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Ilex Energy UK Limited

Report and Financial Statements

Year Ended

31 August 2001

BDO

BDO Stoy Hayward
Chartered Accountant



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IDEX Energy UK Limited

Annual report and financial statements for the year ended 31 August 2001

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Directors

A J M Planchot
C J Maillard
P C Bono

Secretary and registered office

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

Company number

2240219

Auditors

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

I dex Energy UK Limited

Report of the directors for the year ended 31 August 2001

The directors present their report together with the audited financial statements for the year ended 31 August 2001.

Results

The profit and loss account is set out on page 6 and shows the loss for the year.

Principal activities

The company's principal activity continued to be that of intermediate holding company.

Directors

The directors of the company during the year were:

A J M Planchot
C J Maillard
P C Bono

No director had any interest in the share capital of the company. Interests in the share capital of the parents, I dex SA and Strec SA, are shown in the financial statements of those companies. No rights to subscribe for any 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 judgments 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.

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 appointed for each succeeding year.

Irex Energy UK Limited

Report of the directors for the year ended 31 August 2001 (*Continued*)

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

7 December 2001

Ilex Energy UK Limited

Report of the independent auditors

To the shareholders of Ilex Energy UK Limited

We have audited the financial statements of Ilex Energy UK Limited for the year ended 31 August 2001 on pages 6 to 13 which have been prepared under the accounting policies set out therein.

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.

Irex Energy UK 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 2001 and of its loss 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

7 December 2001

IDEX Energy UK Limited**Profit and loss account for the year ended 31 August 2001**

	Note	Year ended 31 August 2001 £	14 months ended 31 August 2000 £
Administrative expenses		1,500	830
		<u>(1,500)</u>	<u>(830)</u>
Other operating income		-	260,585
		<u>-</u>	<u>260,585</u>
Operating (loss)/profit	2	(1,500)	259,755
Interest payable and similar charges	3	(225,000)	(165,178)
		<u>(225,000)</u>	<u>(165,178)</u>
(Loss)/profit on ordinary activities before and after taxation		(226,500)	94,577
Accumulated loss brought forward		(4,548,054)	(4,642,631)
		<u>(4,548,054)</u>	<u>(4,642,631)</u>
Accumulated loss carried forward		(4,774,554)	(4,548,054)
		<u>(4,774,554)</u>	<u>(4,548,054)</u>

All amounts relate to continuing activities.

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

The notes on pages 9 to 13 form part of these financial statements.

Irex Energy UK Limited

Statement of total recognised gains and losses for the year ended 31 August 2001

	Note	Year ended 31 August 2001 £	14 months ended 31 August 2000 £
(Loss)/profit for the financial year		(226,500)	94,577
Prior year adjustment		-	(141,581)
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		(226,500)	(47,004)
		<hr/>	<hr/>

The notes on pages 9 to 13 form part of these financial statements.

I dex Energy UK Limited

Balance sheet at 31 August 2001

	Note	31 August 2001 £	31 August 2001 £	31 August 2000 £	31 August 2000 £
Fixed assets					
Investments	5		550,203		550,103
Current assets					
Debtors	6	83,112		83,112	
Creditors: amounts falling due within one year	7	3,625,869		3,399,269	
Net current liabilities			(3,542,757)		(3,316,157)
Total assets less current liabilities			(2,992,554)		(2,766,054)
Capital and reserves					
Called up share capital	8		1,782,000		1,782,000
Profit and loss account			(4,774,554)		(4,548,054)
Equity shareholders' funds			(2,992,554)		(2,766,054)

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 . 7 December 2001

Director



The notes on pages 9 to 13 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:

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.

Going Concern

The accounts have been prepared on a going concern basis, as the ultimate holding companies have indicated that they will make sufficient funds available to the company to enable it to continue trading for the foreseeable future.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

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.

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 dates. Any differences are taken to the profit and loss account.

