	<hr/>
Profit on ordinary activities after taxation				379,752	447,709
Accumulated loss brought forward				(291,511)	(739,220)
				<hr/>	<hr/>
Retained profit/(accumulated loss) carried forward				88,241	(291,511)
				<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 17 form part of these financial statements.

Utilicom Limited

Balance sheet at 31 August 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Intangible assets	7		665		-
Tangible assets	8		129,150		109,789
Fixed asset investments	9		94		92
			<hr/>		<hr/>
			129,909		109,881
Current assets					
Stocks	10	11,682		35,292	
Debtors	11	2,516,772		2,040,962	
Cash at bank and in hand		175,473		428,032	
		<hr/>		<hr/>	
		2,703,927		2,504,286	
Creditors: amounts falling due within one year	12	686,890		828,952	
		<hr/>		<hr/>	
Net current assets			2,017,037		1,675,334
			<hr/>		<hr/>
Total assets less current liabilities			2,146,946		1,785,215
Provision for liabilities and charges	13		-		18,021
			<hr/>		<hr/>
			2,146,946		1,767,194
			<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		88,241		(291,511)
			<hr/>		<hr/>
Equity shareholders' funds			2,146,946		1,767,194
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 8 November 2002

Director



The notes on pages 7 to 17 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium-sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Goodwill

Goodwill arising on an acquisition of the trade and assets of Countryman Group Limited is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 3 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

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

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

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

Valuation of investments

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

1 Accounting policies (*continued*)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Deferred taxation

The company has changed its accounting policy in accordance with Financial Reporting Standard 19 Deferred Taxation. Deferred taxation is now recognised on a full provision undiscounted basis on all timing differences which have originated, but not reversed, at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation.

Leased assets

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

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

None of the company's turnover in the current and prior years is attributable to markets outside the United Kingdom.

Notes forming part of the financial statements for the year ended 31 August 2002 (Continued)

3 Operating profit

	2002 £	2001 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	30,570	33,301
Amortisation of positive goodwill	333	-
Hire of plant and machinery - operating leases	112,693	91,638
Hire of other assets - operating leases	63,274	60,777
Audit services	6,440	4,500
	<u> </u>	<u> </u>

4 Directors' remuneration

	2002 £	2001 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	10,000	10,000
	<u> </u>	<u> </u>

5 Other interest receivable and similar income

	2002 £	2001 £
Bank deposits	2,013	5,417
Exchange gains	19,588	9,235
	<u> </u>	<u> </u>
	21,601	14,652
	<u> </u>	<u> </u>

The company's ultimate parent undertaking, IDEX SA, had previously declared that all balances owed by the company were to be repaid in French francs thus transferring the exchange rate risk to the company, but during the year this was changed so that the balances became payable in sterling. Previously recognised exchange gains and losses have therefore been written back, resulting in an exchange gain of £19,588 being recognised in the year and included within other interest receivable and similar income.

6 Taxation on profit on ordinary activities

	2002 £	2001 £
Current tax		
Adjustment in respect of previous periods	5,995	(5,995)
	<u> </u>	<u> </u>

6 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	385,747	441,714
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%)	115,724	132,514
Effect of:		
Expenses not deductible for tax purposes	895	996
Capital allowances for period in excess of depreciation	(1,219)	3,161
Utilisation of tax losses	(114,820)	(135,054)
Group relief claimed	(580)	(1,617)
Adjustment to tax charge in respect of previous periods	5,995	(5,995)
Current tax charge for period	5,995	(5,995)

7 Intangible assets

	Purchased goodwill £
<i>Cost or valuation</i>	
Additions and at 31 August 2002	998
<i>Amortisation</i>	
Provided for the year and at 31 August 2002	333
<i>Net book value</i>	
At 31 August 2002	665
At 31 August 2001	-

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<i>Cost</i>					
At 1 September 2001	105,086	10,742	113,061	146,752	375,641
Additions	29,000	-	6,091	14,840	49,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2002	134,086	10,742	119,152	161,592	425,572
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 September 2001	57,444	9,322	72,855	126,231	265,852
Provided for the year	11,497	354	6,944	11,775	30,570
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2002	68,941	9,676	79,799	138,006	296,422
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 August 2002	65,145	1,066	39,353	23,586	129,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2001	47,642	1,420	40,206	20,521	109,789
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 September 2001	92
Additions	2
	<hr/>
At 31 August 2002	94
	<hr/>
<i>Net book value</i>	
At 31 August 2002	94
	<hr/>
At 31 August 2001	92
	<hr/>

Subsidiary undertakings

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

	Class of share capital held	Proportion of share capital held
Industrielle de Chauffage Enterprise United Kingdom Limited	Ordinary	90%
North Channel Energy Services Limited	Ordinary	100%
Cogen Systems Limited	Ordinary	100%

10 Stocks

	2002 £	2001 £
Stocks of fuel and parts	11,682	35,292
	<hr/>	<hr/>

Notes forming part of the financial statements for the year ended 31 August 2002 (Continued)

11 Debtors

	2002 £	2001 £
Trade debtors	777,926	472,527
Amounts owed by group undertakings	1,673,037	1,271,116
Other debtors	65,809	297,319
	<hr/>	<hr/>
	2,516,772	2,040,962
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	290,414	210,197
Amounts owed to group undertakings	81,312	83,112
Taxation and social security	71,401	84,441
Other creditors	243,763	451,202
	<hr/>	<hr/>
	686,890	828,952
	<hr/>	<hr/>

