

UTILICOM LIMITED

1506399

30TH JUNE 1995

CONTENTS

Page Nos

1	Report of the Directors
2	Statement of Directors' Responsibilities
3	Report of the Auditors
4	Profit and Loss Account
5	Balance Sheet
6 - 11	Notes to the Financial Statements
12 & 13	Trading and Profit and Loss Account



UTILICOM LIMITED
REPORT OF THE DIRECTORS

DIRECTORS:

A.J.M. Planchot (Chairman)
C.J. Maillard
P.C. Bono
P. Tordeux

SECRETARY:

R.A. Pledger

The directors present their report and financial statements for the year ended 30th June 1995.

1. Principal Activity

The principal activity of the company during the year was the provision of heating and energy services.

2. Directors And Their Interests

The directors have no interests in the share capital of the company, or its parent company (1994 : Nil). The directors during the year were as follows:

A.J.M. Planchot
C.J. Maillard
P.C. Bono

P. Tordeux was appointed as a director on 15th September 1994.

Advantage is 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

Registered Office:

4 London Wall Buildings
Blomfield Street
London
EC2M 5NT


C.J. Maillard
Director

12th February 1996

UTILICOM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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;
- 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 are satisfied that the company is a going concern.

REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF UTILICOM LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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'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.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the following matters:

(i) Future financing

The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain continuing financial support. Details of circumstances relating to this fundamental uncertainty are described in note 1

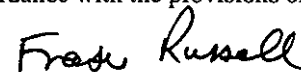
(ii) Trade Debtors

Included in trade debtors is an amount of £294,961 due from an associated undertaking of the parent company. The settlement of this debt is dependent upon the outcome of proceedings currently being undertaken by the shareholders of the associate to dispose of their interests in the company. Details of circumstances relating to this fundamental uncertainty are described in note 7.

Our opinion is not qualified in respect of the matters referred to in paragraphs 1 and 2 above.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th June 1995 and of the loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



FRASER RUSSELL

Chartered Accountants
Registered Auditor

4 London Wall Buildings
Blomfield Street
London
EC2M 5NT

12th February 1996

UTILICOM LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1995

	Note	<u>1995</u>	<u>1994</u>
Turnover	2	1,599,381	1,812,546
Cost of sales		1,108,406	1,250,540
		<hr/>	<hr/>
Gross Profit		490,975	562,006
Administrative expenses		(662,140)	(790,896)
		<hr/>	<hr/>
Operating Loss	3	(171,165)	(228,890)
Interest receivable		17,425	-
Interest payable		(33,766)	(100,869)
		<hr/>	<hr/>
Loss On Ordinary Activities Before Taxation		(187,506)	(329,759)
Tax on loss on ordinary activities	4	-	-
		<hr/>	<hr/>
Retained Loss For The Financial Year	12	£ (187,506)	£ (329,759)
		<hr/>	<hr/>

Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains And Losses

The company has no recognised gains or losses other than the loss for the above two financial years.

The notes on pages 6 to 10 form part of these financial statements.

UTILICOM LIMITED

BALANCE SHEET 30TH JUNE 1995

	Note	<u>1995</u>	<u>1994</u>
Fixed Assets			
Tangible assets	6	221,820	271,342
Current Assets			
Stocks		69,701	37,481
Debtors	7	790,149	667,507
Cash at bank and in hand		1,611	1,181
		<u>861,461</u>	<u>706,169</u>
Creditors: Amounts Falling Due Within One Year	8	<u>(959,945)</u>	<u>(668,077)</u>
Net Current (Liabilities)/Assets		<u>(98,484)</u>	<u>38,092</u>
Total Assets Less Current Liabilities		<u>123,336</u>	<u>309,434</u>
Creditors: Amounts Falling Due After More Than One Year	9	(11,643)	(19,217)
Provision For Liabilities And Charges	11	(134,519)	(125,537)
Net (Liabilities)/Assets		<u>£ (22,826)</u>	<u>£ 164,680</u>
Capital And Reserves			
Called up share capital	12	250,000	250,000
Capital reserve	12	1,508,705	1,508,705
Profit and loss account	12	(1,781,531)	(1,594,025)
Equity Shareholders' Funds		<u>£ (22,826)</u>	<u>£ 164,680</u>

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions as a small company.

Approved by the Board and signed on its behalf on 12th February 1996

C.J. Maillard

)
) - Directors

P.C. Bono

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The notes on pages 6 to 10 form part of these financial statements.

UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 1995

1. **Going Concern**

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued financial support of the parent company's shareholders. The board of directors of a shareholder company have confirmed that they will continue to provide financial support for the company in the foreseeable future.

2. **Accounting Policies**

(i) **Basis of preparation**

The accounts are prepared under the historical cost convention. No cash flow statement is presented as allowed by FRS1 on the grounds that the company is a small company as defined by Section 247 of the Companies Act 1985.

(ii) **Long term provision**

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

(iii) **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold land and buildings	at 5% p.a. on a reducing balance basis
Plant and machinery etc.	at varying rates between 15% and 33% on a reducing balance basis and at 33% on a straight line basis.

(iv) **Stocks**

Stocks are stated in accordance with Statement of Standard Accounting Practice No.9 at the lower of cost and net realisable value.

(v) **Deferred taxation**

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences except for those which are not expected to reverse in the foreseeable future.

(vi) **Turnover**

All turnover is derived from the provision of heating and energy services in the United Kingdom and is stated exclusive of value added tax.

UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 30TH JUNE 1995

2. Accounting Policies (continued)

(vii) Pension payments

The company operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to the profit and loss account in respect of the accounting period to which they relate.

(viii) Finance Leases

Assets held under finance lease are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligation is charged to the profit and loss account on a straight line basis.

3. Operating Loss

	1995	1994
This is stated after charging:		
Directors' remuneration	£ 22,667	£ 22,667
Depreciation	£ 40,702	£ 50,779
Auditors' remuneration	£ 13,000	£ 13,000
Loss on sale of fixed assets	£ 7,286	£ 543
	<hr/>	<hr/>

4. Taxation

There is no liability to UK Corporation Tax due to the availability of loss relief and the results for the year. The company has losses of £ 1,790,000 available for carry forward against future trading profits.

5. Interest Payable

	1995	1994
On bank overdrafts wholly repayable within five years	£ 3,737	£ 1,777
To group undertakings	£ 27,941	£ 97,726
Finance lease interest	£ 2,088	£ 1,366
	<hr/>	<hr/>
	£ 33,766	£ 100,869
	<hr/>	<hr/>

UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 30TH JUNE 1995

6. Tangible Fixed Assets

	Short Leasehold Land and Buildings	Plant and Machinery etc.	Total
Cost			
At 1st July 1994	183,777	466,767	650,544
Additions	-	6,380	6,380
Disposals	-	(70,296)	(70,296)
	<hr/>	<hr/>	<hr/>
At 30th June 1995	£ 183,777	£ 402,851	£ 586,628
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st July 1994	38,285	340,917	379,202
Charge for the year	7,275	33,427	40,702
Eliminated on disposal	-	(55,096)	(55,096)
	<hr/>	<hr/>	<hr/>
At 30th June 1995	£ 45,560	£ 319,248	£ 364,808
	<hr/>	<hr/>	<hr/>
Net book value			
At 30th June 1994	£ 145,492	£ 125,850	£ 271,342
	<hr/>	<hr/>	<hr/>
At 1st July 1995	£ 138,217	£ 83,603	£ 221,820
	<hr/>	<hr/>	<hr/>

Included in plant and machinery etc. are fixed assets acquired under finance lease with a net book value of £ 23,626 (1994 : £33,271). The depreciation charge for the year with respect to these assets is £ 9,645 (1994 : £5,924).

7. Debtors	1995	1994
Trade debtors	654,502	400,111
Amounts owed by group undertakings	68,451	175,622
Other debtors	67,196	91,774
	<hr/>	<hr/>
	£ 790,149	£ 667,507
	<hr/>	<hr/>

Included in trade debtors is an amount of £ 294,961 which is due from an associated undertaking of the parent company, Utilicom Holdings Limited. The shareholders of the associate have agreed to dispose of their interests in the associate. Negotiations for the sale are currently on going. The directors are of the opinion that the terms of the proposed sale will result in the outstanding debt referred to above being cleared.

UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 30TH JUNE 1995

8. Creditors: Amounts Falling Due Within One Year

	<u>1995</u>	<u>1994</u>
Bank overdraft	48,876	84,656
Trade creditors	141,864	173,746
Amounts owed to group undertakings	544,204	162,368
Obligations under finance lease (note 10)	7,573	7,573
Other creditors	217,428	239,734
	<u>£ 959,945</u>	<u>£ 668,077</u>

9. Creditors: Amounts Falling Due After More Than One Year

Obligations under finance lease (note 10)	<u>£ 11,643</u>	<u>£ 19,217</u>
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10. Obligations Under Finance Lease

The amounts fall due as follows:

Within one year	9,662	9,662
In the second to fifth years inclusive	12,367	22,029
	<u>22,029</u>	<u>31,691</u>
Less: finance charges allocated to future periods	(2,813)	(4,901)
	<u>£ 19,216</u>	<u>£ 26,790</u>

Analysed as:

Current obligations	7,573	7,573
Non-current obligations	11,643	19,217
	<u>£ 19,216</u>	<u>£ 26,790</u>

11. Provision For Liabilities And Charges

Long term heat supply contracts	<u>£ 134,519</u>	<u>£ 125,537</u>
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UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 30TH JUNE 1995

12. Reconciliation Of Movements In Shareholders' Funds

	Issued Share capital	Capital Reserve	Profit & loss Account	Total
At 1st July 1993	250,000	658,705	(1,264,266)	(355,561)
Contribution from parent company	-	850,000	-	850,000
Loss for the year	-	-	(329,759)	(329,759)
At 30th June 1994	250,000	1,508,705	(1,594,025)	164,680
Loss for the year	-	-	(187,506)	(187,506)
At 30th June 1995	£ 250,000	£ 1,508,705	£(1,781,531)	£ (22,826)

At 30th June 1995, the authorised share capital was 1,650,000 ordinary shares of £1 each (1994 : 1,650,000 ordinary shares of £1 each).

13. Ultimate Parent Company

The parent company is Utilicom Holdings Limited which is registered in England. The ultimate parent company is Idex SA, a company incorporated in France.

14. Pension Contributions

The company operates a defined contribution pension scheme 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 company also makes pension payments to certain employees' own personal pension schemes. The pension cost charge represents all contributions payable by the company and amounted to £ 30,106 (1994 : £30,117).

15. Operating Lease Obligations

Annual commitments under operating leases for land and buildings are as follows:

	1995	1994
Expiring within two to five years	5,750	5,750
Expiring after five years	7,750	7,750
	£ 13,500	£ 13,500

UTILICOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
30TH JUNE 1995

16. Guarantee

The company is a co-guarantor of the obligations of an associate of the parent company under an agreement with the Corporation of London, the amount of which is not quantifiable. The directors are of the opinion that no liability will arise in respect of this guarantee.

UTILICOM LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1995

	1995	1994
Sales	1,599,381	1,812,546
Cost Of Sales		
Opening stock and Wip	37,481	85,397
Purchases	389,267	536,520
	<hr/>	<hr/>
	426,748	621,917
Operating costs	742,375	653,937
Long term provision	8,984	12,167
Less: Closing stock and Wip	(69,701)	(37,481)
	<hr/>	<hr/>
	1,108,406	1,250,540
	<hr/>	<hr/>
Gross Profit	490,975	562,006
Administrative Expenses		
Directors' remuneration	22,667	22,667
Salaries and pensions	372,356	471,397
Advertising	4,391	8,830
Rent and rates	41,180	41,870
Heat and light	3,868	7,555
Travel expenses	37,793	35,156
Telephone	12,601	28,891
Printing, postage and stationery	8,401	16,546
Audit and accounting	33,135	21,103
Legal and professional	1,361	2,718
Insurance	43,842	38,107
Repairs and renewals	3,524	238
Bank charges	3,220	4,066
Subscriptions and donations	1,966	929
Sundry trade expenses	3,243	786
Equipment hire	1,870	2,867
Depreciation	40,702	50,779
Loss on sale of fixed assets	7,286	543
Provision for doubtful debts	4,800	15,024
Office equipment maintenance	12,520	8,053
Training	829	1,707
Technical publications	585	1,242
Bad debts	-	9,822
	<hr/>	<hr/>
	662,140	790,896
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Carried forward	(171,165)	(228,890)

UTILICOM LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT (Continued)
FOR THE YEAR ENDED 30TH JUNE 1995

	1995	1994
Brought forward	(171,165)	(228,890)
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Operating Loss	(171,165)	(228,890)
Interest receivable	17,425	-
	<hr/>	<hr/>
	(153,740)	(228,890)
Interest Payable And Similar Charges		
Bank interest	3,737	1,777
Interest to group undertaking	27,941	97,726
Finance lease charges -	2,088	1,366
	<hr/>	<hr/>
	33,766	100,869
	<hr/>	<hr/>
Loss On Ordinary Activities Before Taxation	(187,506)	(329,759)
Taxation	-	-
	<hr/>	<hr/>
Loss For The Financial Year	£(187,506)	£(329,759)
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