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Utilicom Limited

Report and Accounts

30th June 1988

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Comins & Co
Chartered Accountants
London, Ashford and Geneva

Member of the ICC
international group

UTILICOM LIMITED

30TH JUNE 1988

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UTILICOM LIMITED
REPORT OF THE DIRECTORS

DIRECTORS:

A.J.M. Planchot (Chairman)
C.J. Maillard

SECRETARY:

S.B. Thomson

The Directors present their report and accounts for the year ended 30th June 1988.

1. REVIEW OF THE BUSINESS

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

	1988	1987
Turnover	£1,792,876 =====	£1,378,769 =====
Profit before Taxation	22,867	1,350
Taxation	10,184 -----	2,440 -----
Profit/(Loss) for the year	£ 12,683 =====	£ (1,090) =====

2. PROPOSED DIVIDEND

The Directors do not recommend the payment of a dividend, (1987 - £NIL)

3. DIRECTORS AND THEIR INTERESTS

The Directors have no interests in the shares of the company. The Directors during the year were as follows:-

A.J.M. Planchot
C.J. Maillard

4. AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Comins & Co. as Auditors of the Company will be put to the Annual General Meeting.

Registered Office:
22 St. Andrew Street
London
EC4A 3AN

BY ORDER OF THE BOARD

S.B. Thomson

Secretary

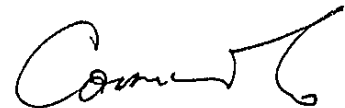
25th July 1989

REPORT OF THE AUDITORS
TO THE MEMBERS OF UTILICOM LIMITED

We have audited the accounts on pages 3 to 11 in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the Directors. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the Directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the Accounts, give a true and fair view of the state of affairs of the company at 30th June 1988 and of its profit and source and application of funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



COMINS & CO.

Chartered Accountants

22, St. Andrew Street,
London,
EC4A 3AN.

25th July 1989

UTILICOM LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1988

		1988 £	1987 £
<u>TURNOVER</u>	NOTE 2	1,792,876	1,378,769
<u>COST OF SALES</u>		1,219,346	986,369
<u>GROSS PROFIT</u>		573,530	392,400
Administrative Expenses		516,933	368,369
<u>OPERATING PROFIT</u>	3	56,597	24,031
Income from Investments	5	14,000	14,579
		70,597	38,610
Interest Payable	6	47,730	37,260
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		22,867	1,350
Taxation	7	10,184	2,440
<u>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</u>	15	£ 12,683 =====	£ (1,090) =====
The notes on pages 6 to 11 form part of these Accounts			

BALANCE SHEET
30TH JUNE 1988

	NOTE	£	1988	£	1987	£
<u>FIXED ASSETS</u>						
Tangible Assets	8		272,759		176,007	
<u>CURRENT ASSETS</u>						
Stocks	9		180,291		54,966	
Debtors	10		974,396		907,128	
Cash at bank and in hand			3,026		41,031	
			-----		-----	
			1,157,713		1,003,125	
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	11		1,024,519		796,730	
			-----		-----	
<u>NET CURRENT ASSETS</u>			133,194		206,395	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			405,953		382,402	
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	12		53,445		46,644	
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	13		7,975		3,908	
			-----		-----	
<u>NET ASSETS</u>			£344,533		£331,850	
			=====		=====	
<u>CAPITAL AND RESERVES</u>						
Called Up Share Capital	14		250,000		250,000	
Profit and Loss Account	15		94,533		81,850	
			-----		-----	
<u>SHAREHOLDERS' FUNDS</u>			£344,533		£331,850	
			=====		=====	
<p>Approved by the Board</p> <p>.....)</p> <p>A.J.M. Planchot)</p> <p>.....) Directors</p> <p>C.J. Maillard)</p>						
25th July 1989						
The notes on pages 6 to 11 form part of these accounts						

