

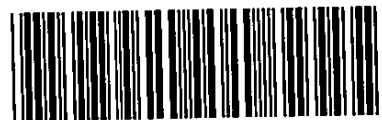
Company Registration Number 04849181

Utilita Electricity Limited

Financial Statements

Year Ended 31 March 2011

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Utilita Electricity Limited

Financial Statements

Year ended 31 March 2011

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Utilita Electricity Limited

Officers and Other Information

The board of directors	W N Bullen K Ghosh
Company secretary	W N Bullen
Registered office	Secure House Moorside Road Winchester Hampshire SO23 7RX
Auditor	James Cowper LLP Chartered Accountants & Statutory Auditor Mill House Overbridge Square Hambridge Lane Newbury RG14 5UX
Company registration number	04849181

Utilita Electricity Limited

The Directors' Report

Year ended 31 March 2011

The directors present their report and the financial statements of the company for the year ended 31 March 2011

Principal activities

The principal activity of the company during the year was supply of electricity

Directors

The directors who served the company during the year were as follows

W N Bullen
K Ghosh

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
Secure House
Moorside Road
Winchester
Hampshire
SO23 7RX

Signed by order of the directors



W N Bullen
Company Secretary

Approved by the directors on 27 June 2011

Utilita Electricity Limited

Independent Auditor's Report to the Shareholder of Utilita Electricity Limited

Year ended 31 March 2011

We have audited the financial statements of Utilita Electricity Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's 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 and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

Without qualifying our opinion we draw attention to note 1 in the financial statements which indicates that the company incurred a net loss of £454,448 in the year ended 31 March 2011, and, as of that date, the company's current liabilities exceeded its assets by £594,323. These conditions, along with other matters set out in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Utilita Electricity Limited

Independent Auditor's Report to the Shareholder of Utilita Electricity Limited (continued)

Year ended 31 March 2011

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



ADRIAN RANN (Senior Statutory Auditor)
For and on behalf of
JAMES COWPER LLP
Chartered Accountants
& Statutory Auditor

Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

19.7.2011

Utilita Electricity Limited

Profit and Loss Account

Year ended 31 March 2011

	Note	2011 £	2010 £
Turnover		6,583,487	7,080,119
Cost of sales		5,794,099	6,276,280
Gross profit		<u>789,388</u>	<u>803,839</u>
Administrative expenses		1,242,745	1,474,508
Operating loss	2	<u>(453,357)</u>	<u>(670,669)</u>
Interest receivable		983	3
Interest payable and similar charges		(2,074)	(658)
Loss on ordinary activities before taxation		<u>(454,448)</u>	<u>(671,324)</u>
Tax on loss on ordinary activities	3	—	—
Loss on ordinary activities after taxation, being loss for the financial year		<u>(454,448)</u>	<u>(671,324)</u>

The notes on pages 7 to 12 form part of these financial statements

Utilita Electricity Limited

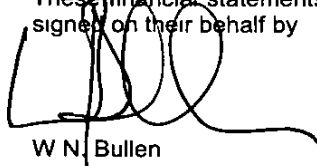
Balance Sheet

31 March 2011

	Note	2011		2010 (restated)	
		£	£	£	£
Fixed assets					
Intangible assets	4		221,390		135,950
Tangible assets	5		210,086		138,985
			431,476		274,935
Current assets					
Debtors due within one year	6	595,438		258,004	
Cash at bank		2,259		1,033	
		597,697		259,037	
Creditors' amounts falling due within one year	7	1,553,610		2,673,846	
Net current liabilities			(955,913)		(2,414,809)
Total assets less current liabilities			(524,437)		(2,139,874)
Creditors' amounts falling due after more than one year	8		69,886		-
			(594,323)		(2,139,874)
Capital and reserves					
Called-up equity share capital	11		2,000,000		1
Profit and loss account	12		(2,594,323)		(2,139,875)
Deficit			(594,323)		(2,139,874)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 27 June 2011, and are signed on their behalf by



W N Bullen

Company Registration Number: 04849181

The notes on pages 7 to 12 form part of these financial statements

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The company made a loss after taxation of £454,448 for the year ended 31 March 2011 and has a deficit of liabilities over assets of £594,323 at 31 March 2011. The company is supported by a loan facility from other group companies. The directors of Utilita Services Limited, the immediate parent company, have confirmed that it is their intention to make resources available, as necessary, for the company to continue trading for at least 12 months from the date of approval of these accounts.

The directors are not aware of any reason why the finance available from the parent company might be withdrawn. As a result they have adopted the going concern basis of accounting.

Turnover

Turnover represents sales of electricity and the value of services and facilities provided during the year. Turnover includes an estimate of the value of supplies of electricity to customers between the date of the last meter reading and the year end.

Acquisition costs

Externally incurred costs of customer acquisition are capitalised, classified as an asset on the balance sheet, and amortised over the estimated length of time that the customer remains with the company.

These costs were previously treated as deferred expenditure and carried as other debtors. In these accounts they have been reclassified as intangible fixed assets, with a restatement of comparative figures, and are amortised over a period of 5 years. In the previous year the write off period was 2 years. Had this change in accounting estimate not occurred the amortisation would have increased by £100,000 in the current year.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Acquisition costs - 5 years

Fixed assets

All fixed assets are initially recorded at cost.

