

# Elf Gas and Power Limited

## Report and Accounts

31 December 1999



# Elf Gas and Power Limited

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Registered No. 2172239

## **DIRECTORS**

D Legros (Chairman & Chief Executive)  
M Romieu  
B Le Borgne  
J Fournier  
R Kuriyan

## **SECRETARY**

P Adams

## **AUDITORS**

Ernst & Young  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **REGISTERED OFFICE**

30 Buckingham Gate  
London SW1E 6NN

# Elf Gas and Power Limited

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## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

### Results and dividends

The profit after taxation amounted to £13,251,609 in the year ended 31 December 1999 (31 December 1998 – loss £3,259,362). The directors do not propose a dividend in respect of the financial year (1998 – £Nil) leaving a total retained profit of £13,251,609. (1998 loss of £3,259,362).

### Review of the business and future developments

The activities of the company are to acquire gas supplies for sale to industrial, commercial, public sector and domestic customers. Turnover has increased during the year and the directors expect the current level of business to be maintained in the future.

On 9th February 2000, the Commission of the European Union gave clearance to the acquisition by TOTAL FINA S.A. of the majority of the share capital of Elf Aquitaine, Elf Gas & Power's ultimate parent company. From February 2000, EAGUK (Elf Gas & Power's parent company) has been in discussion with Total Gas Marketing Ltd on the optimum structure for the merger of the two businesses.

### Directors and their interests

The directors who served in the year were as follows:

D Legros	(Chairman & Chief Executive)	(French)
M Romieu		(French)
B Le Borgne		(French)
J Fournier		(French)
R Kuriyan		(French)
P Y Moussel	(Resigned 16 August 1999)	(French)

There are no directors interests requiring disclosure under the Companies Act 1985.

### Year 2000

As at the date of signing, EAGUK Ltd and its subsidiary companies has not experienced problems associated with handling dates in the year 2000 and beyond. Neither has the company been affected by any supplier of goods and services whose computers may have year 2000 date processing problems. EAGUK believes that its computers and software have been and are year 2000 compliant. EAGUK will continue to monitor the position closely throughout the year 2000 and beyond.

### Auditors

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Peter Adams

Secretary

Date : 10th August 2000

## STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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.

# Elf Gas and Power Limited

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## REPORT OF THE AUDITORS

to the members of Elf Gas and Power Limited

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

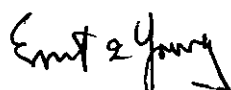
### Basis of opinion

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 affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

Date : 10 August 2000

# Elf Gas and Power Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31st December 1999

		1999	1998
	Notes	£	£
<b>Turnover</b>	3	513,986,332	389,362,614
Cost of sales – ordinary		(443,654,419)	(343,626,542)
- exceptional	14	4,230,718	4,351,914
Gross Profit		74,562,631	50,087,986
Distribution costs		(48,525,122)	(37,966,131)
Administrative expenses		(20,466,543)	(14,896,102)
Other operating income		6,831,210	464,042
<b>Operating Profit / (Loss)</b>	4	12,402,176	(2,310,205)
Profit on disposal of fixed assets		23,701	12,114
<b>Profit / (Loss) on ordinary activities before interest and taxation</b>		12,425,877	(2,298,091)
Interest receivable	7	1,090,730	2,709,625
Interest payable	8	(4,868,603)	(3,670,896)
<b>Profit / (Loss) on ordinary activities before taxation</b>		8,648,004	(3,259,362)
Tax on loss on ordinary activities	9	4,603,605	-
<b>Retained Profit / (Loss) for the year</b>	16	13,251,609	(3,259,362)

The company had no other recognised gains or losses during the year (1998 – nil).

# Elf Gas and Power Limited

## BALANCE SHEET

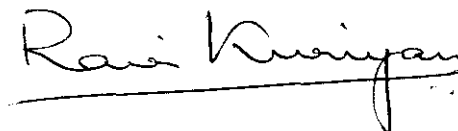
at 31st December 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	10	8,482,180	5,919,009
		<u>8,482,180</u>	<u>5,919,009</u>
<b>CURRENT ASSETS</b>			
Stock	11	2,495,246	1,286,653
Debtors	12	80,667,817	109,532,888
Cash at bank and in hand		431,908	6,913,576
		<u>83,594,971</u>	<u>117,733,117</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(144,617,315)	(185,213,181)
<b>Net Current Liabilities</b>		<u>(61,022,344)</u>	<u>(67,480,066)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(52,540,164)</u>	<u>(61,561,057)</u>
Provision for liabilities and charges	14	-	(4,230,718)
<b>NET ASSETS</b>		<u>(52,540,164)</u>	<u>(65,791,773)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1,819	1,819
Profit and loss account	16	(52,541,983)	(65,793,592)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(52,540,164)</u>	<u>(65,791,773)</u>

Didier Legros



Director



Date : 10<sup>th</sup> August 2000

# Elf Gas and Power Limited

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## NOTES TO THE ACCOUNTS

at 31st December 1999

### 1. Going Concern and post balance sheet events

Elf Petroleum UK PLC have confirmed that they will continue to provide financial support for a minimum of a 12 month period from the date of these accounts, in order that the company can continue to meet its liabilities as they fall due. Accordingly the directors consider it appropriate to prepare the accounts on a going concern basis.