UTILICOM LIMITED

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 1988

	1988		1987	
	£	£	£	£
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before taxation		22,867		1,350
Adjustment for items not involving the movement of funds:				
Depreciation	59,022		30,243	
Net (Profit)/Loss on sale of Fixed Assets	(378)		302	
Profit on Sale of Investments	-		(184)	
		58,644		30,361
<u>TOTAL GENERATED FROM OPERATIONS</u>		81,511		31,711
<u>FUNDS FROM OTHER SOURCES</u>				
Proceeds of sale of Fixed Assets	9,996		1,505	
Increase in Creditors due after more than one year	6,801		5,723	
Issue of Ordinary Shares	-		50,000	
Sale of Investments	-		431	
Taxation Repayment	711		-	
		17,508		57,659
		99,019		89,370
<u>APPLICATION OF FUNDS</u>				
Taxation Paid	-		45,862	
Purchase of Fixed Assets	165,393		159,322	
		165,393		205,184
<u>DECREASE IN WORKING CAPITAL</u>		£(66,374)		£(115,814)
		=====		=====
<u>WORKING CAPITAL MOVEMENTS</u>				
Stocks		125,325		18,215
Debtors		67,268		224,051
Creditors		(234,892)		(183,338)
		(42,299)		58,928
<u>Movement in Net Liquid Funds</u>				
Cash at bank and in hand	(38,005)		4,060	
Bank overdraft	13,930		(178,802)	
		(24,075)		(174,742)
		£(66,374)		£(115,814)
		=====		=====

UTILICOM LIMITED

NOTES TO THE ACCOUNTS
30TH JUNE 1988

1. ACCOUNTING POLICIES

(i) Accounting Convention

The Accounts are prepared under the historical cost convention.

(ii) Long Term Provision

The company undertakes during the year 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:

Land and Buildings	at 5% p.a. on a reducing balance basis
Plant and Machinery	at 25% p.a. on a reducing balance basis
Fixtures and Fittings	at 15% p.a. on a reducing balance basis
Motor vehicles	at 25% p.a. on a reducing balance basis
Office Equipment	at 33% p.a. on a reducing balance basis

(iv) Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Purchased for re-sale:- purchase cost on a first in first out basis

Stocks of Spares:- purchase cost on a last in first out basis

Work in Progress:- cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

(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 future.

UTILICOM LIMITED

NOTES TO THE ACCOUNTS 30TH JUNE 1988

2. TURNOVER

All turnover is derived in the United Kingdom and relates to the principal activity of the company.

3. OPERATING PROFIT

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
This is stated after charging:		
Depreciation	59,022	30,243
Hire of Plant and Machinery	4,883	5,147
Auditors' Remuneration	5,000	4,750
	=====	=====

4. EMPLOYEES

The average weekly number of employees during the year was made up as follows:

	<u>1988</u>	<u>1987</u>
Administrative Staff	15	14
Engineers	39	31
	-----	-----
	54	45
	=====	=====

	<u>1988</u>	<u>1987</u>
Staff costs during the year amounted to:		
Wages and Salaries	589,828	428,653
Social Security Costs	60,220	42,714
Other Pension Costs	14,215	6,985
	-----	-----
	£664,263	£478,352
	=====	=====

	<u>1988</u>	<u>1987</u>
Staff costs include the following in respect of Directors:		
Others Emoluments (including pension contributions)	£17,000	£16,000
	=====	=====

UTILICOM LIMITED

NOTES TO THE ACCOUNTS
30TH JUNE 1988

5. INVESTMENT INCOME

	<u>1988</u>	<u>1987</u>
Bank Deposit Interest	-	3,798
Profit on Sale of Investments	-	184
Dividends Received	-	-
Loan Interest	14,000	10,597
	<u>£14,000</u>	<u>£14,579</u>
	=====	=====

6. INTEREST PAYABLE

	<u>1988</u>	<u>1987</u>
Bank overdraft	42,546	32,204
Interest on loan repayable within five years	5,184	5,056
	<u>£47,730</u>	<u>£37,260</u>
	=====	=====

7. TAXATION

	<u>1988</u>	<u>1987</u>
UK Corporation Tax at 26.5%		
Current	7,251	-
Deferred Tax	4,067	2,714
Over-provision in prior year	(1,134)	(274)
	<u>£10,184</u>	<u>£2,440</u>
	=====	=====