Installation costs, when incurred on operating lease asset installations, were previously treated as deferred expenditure and carried as other debtors. In these accounts they have been reclassified as tangible fixed assets, with a restatement of comparative figures, and are depreciated over a period of 5 years. In the previous year the write off period was 2 years. Had this change in accounting estimate not occurred the depreciation would have increased by £92,000 in the current year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 15 years

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

1 Accounting policies *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Operating loss

Operating loss is stated after charging

	2011	2010 <i>(restated)</i>
	£	£
Directors' remuneration	—	—
Amortisation of intangible assets	40,575	127,941
Depreciation of owned fixed assets	37,830	115,914
Depreciation of assets held under finance lease agreements	62	—
	<u>62</u>	<u>—</u>

3. Taxation on ordinary activities

Corporation tax has been reduced to nil due to the availability of losses

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

4 Intangible fixed assets

	Acquisition costs (restated) £
Cost	
At 1 April 2010	305,287
Additions	126,015
At 31 March 2011	431,302
Amortisation	
At 1 April 2010	169,337
Charge for the year	40,575
At 31 March 2011	209,912
Net book value	
At 31 March 2011	221,390
At 31 March 2010	135,950

Customer acquisition costs have been capitalised and amortised over the estimated length of time that the customer remains with the company. This represents a change in accounting policy. In previous years the unamortised portion of these costs had been treated as prepayments and deferred income. No change to the amount written off in previous years has been made. In the current year the useful life has been reconsidered and the write off period extended from two to five years. Comparative figures have been restated for this change.

5 Tangible fixed assets

	Plant & Machinery (restated) £
Cost	
At 1 April 2010	296,295
Additions	108,993
At 31 March 2011	405,288
Depreciation	
At 1 April 2010	157,310
Charge for the year	37,892
At 31 March 2011	195,202
Net book value	
At 31 March 2011	210,086
At 31 March 2010	138,985

Installation costs, when incurred on operating lease asset installations, have been capitalised and depreciated over the estimated life of the asset. This represents a change in accounting policy. In previous years the undepreciated portion of these costs had been treated as prepayments and deferred income. No change to the amount written off in previous years has been made. In the current year the useful life has been reconsidered and the depreciation period extended from two to five years. Comparative figures have been restated for this change.

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

5 Tangible fixed assets *(continued)*

Finance lease agreements

Included within the net book value of £210,086 is £73,428 (2010 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £62 (2010 - £Nil).

6 Debtors

	2011 £	2010 <i>(restated)</i> £
Trade debtors	251,083	231,701
Amounts owed by group undertakings	300,000	—
VAT recoverable	1,407	4,240
Other debtors	42,948	22,063
	<u>595,438</u>	<u>258,004</u>

7. Creditors amounts falling due within one year

	2011 £	2010 £
Trade creditors	469,436	450,996
Amounts owed to group undertakings	640,084	1,805,687
Finance lease agreements	2,523	—
Other creditors	441,567	417,163
	<u>1,553,610</u>	<u>2,673,846</u>

8 Creditors amounts falling due after more than one year

	2011 £	2010 £
Finance lease agreements	<u>69,886</u>	<u>—</u>

Included within creditors falling due after more than one year is an amount of £54,806 (2010 - £Nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

9 Contingencies

Utilita Electricity Limited has guaranteed the banking facilities of Utilita Gas Limited, Utilita Services Limited, and Winchester Gas Distribution Ltd. At 31 March 2011 the balance outstanding under these guarantees was £nil (2010 £nil)

The bank holds a fixed and floating charge over all assets of the company

The company's hedging strategy aims to provide the company with protection against sudden and significant increases in energy prices while ensuring that the company is not competitively disadvantaged in a serious way in the event of a substantial fall in the price of energy. The strategy operates within limits set by the Board. The company's policy is not to trade in derivatives but to use these instruments to hedge anticipated expenses. The Financial Reporting Standard for Smaller Entities (effective April 2008) does not require the recognition of these amounts.

At 31 March 2011 the company has entered into a portfolio of forward contracts for the purchase of electricity. These contracts are capable of being bought and sold in an arm's length transaction. At 31 March 2011 the current market price for such contracts exceeds the price to which the company is committed by £294,000 (2010 the price to which the company was committed exceeded the then current market price for such contracts by £160,000). All of these contracts are for a period of less than one year.

10 Related party transactions

Throughout both years the company has been controlled by its parent undertaking, Utilita Group Limited. This company was the ultimate controlling party until 21 August 2009. From that date Secure Meters Limited became the ultimate controlling party through their indirect shareholding in Utilita Group Limited.

Utilita Electricity Limited purchased services of £1,549,687 (2010 £1,412,548) from other group companies during the year.

Utilita Electricity Limited had the following balances with other group undertakings as a result of group trading

	2011 £	2010 £
Amounts owed by group undertakings.		
Utilita Gas Limited	<u>300,000</u>	<u>-</u>
Amounts owed to group undertakings		
Utilita Services Limited	<u>640,084</u>	<u>1,805,687</u>

11 Share capital

Allotted, called up and fully paid

	2011 No	£	2010 No	£
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>1</u>	<u>1</u>

On 28 March 2011 Utilita Services Limited subscribed for 1,999,999 shares of £1 each, at par, to provide additional working capital for the company.

Utilita Electricity Limited

Notes to the Financial Statements

Year ended 31 March 2011

12 Profit and loss account

	2011 £	2010 £
Balance brought forward	(2,139,875)	(1,468,551)
Loss for the financial year	(454,448)	(671,324)
Balance carried forward	<u>(2,594,323)</u>	<u>(2,139,875)</u>

13 Post balance sheet events

On 30 June 2011 the company is due to acquire the assets, liabilities and trades of Utilita Gas Limited and Utilita Telecom Limited

14 Ultimate parent company

The ultimate parent company of Utilita Electricity Limited at the balance sheet date was Secure Meters Limited, a company incorporated in India

The parent of the smallest group for which group accounts including Utilita Electricity Limited are drawn up is Utilita Group Limited. Copies of these accounts may be obtained from the registered office

The parent of the largest group for which group accounts including Utilita Electricity Limited are drawn up is Secure Meters Limited