

Utilicom Limited
Directors' Report and Accounts
Year ended 30 June 1998

Company Registration No. 1506399 (England and Wales)



Moore
Rivland

Utilicom Limited

Company Information

Directors

A J Planchot
C J Maillard
P C Bono

Secretary

D Pennington

Company number

1506399

Registered office

Pelham House
Broadfield Barton
Crawley
West Sussex
RH11 6BY

Auditors

Moores Rowland
6 Bedford Park
Croydon
Surrey
CR0 2AP

Moores
Rowland

Utilicom Limited

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Utilicom Limited

Directors' Report Year ended 30 June 1998

The directors present their report and accounts for the year ended 30 June 1998.

Directors

The following directors have held office since 1 July 1997:

A J Planchot
C J Maillard
P C Bono

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

Principal activities and review of the business

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

Year 2000

The company is currently reviewing its readiness for the Millennium bug. This involves testing its systems and contacting major customers and suppliers. This work is expected to be completed by 30 April 1999 and is unlikely to involve any major expenditure.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 1998	1 July 1997
A J Planchot	-	-
C J Maillard	-	-
P C Bono	-	-

Utilicom Limited

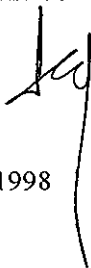
Directors' Report Year ended 30 June 1998

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board

P C Bono
Director
28 October 1998



Utilicom Limited

Auditors' Report To the Shareholders of Utilicom Limited

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

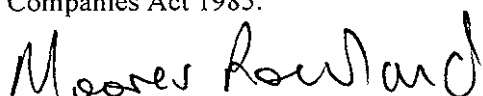
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moores Rowland

Chartered Accountants
Registered Auditors

Croydon

28 October 1998

Utilicom Limited

Profit and Loss Account Year ended 30 June 1998

	Notes	1998 £	1997 £
Turnover	2	1,767,794	1,883,254
Cost of sales		(1,228,772)	(1,211,219)
Gross profit		539,022	672,035
Administrative expenses		(441,016)	(395,198)
Other operating income		63,100	-
Operating profit	3	161,106	276,837
Other interest receivable and similar income	4	12,752	10,906
Interest payable and similar charges	5	(6,706)	(5,148)
Profit on ordinary activities before taxation		167,152	282,595
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation	16	167,152	282,595

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

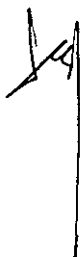
Utilicom Limited

Balance Sheet As at 30 June 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	8		216,619		223,182
Investments	9		90		-
			<u>216,709</u>		<u>223,182</u>
Current assets					
Stocks	10	114,158		42,169	
Debtors	11	510,091		654,344	
Cash at bank and in hand		631,520		108,521	
		<u>1,255,769</u>		<u>805,034</u>	
Creditors: amounts falling due within one year	12	(469,500)		(277,697)	
Net current assets			<u>786,269</u>		<u>527,337</u>
Total assets less current liabilities			<u>1,002,978</u>		<u>750,519</u>
Creditors: amounts falling due after more than one year	13		(108,466)		-
Provisions for liabilities and charges	14		(80,123)		(103,282)
			<u>814,389</u>		<u>647,237</u>
Capital and reserves					
Called up share capital	15		550,000		550,000
Other reserves	16		1,508,705		1,508,705
Profit and loss account	16		(1,244,316)		(1,411,468)
Shareholders' funds - equity interests	17		<u>814,389</u>		<u>647,237</u>

The accounts were approved by the Board on 28 October 1998

P C Bono
Director



Moore
Rowland

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	5% on a reducing balance basis
Plant machinery and computer equipment	Computer equipment over 3 years, capital works over 10 years, other items at 25% reducing balance basis
Fixtures and fittings	15% and 33% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

1.4 Leasing

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

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Group accounts

The accounts present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.10 Long term provision

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

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	24,953	20,953
Exceptional item	-	29,051
Operating lease rentals		
- Plant and machinery	49,415	43,292
- Other assets	18,393	9,790
Auditors' remuneration	6,500	6,500

4 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	12,752	423
Other interest	-	10,483
	<u>12,752</u>	<u>10,906</u>

5 Interest payable

	1998	1997
	£	£
On amounts payable to group companies	-	4,872
On bank loans and overdrafts	6,706	276
	<u>6,706</u>	<u>5,148</u>

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

6 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Operating	19	19
Administration	6	6
	<u>25</u>	<u>25</u>

Employment costs

	£	£
Wages and salaries	541,290	558,387
Social security costs	57,307	53,314
Other pension costs	26,277	15,670
	<u>624,874</u>	<u>627,371</u>

7 Taxation

The group has estimated losses of £1,300,000 (1997 - £1,500,000) available for carry forward against future trading profits.

On the basis of these accounts no provision has been made for corporation tax.