### 2. ACCOUNTING POLICIES

#### Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Lease premium on short leasehold property	-	Up to the next rent review
Office equipment	-	4 years
Vehicles	-	4 years
Computer equipment	-	4 years

#### Pension Costs

The Company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from the employees' services. The pension cost is assessed using the Projected Unit cost method.

#### Operating leases

Rentals payable by the company under operating leases are charged to the profit and loss account as incurred.

#### Cash Flow Statement

In accordance with paragraph 5(a) of FRS1 (Revised) the company has not prepared a cash flow statement.

#### Group Accounts

In accordance with S228(2) of the Companies Act, the company is exempt from preparing group accounts.

#### Stock

Stock is stated at the lower of cost and net realisable value.

#### Gas and Electricity Derivatives

Gas and Electricity Derivatives are valued at the year-end market prices and resulting unrealised profits and losses are recognised in the result for the year. This is a departure from the valuation rules of Schedule 4 of the Companies Act 1985 where such revaluations should be taken to a revaluation reserve. However, the directors believe that the treatment adopted more fairly represents the activities of the company and is necessary to present a true and fair view.



# Elf Gas and Power Limited

## NOTES TO THE ACCOUNTS at 31st December 1999

### 3. Turnover

Turnover comprises the amounts derived from the provision of goods and services which fall within the company's ordinary activities, and is stated net of VAT.

The turnover and pre-tax profit is attributable to one activity, the sale of gas, a trade which is carried out wholly within the United Kingdom.

### 4. Operating profit / (loss)

Operating profit / (loss) is after charging/(crediting):

	1999	1998
	£	£
Operating lease rentals	533,180	472,592
Auditors' remuneration - audit services	67,157	68,000
- non audit services	4,024	39,175
Exceptional items: Release of provision on gas contracts	(4,230,718)	(4,351,914)
Depreciation	2,020,979	1,172,910

### 5. Directors' emoluments

	1999	1998
	£	£
Emoluments	-	122,169
Company contributions paid to a defined benefit pension scheme	-	7,493
	<u>1999</u>	<u>1998</u>
	No	No
Members of defined benefit pension schemes	-	1

# Elf Gas and Power Limited

## NOTES TO THE ACCOUNTS at 31st December 1999

### 6. Employee costs

	1999	1998
	£	£
Wages and salaries	5,163,496	4,721,131
Social security costs	559,042	521,850
Other pension costs	239,547	226,500
	<u>5,962,085</u>	<u>5,469,481</u>

The average number of employees during the year was 246 (1998 – 225):

	1999	1998
	Na	Na
Management	9	8
Administration	191	166
Sales and marketing	46	51
	<u>246</u>	<u>225</u>

### 7. Interest receivable

	1999	1998
	£	£
Bank interest	2,285	157,798
Interest received from third parties	1,088,445	-
Interest receivable from group undertakings	-	2,551,827
	<u>1,090,730</u>	<u>2,709,625</u>

### 8. Interest payable

	1999	1998
	£	£
Interest payable to group undertakings	4,868,603	3,670,896
	<u>4,868,603</u>	<u>3,670,896</u>

# Elf Gas and Power Limited

## NOTES TO THE ACCOUNTS at 31st December 1999

### 9. Taxation

	1999	1998
	£	£
Group Relief from other group companies	4,603,605	-

No charge is made for taxation in the year to 31 December 1999 due to the prior year losses brought forward by the company.

Payments for Group Tax Relief were received in 1999 for the 1998 losses.

### 10. Fixed assets

	<i>Short leasehold property</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Vehicles</i> £	<i>Total</i> £
Cost:					
At 1 January 1999	465,728	1,821,305	6,090,289	667,285	9,044,607
Additions	-	183,349	4,303,440	150,351	4,637,140
Disposals	-	-	(15,000)	(178,021)	(193,021)
At 31 December 1999	465,728	2,004,654	10,378,729	639,615	13,488,726
Depreciation:					
At 1 January 1999	234,575	883,563	1,779,373	228,087	3,125,598
Charge for the year	37,540	411,719	1,412,870	158,850	2,020,979
Disposals	-	-	(15,000)	(125,031)	(140,031)
At 31 December 1999	272,115	1,295,282	3,177,243	261,906	5,006,546
Net book value:					
At 31 December 1999	193,613	709,372	7,201,486	377,709	8,482,180
At 31 December 1998	231,153	937,742	4,310,916	439,198	5,919,009

# Elf Gas and Power Limited

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## NOTES TO THE ACCOUNTS at 31st December 1999

### 11. Stock

	1999	1998
	£	£
Gas held in storage	2,495,246	1,286,653

### 12. Debtors

	1999	1998
	£	£
Trade debtors	4,849,598	5,507,642
Owed by parent undertaking	-	1,136,588
Owed by group companies	5,248,385	38,962,338
VAT	193,954	461,393
Prepayments and accrued income	70,375,880	63,464,927
	<u>80,667,817</u>	<u>109,532,888</u>

