

Company Registration No. 3922833 (England and Wales)

UTILYX LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2003



BERG KAPROW LEWIS LLP

Chartered Accountants
London

UTILYX LIMITED

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UTILYX LIMITED

INDEPENDENT AUDITORS' REPORT TO UTILYX LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of the company for the year ended 31 May 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors


The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.



Berg Kaprow Lewis LLP

Chartered Accountants and Registered Auditor
London

25 November 2003


UTILYX LIMITED

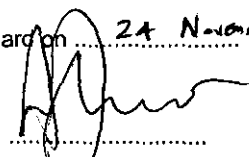
ABBREVIATED BALANCE SHEET AS AT 31 MAY 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Intangible assets	2	649,685		946,591	
Tangible assets	2	74,489		117,287	
		<u>724,174</u>		<u>1,063,878</u>	
Current assets					
Debtors: amounts falling due within one year	3	956,705	470,296		
Debtors: amounts falling due after more than one year	3	527,000	61,688		
Cash at bank and in hand		79,879	133		
		<u>1,563,584</u>	<u>532,117</u>		
Creditors: amounts falling due within one year		<u>(1,035,519)</u>	<u>(1,437,337)</u>		
Net current assets/(liabilities)		<u>528,065</u>		<u>(905,220)</u>	
Total assets less current liabilities		<u>1,252,239</u>		<u>158,658</u>	
Creditors: amounts falling due after more than one year	4	<u>(432,940)</u>		<u>(3,835)</u>	
		<u>819,299</u>		<u>154,823</u>	
Capital and reserves					
Called up share capital	5	19,633		15,948	
Share premium account		4,084,080		3,516,612	
Profit and loss account		<u>(3,284,414)</u>		<u>(3,377,737)</u>	
Shareholders' funds		<u>819,299</u>		<u>154,823</u>	

These abbreviated accounts 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 24 November 2003


C S Bowden
Director


A H Shrager (non-executive)
Director

UTILYX LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future and will be able to meet its liabilities as they fall due. There are uncertainties that the directors have had to consider in deciding to prepare the financial statements on a going concern basis, which are set out below.

The company has incurred a loss before tax in the year in addition to losses in previous years.

In order to meet its liabilities as they fall due, the company is dependent upon the generation of profits and cash in the future. The directors' budget for the twelve months from the date of the approval of these financial statements shows that the company is expected, at least, to break even with its cash remaining positive. The key assumptions supporting these projections are that the company will realise anticipated increases in turnover and contain its operating costs.

On the basis of current disclosed intentions, the directors believe that the projections for increasing turnover and control of costs are realistic. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Were the projections not achieved and alternative sources of funding not available, the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

1.2 Turnover

The company recognises revenue by reference to the commencement date of the underlying energy supply contracts transacted through the Utilyx system. Fees are generated on an annual basis but the underlying energy supply contracts may be for any period from a few months up to several years.

For energy supply contracts of one year or less, the full fee generated from the transaction is recognised as revenue in the year in which the contract commences but, for multiple year contracts, revenue is recognised on an annual basis on the anniversary of the contract commencement date.

1.3 Patents

Intellectual property is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life.

1.4 Research and development

The costs of developing the technology, being software development costs, are capitalised at cost and are amortised over the estimated useful life of the software which is considered to be 3 years. Costs incurred in developing and enhancing the website are capitalised as incurred, if the measurable economic viability of the expenditure can be determined, and are amortised over the expected useful life of the website.

UTILYX LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2003

1 Accounting policies

(continued)

1.5 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:

Plant and machinery	straight line over 3 years
Fixtures, fittings & equipment	straight line over 3 years

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

No provision is made where, on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

1.8 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.9 Cost of share option schemes

In accordance with Urgent Issues Task Force Abstract 17 (UITF 17), a company is required to recognise as a charge to the profit and loss account the amount by which the fair value of any share options issued exceeds their respective exercise price on the date of the grant. These costs are recognised on a straight line basis from the date of the grant to the earliest possible option exercise date.

UTILYX LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2003

2 Fixed assets

	Intangible assets £	Tangible assets £	Total £
Cost			
At 1 June 2002	1,700,158	260,585	1,960,743
Additions	318,104	49,797	367,901
Disposals	-	(8,042)	(8,042)
At 31 May 2003	2,018,262	302,340	2,320,602
Depreciation			
At 1 June 2002	753,567	143,298	896,865
On disposals	-	(5,603)	(5,603)
Charge for the year	615,010	90,156	705,166
At 31 May 2003	1,368,577	227,851	1,596,428
Net book value			
At 31 May 2003	649,685	74,489	724,174
At 31 May 2002	946,591	117,287	1,063,878

3 Debtors

Debtors include an amount of £527,000 (2002 - £61,688) which is due after more than one year.

The debtor of £527,000 represents the discounted long term benefit of the tax losses available.

4 Creditors: amounts falling due after more than one year

The aggregate amount of creditors for which security has been given amounted to £950,306 (2002 - £1,029,285).

UTILYX LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2003

5	Share capital	2003 £	2002 £
	Authorised		
	25,000,000 Ordinary Shares of 1p each	250,000	250,000
	Allotted, called up and fully paid		
	1,963,300 Ordinary Shares of 1p each	19,633	15,948

During the period the following shares were issued:

110,442 Ordinary shares of 1p were issued on 30 November 2002 at £1.55

64,516 Ordinary shares of 1p were issued on the 4 April 2003 for £1.55

193,548 Ordinary shares of 1p were issued on the 16 May 2003 for £1.55

Of the shares issued, 193,548 Ordinary shares were issued on the conversion of convertible loans. The balance, being 174,958 Ordinary shares, were issued as fully paid for cash with £271,185 received in total.

These shares all rank pari passu with the existing Ordinary shares then in issue.

6 Transactions with directors

Included within other debtors is £1,881 (2002 : £nil) due from S J Bradley.

The maximum amount outstanding during the year was £2,958. No interest is charged on the amount due from S J Bradley.