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

8 Tangible fixed assets

	Short leasehold land and buildings	Plant machinery and computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 1997	183,777	176,520	131,214	7,242	498,753
Additions	-	15,443	2,947	-	18,390
At 30 June 1998	183,777	191,963	134,161	7,242	517,143
Depreciation					
At 1 July 1997	59,035	99,592	109,788	7,156	275,571
Charge for the year	6,238	14,802	3,891	22	24,953
At 30 June 1998	65,273	114,394	113,679	7,178	300,524
Net book value					
At 30 June 1998	118,504	77,569	20,482	64	216,619
At 30 June 1997	124,742	76,928	21,426	86	223,182

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1997	-
Additions	90
At 30 June 1998	90

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Industrielle De Chauffage Enterprise UK Ltd	England and Wales	Ordinary	90

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Industrielle De Chauffage Enterprise UK Ltd	8,599	8,499

10 Stocks and work in progress

	1998 £	1997 £
Raw materials and consumables	21,108	18,709
Work in progress	93,050	23,460
	114,158	42,169

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

11 Debtors	1998	1997
	£	£
Trade debtors	317,912	393,645
Amounts owed by parent and fellow subsidiary undertakings	-	188,515
Amounts owed by subsidiary undertakings	24,804	-
Other debtors	3,086	2,146
Prepayments and accrued income	164,289	70,038
	<u>510,091</u>	<u>654,344</u>
 12 Creditors: amounts falling due within one year	 1998	 1997
	£	£
Bank loans and overdrafts	24,558	-
Trade creditors	133,246	78,113
Amounts owed to parent and fellow subsidiary undertakings	171,404	101,447
Taxes and social security costs	50,528	52,063
Other creditors	24,545	33,098
Accruals and deferred income	65,219	12,976
	<u>469,500</u>	<u>277,697</u>
 13 Creditors: amounts falling due after more than one year	 1998	 1997
	£	£
Bank loans	108,466	-
	<u>108,466</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	132,888	-
	<u>132,888</u>	<u>-</u>
Included in current liabilities	(24,422)	-
	<u>108,466</u>	<u>-</u>
 Loan maturity analysis		
Between one and two years	21,839	-
Between two and five years	86,627	-
	<u>108,466</u>	<u>-</u>

The loan is secured by a fixed charge over the leasehold property of the company.

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

14 Provisions for liabilities and charges

	Long term heat supply contracts £
Balance at 1 July 1997	103,282
Profit and loss account	(23,159)
Balance at 30 June 1998	<u>80,123</u>

15 Share capital

	1998 £	1997 £
Authorised		
1,650,000 Ordinary shares of £1 each	<u>1,650,000</u>	<u>1,650,000</u>
Allotted, called up and fully paid		
550,000 Ordinary shares of £1 each	<u>550,000</u>	<u>550,000</u>

16 Statement of movements on reserves

	Other reserves £	Profit and loss account £
Balance at 1 July 1997	1,508,705	(1,411,468)
Retained profit for the year	-	167,152
Balance at 30 June 1998	<u>1,508,705</u>	<u>(1,244,316)</u>

17 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	167,152	282,595
Opening shareholders' funds	<u>647,237</u>	<u>364,642</u>
Closing shareholders' funds	<u>814,389</u>	<u>647,237</u>

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

18 Financial commitments

At 30 June 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	-	-	33,335	2,660
Between two and five years	-	-	45,602	47,047
In over five years	8,070	8,070	-	-
	<u>8,070</u>	<u>8,070</u>	<u>78,937</u>	<u>49,707</u>

19 Pension costs

The company operates a defined contribution pension scheme for the benefits 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' personal pension schemes. The pension cost charge amounted to £26,277 (1997 - £15,670).

20 Control

The immediate parent company is Utilicom Holdings Limited, a company registered in England and Wales, and the ultimate parent company is Idex SA, a company incorporated in France.

Idex SA prepares group accounts and copies can be obtained from 8 Bis Rue Escudier, 92513 Boulogne-Bilancourt Cedex, France.

Utilicom Limited

Notes to the Accounts Year ended 30 June 1998

21 Related party transactions

The company is controlled by its directors, who are also directors of its parent companies.

During the year the company supplied draughtsmen and engineers services to Southampton Geothermal Heating Company Limited, a fellow subsidiary undertaking. This amounted to £35,955 (1997 - £15,895) and £80,400 (1997 - £60,000) respectively, at normal commercial rates. In addition the company recharged £52,300 (1997 - £46,000) of central management time spent on the affairs of Southampton Geothermal and recharged nil (1997 - £10,200) of overheads incurred on their behalf. At the balance sheet date this company owed Southampton Geothermal £70,957 (1997 - £188,517 was owed by Southampton Geothermal) on which nil (1997-£10,483) of interest was charged.

At the balance sheet date the company owed Utilicom Holdings Limited £100,447 (1997-£101,447) on which interest nil (1997-£4,872) was charged.

During the year the company was supplied with design engineers services by Industrielle de Chauffage Enterprise United Kingdom Limited. This amounted to £15,636. The company also charged its subsidiary £2,700 for central management time. At the year end the subsidiary owed this company £24,804.