13 Provision for liabilities and charges

	Long term heat supply contracts £
At 1 September 2001	18,021
Utilised in year	(18,021)
	<hr/>
At 31 August 2002	-
	<hr/>

14 Share capital

	2002 £	Authorised 2001 £	2002 £	Allotted, called up and fully paid 2001 £
<i>Equity share capital</i>				
Ordinary shares of £ 1 each	1,650,000	1,650,000	550,000	550,000
	<hr/>	<hr/>	<hr/>	<hr/>

15 Reserves

	Other reserves £	Profit and loss account £
At 1 September 2001	1,508,705	(291,511)
Profit for the year	-	379,752
	<hr/>	<hr/>
At 31 August 2002	1,508,705	88,241
	<hr/>	<hr/>

16 Contingent liabilities

The company has given security to the Bank of Scotland in relation to its fellow subsidiary undertaking, Bloomsbury Heat & Power Limited. At the balance sheet date the bank loan secured amounted to £466,672 (2001: £533,336).

17 Acquisitions*Acquisition of the trade and assets of Countryman Group Limited*

The company purchased the trade and assets of Countryman Group Limited on 3 January 2002.

In calculating the goodwill arising on acquisition, the fair value of the net assets of Countryman Group Limited have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Book value £	Fair value £
Fixed assets		
Tangible	29,000	29,000
Investments	2	2
	<hr/>	<hr/>
	29,002	29,002
Current assets		
Stocks	4,358	4,358
	<hr/>	<hr/>
Total assets	33,360	33,360
	<hr/>	<hr/>
Net assets	33,360	33,360
	<hr/>	<hr/>
		£
Cash consideration		34,358
Net assets acquired		33,360
		<hr/>
Goodwill arising on acquisition		998
		<hr/>

18 Pensions

The company operates a defined contribution pension scheme. 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 and amounted to £31,673 (2001: £32,494).

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and buildings £	2002 Other £	2001 Land and buildings £	2001 Other £
Operating leases which expire:				
Within one year	-	22,237	-	39,885
In two to five years	42,683	40,791	42,664	40,162
	<u>42,683</u>	<u>63,028</u>	<u>42,664</u>	<u>80,047</u>

20 Related party disclosures

During the year the company recharged £117,504 (2001: £113,784) of central management time spent on the affairs of The Southampton Geothermal Heating Company Limited, a fellow subsidiary undertaking. In addition the company supplied draughtsmen and engineers' services to The Southampton Geothermal Heating Company Limited for £148,872 (2001: £142,128), operation and maintenance charges of £12,406 (2001: £nil), plant maintenance of £93,960 (2001: £93,960) and fuel handling services of £33,759 (2001: £20,858). At the balance sheet date Utilicom Limited was owed £273,739 (2001: £242,208) by The Southampton Geothermal Heating Company Limited.

During the year the company was supplied with design engineers' consultancy services totalling £15,607 (2001: £11,138) by Industrielle de Chauffage Enterprise United Kingdom Limited, a subsidiary. The company also charged this subsidiary £35,400 (2001: £31,068) for central management time. At the year end the subsidiary owed the company £233,329 (2001: £256,322).

The company purchased engineers' services totalling £12,327 (2001: £5,604) from North Channel Energy Services Limited, a subsidiary. Management charges of £25,800 (2001: £24,876) were paid by Utilicom Limited to North Channel Energy Services Limited, and management charges of £41,100 (2001: £20,316) were paid by North Channel Energy Services Limited to Utilicom Limited. At the year end North Channel Energy Services owed £14,546 (2001: £4,899) to the company.

Management charges of £39,200 (2001: £21,637) and fees in respect of operations and maintenance of £65,004 (2001: £nil) were paid by Bloomsbury Heat and Power Limited, a fellow subsidiary. At the year end the company was owed £479,371 (2001: £385,168) by this fellow subsidiary.

Gower Street Heat and Power Limited, a fellow subsidiary, was charged management fees of £nil (2001: £54,740) and owed £101,129 (2001: £88,695) to the company at the year end.

At the year end the company was owed £148,088 (2001: £19,721) by Millbrook Community Heating Limited, a fellow subsidiary.

At the balance sheet date the company owed £81,312 (2001: £83,112) to IDEX Energy UK Limited, a group company, and was owed £400,000 (2001: £380,412) by IDEX SA, and £22,837 (2001: £22,837) by STREC SA, the ultimate parent companies.

21 Ultimate parent company and parent undertaking of larger group

The company is ultimately jointly owned and controlled by IDEX SA and STREC SA, both of whom are incorporated in France.

The largest group in which the results of the company are consolidated is that headed by IDEX SA. Copies of IDEX SA group accounts can be obtained from 8 bis Rue Escudier, 92513 Boulogne - Bilancourt Cedex, France. Copies of the STREC SA group accounts are available at 2 Place Des Moulins, 67000 Strasbourg, France.

The smallest group in which the results of the company are consolidated is that headed by Utilicom Group Limited. The consolidated accounts are available to the public and may be obtained from Companies House.