IDEX Energy UK Limited

Notes forming part of the financial statements for the year ended 31 August 2001 (Continued)

2 Operating (loss)/profit

This is arrived at after charging:

	Year ended 31 August 2001 £	14 months ended 31 August 2000 £
Auditors' remuneration - audit services	1,500	830

3 Interest payable and similar charges

	Year ended 31 August 2001 £	14 months ended 31 August 2000 £
Loans from group companies	152,501	165,178
Other interest payable and similar charges	72,499	-
	225,000	165,178

The company's ultimate parent undertaking, Idex SA, has declared that all balances owed by the company are to be paid in French francs thus transferring the exchange risk to the company. The year end intercompany balance owed to Idex SA has therefore been translated at the balance sheet closing rate, in accordance with SSAP 20, resulting in an exchange loss of £72,499 being included within interest payable and similar charges (2000: £260,585 exchange gain was included within other operating income).

4 Taxation on (loss)/profit on ordinary activities

No provision has been made for UK corporation tax due to the availability of tax losses.

Idex Energy UK Limited

Notes forming part of the financial statements for the year ended 31 August 2001 (*Continued*)

5 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 September 2000	1,550,102
Additions	100
	<hr/>
At 31 August 2001	1,550,202
	<hr/>
<i>Provisions</i>	
At 1 September 2000 and 31 August 2001	999,999
	<hr/>
<i>Net book value</i>	
At 31 August 2001	550,203
	<hr/>
At 31 August 2000	550,103
	<hr/>

Subsidiary undertakings, associated undertakings and other investments

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	%
<i>Subsidiary undertakings</i>		
Utilicom Limited	Ordinary	100
The Southampton Geothermal Heating Company Limited	Ordinary	100
Bloomsbury Heat and Power Limited	Ordinary	100
Millbrook Community Heating Limited	Ordinary	100
Gower Street Heat and Power Limited	Ordinary	100

Idex Energy UK Limited

Notes forming part of the financial statements for the year ended 31 August 2001 (Continued)

6 Debtors

	31 August 2001 £	31 August 2000 £
Amounts owed by group undertakings	83,112	83,112
All amounts shown under debtors fall due for payment within one year.		

7 Creditors: amounts falling due within one year

	31 August 2001 £	31 August 2000 £
Amounts owed to group undertakings	3,624,369	3,399,269
Other creditors	1,500	-
	<u>3,625,869</u>	<u>3,399,269</u>

8 Share capital

	31 August 2001 £	31 August 2000 £	Authorised 31 August 2001 £	Allotted, called up and fully paid 31 August 2000 £
<i>Equity share capital</i>				
2,000,000 shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,782,000</u>	<u>1,782,000</u>

9 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £3,394,456 (2000: £3,022,224).

Idex Energy UK Limited

Notes forming part of the financial statements for the year ended 31 August 2001 (Continued)

10 Related party disclosures

Controlling parties

The company is jointly owned and controlled by Idex SA and Strec SA, both of whom are registered in France. Copies of Idex SA group accounts can be obtained from 8 Bis Rue Escudier, 92513 Boulogne - Bilancourt Cedex, France. The group accounts of Strec SA are available at 2 Place Des Moulins, 6700 Strasbourg, France.

Related party transactions and balances

	Amounts owed by related party	Amounts owed to related party	Amounts owed by related party	Amounts owed to related party
	2001 £	2001 £	2000 £	2000 £
Utilicom Limited (subsidiary)	83,112	-	83,112	-
Bloomsbury Heat and Power Limited (subsidiary)	-	100	-	100
Millbrook Community Heating Limited (subsidiary)	-	2	-	2
Gower Street Heat and Power Limited (subsidiary)	-	100	-	-
Idex SA (parent)	-	3,624,167	-	3,399,167
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year, Idex SA, the joint parent, charged interest of £152,501 (2000: £167,178) on its loan to the company.