UTILICOM LIMITED

NOTES TO THE ACCOUNTS
30TH JUNE 1988

8. TANGIBLE FIXED ASSETS

	<u>LAND & BUILDINGS</u>	<u>MOTOR VEHICLES</u>	<u>PLANT AND MACHINERY</u>	<u>FIXTURES & FITTINGS</u>	<u>OFFICE EQUIPMENT</u>	<u>TOTAL</u>
<u>Cost</u>						
At 1st July 1987	-	177,577	13,059	43,487	8,500	242,623
Additions	89,507	47,653	-	4,492	23,741	165,393
Disposals	-	(12,459)	-	(1,697)	(2,500)	(16,656)
	-----	-----	-----	-----	-----	-----
At 30th June 1988	£89,507	£212,771	£13,059	£46,282	£29,741	£391,360
	=====	=====	=====	=====	=====	=====
<u>Depreciation</u>						
At 1st July 1987	-	40,271	8,048	15,463	2,834	66,616
Charge for the year	4,476	39,712	1,252	4,622	8,960	59,022
Eliminated on Disposals	-	(7,037)	-	-	-	(7,037)
	-----	-----	-----	-----	-----	-----
At 30th June 1988	£4,476	£72,946	£9,300	£20,085	£11,794	£118,601
	=====	=====	=====	=====	=====	=====
<u>Net Book Value</u>						
At 30th June 1988	£85,031	£139,825	£3,759	£26,197	£17,947	£272,759
	=====	=====	=====	=====	=====	=====
At 1st July 1987	£ -	£137,306	£5,011	£28,024	£5,666	£176,007
	=====	=====	=====	=====	=====	=====

UTILICOM LIMITED

NOTES TO THE ACCOUNTS
30TH JUNE 1988

9.	<u>STOCKS</u>	<u>1988</u>	<u>1987</u>
	Stock of Spares	46,252	31,621
	Fuel	20,483	21,485
	Work in Progress	113,556	1,860
		-----	-----
		£180,291	£54,966
		=====	=====
10.	<u>DEBTORS</u>	<u>1988</u>	<u>1987</u>
	Trade debtors	532,553	380,097
	Amounts owed by Holding Company	121,542	165,792
	Other Debtors	292,528	324,499
	Prepayments and Accrued Income	27,773	36,740
		-----	-----
		£974,396	£907,128
		=====	=====
11.	<u>CREDITORS: AMOUNTS FALLING</u> <u>DUE WITHIN ONE YEAR</u>	<u>1988</u>	<u>1987</u>
	Bank overdraft **	397,503	411,433
	Trade creditors	289,293	207,812
	Amounts due to Holding Company	180,364	104,956
	Current Corporation Tax	7,251	424
	Other Taxes and Social Security costs	95,962	32,694
	Other Creditors	13,770	9,310
	Accruals	40,376	30,101
		-----	-----
		£1,024,519	£796,730
		=====	=====

** The Bank holds a floating charge over the assets of the company.

12.	<u>CREDITORS: AMOUNTS FALLING</u> <u>DUE AFTER MORE THAN ONE YEAR</u>	<u>1988</u>	<u>1987</u>
	Long Term Provision	£ 53,445	£ 46,644
		=====	=====

UTILICOM LIMITED

NOTES TO THE ACCOUNTS
30TH JUNE 1988

13. PROVISIONS FOR LIABILITIES AND CHARGES

This comprises deferred taxation. The provision in the Accounts relates to accelerated capital allowances.

14. SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
Authorised		
Ordinary shares of £1 each	£250,000	£250,000
	=====	=====
Allotted called-up and fully paid		
Ordinary shares of £1 each	£250,000	£250,000
	=====	=====

15. RESERVES

	<u>Profit and Loss Account</u>
At 1st July 1987	81,850
Retained Profit for the year	12,683

At 30th June 1988	£ 94,533
	=====

16. LEASING COMMITMENTS

The amount outstanding for the leasing of motor vehicles at the 30th June 1988 was £ NIL (1987:- £25,345).

17. ULTIMATE HOLDING COMPANY

The Company is owned 50% by IDEX SA and 50% by STREC SA, both companies are incorporated in France.