# Elf Gas and Power Limited

## NOTES TO THE ACCOUNTS at 31st December 1999

### 13. Creditors: amounts falling due within one year

	1999	1998
	£	£
Trade creditors	(2,381,590)	(3,056,941)
Other creditors	(223,231)	(231,844)
Accruals and deferred income	(64,948,954)	(53,844,107)
Loan from Elf Petroleum UK plc	-	(121,994,289)
Owed to parent company	(77,063,540)	-
Owed to group companies	-	(6,086,000)
	<u>(144,617,315)</u>	<u>(185,213,181)</u>

### 14. Provisions for liabilities and charges

	1999	1998
	£	£
Balance brought forward at 1 January	(4,230,718)	(8,582,632)
Release of provision for losses on gas contracts (see note 18(a))	4,230,718	4,351,914
Balance carried forward at 31 December	<u>-</u>	<u>(4,230,718)</u>

# Elf Gas and Power Limited

## NOTES TO THE ACCOUNTS at 31st December 1999

### 15. Share capital

	1999	1998
	£	£
Authorised:		
Ordinary shares of £1 each	2,000	2,000
Preference share £1	1	1
	<u>2,001</u>	<u>2,001</u>
Issued, called up and fully paid:		
Ordinary shares of £1 each	1,818	1,818
Preference share £1	1	1
	<u>1,819</u>	<u>1,819</u>

### 16. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1998	1,819	(62,534,230)	(62,532,411)
Loss for the year	-	(3,259,362)	(3,259,362)
At 31 December 1998	<u>1,819</u>	<u>(65,793,592)</u>	<u>(65,791,773)</u>
Profit for the year	-	13,251,609	13,251,609
At 31 December 1999	<u>1,819</u>	<u>(52,541,983)</u>	<u>(52,540,164)</u>

# Elf Gas and Power Limited

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## NOTES TO THE ACCOUNTS at 31<sup>st</sup> December 1999

### 17. Financial commitments

- (a) The company has entered into gas purchase agreements whereby the company is required to make future minimum purchases of gas at agreed prices. At the balance sheet date the company had such purchase commitments amounting to approximately £283 million which fall due in the period up to 2008. Of this commitment some £124 million relates to contracts with Elf Exploration UK PLC.

At the year-end the directors assessed the value of these contracts and estimate that the previously provided loss of £4.2m is no longer required. This has been adjusted for within the accounts. (See note 14). The directors consider that the uncertainty as to the level of gas prices beyond 1999 is so great that the possibility of losses arising beyond that date cannot be evaluated and accordingly, no estimate has been made.

- (b) Annual commitments under operating leases are as follows:

	1999	1998
	£	£
Short leasehold property		
Leases expiry:		
Within one year	-	-
Within two to five years	-	-
Thereafter	533,180	472,592
	<u>533,180</u>	<u>472,592</u>

### 18. Related parties

The company has taken advantage of the exemption in paragraph 3(c) of FRS8 from disclosing transactions with related parties that are part of the Elf Group.

# Elf Gas and Power Limited

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## NOTES TO THE ACCOUNTS at 31st December 1999

### 19. Pension commitments

As mentioned in note 2, the company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The pension costs are determined with the help of independent qualified actuaries using the projected unit cost method.

Following the change of company names in 1999 as detailed in the Directors report, the name of the AGAS pension scheme was changed to become the EAGUK pension scheme. The change was effective as of 22 June 1999 by way of a deed dated 20 January 2000.

In January 1998, the actuaries to the then named AGAS Pension scheme completed their actuarial valuation of the scheme as at 1<sup>st</sup> September 1996, the date at which the scheme assets were transferred from the Energy and Technical Services scheme to the new AGAS scheme.

The results were as follows :-

Main assumptions :

Rate of return on investments (% per annum)	8.4
Rate of salary increases (% per annum)	7.0
Rate of pension increases (% per annum)	4.0
Market value of scheme assets (£'000s)	413.6
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	69%

Since the scheme inception date, the company has paid contributions at a rate of 9.6% of Pensionable Earnings, 2.3% of Pensionable Earnings greater than the normal company contribution rate. The maintenance of this contribution rate was expected to remove the past service deficit over a period of 5 years 4 months. A further actuarial valuation is being carried out as at 31 March 1999.

### 20. Ultimate parent company

The company's ultimate parent undertaking is Elf Aquitaine, a company registered in France. This is the largest group for which group accounts are prepared. One of the companies intermediate parent undertakings is Elf Petroleum UK PLC, a company registered in England. This is the smallest group for which group accounts are prepared.

Copies of the accounts of Elf Aquitaine can be obtained from Tour Elf, 2 Place de la Coupole, La Defense, Paris, France and copies of the accounts of Elf Petroleum UK PLC can be obtained from 30 Buckingham Gate, London, SW1E 6NN.