

COMPANY NO: 2223002

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

ANNUAL REPORT

◆ *Year ended 31 March 2001* ◆



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COMPANY INFORMATION

Directors Lord Ezra (resigned 30 June 2001)
 R L Cohen (resigned 30 June 2001)
 J C Banon (resigned 30 June 2001)
 J-L Guieze
 B Saint-Andre (resigned 30 June 2001)
 L Bermejo (resigned 30 June 2001)
 B J Lescoeur
 M-D Bucher (resigned 9 March 2001)
 P Gaillet (Appointed 28 September 2000)

Secretary Mrs E Gosden

Registered office Elizabeth House
 56-60 London Road
 Staines
 Middlesex TW18 4BQ

Registered number 2223002

Auditors RSM Robson Rhodes
 Chartered Accountants
 186 City Road
 London
 EC1V 2NU

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the Company is to provide advisory services in connection with the use of the cross-channel power link between the electricity grids of England & Wales and of France.

Future prospects

With effect from 30 June 2001, the company ceased to provide advisory services in connection with the cross-channel power link. In the coming year, the company will become dormant.

Results and dividends

The results for the period ended 31 March 2001 are set out in the profit and loss account on page 5.

The profit after taxation amounted to £773,774 in the financial year ended 31 March 2001 (2000: £3,976,195). A final dividend of £18,000 per share was paid on 25 June 2001. This compared to a total of £40,000 per share in respect of 2000. No further dividend is proposed and the retained loss for the year has been transferred to reserves.

Directors

The present directors of the Company are set out on page 1.

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom 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 period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

The auditors, RSM Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approval

The report of the directors was approved by the Board on *12 Sept* 2001 and signed on its behalf by:

Edna Gosden
.....

Mrs E Gosden
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ASSOCIATED ELECTRICITY SUPPLIES LTD**

We have audited the financial statements on pages 5 to 15.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

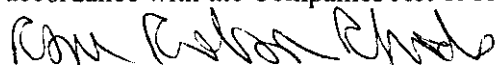
Basis of audit opinion

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.

Opinion

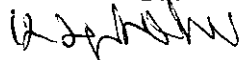
In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditor

London, England

2001



ASSOCIATED ELECTRICITY SUPPLIES LTD

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover: discontinuing operations	1,2	855,230	5,215,935
Employee costs	4	(469,271)	(378,131)
Depreciation of tangible fixed assets	10	(18,774)	(18,178)
Other operating charges	5	(1,024,128)	(227,298)
Operating (loss)/profit: discontinuing operations		<u>(656,943)</u>	<u>4,592,328</u>
Interest receivable and other income	6	1,761,960	1,018,626
Interest payable and other payments	7	-	(546)
Profit on ordinary activities before taxation		<u>1,105,017</u>	<u>6,610,408</u>
Tax on profit on ordinary activities	8	(331,243)	(1,634,213)
Profit on ordinary activities after taxation		<u>773,774</u>	<u>3,976,195</u>
Dividends paid and proposed	9	(1,800,000)	(4,000,000)
Retained loss for the financial year		<u><u>(1,026,226)</u></u>	<u><u>(23,805)</u></u>

There were no recognised gains and losses or other movements in shareholders' funds for the current or preceding financial year other than as stated in the profit and loss account.

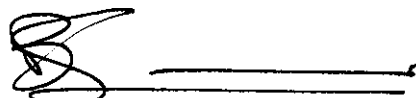
Notes on pages 8 to 15 form part of these accounts.

ASSOCIATED ELECTRICITY SUPPLIES LTD

BALANCE SHEET for the year ended 31 March 2001

	Note	2001 £	2000 £
Fixed assets	10	2,160	24,990
Current assets			
Debtors	11	3,058,907	7,173,238
Cash at bank and in hand		15,225	8,201
Creditors			
Amounts falling due within one year	12	(2,964,027)	(6,067,938)
Total assets less current liabilities		<u>110,105</u>	<u>1,113,501</u>
Total net assets		<u>112,265</u>	<u>1,138,491</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	112,165	1,138,391
Equity shareholders' funds		<u>112,265</u>	<u>1,138,491</u>

The financial statements were approved by the Board on 12 September 2001 and signed on its behalf by.


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Director

ASSOCIATED ELECTRICITY SUPPLIES LTD

STATEMENT OF CASHFLOWS
for the year ended 31 March 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	15	5,734,195	6,382,208
Return on investments and servicing of finance			
Interest received		249,783	356,975
Interest paid		-	(4,275)
		<u>5,983,978</u>	<u>6,734,908</u>
Taxation			
Corporation tax paid		(1,981,015)	(3,916,009)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,740)	(15,066)
Sale proceeds of tangible fixed assets		7,800	975
		<u>4,060</u>	<u>(14,091)</u>
Net cash outflow from capital expenditure and financial investment			
Equity dividend paid		(4,000,000)	(2,800,000)
		<u>7,023</u>	<u>4,808</u>
Net cash inflow/(outflow) before use of liquid resources and financing			
		<u>7,023</u>	<u>4,808</u>
Increase in cash in the year	16	<u>7,023</u>	<u>4,808</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company ceased its trading activity effective from 30 June 2001.

Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax.

Depreciation

The depreciation policy has been changed to take account of the planned cessation of trade that is due to take place in 2001. Depreciation is provided on all tangible assets evenly over their expected useful lives as follows:

Office equipment	2 to 5 years (previously 3 to 5 years)
Motor vehicles	2 to 4 years (previously 4 years)

Leasing

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

The lease commitments are underwritten by the parent company.

Deferred taxation

Provision is made for deferred taxation using the liability method on short term timing differences and on all other material timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from employees' services.

2. SEGMENTAL ANALYSIS

The turnover and profit on ordinary activities before taxation arise primarily from France and are attributable to the principal activity of the business.

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging

	2001	2000
	£	£
Operating lease rentals	92,000	92,000
Auditors' remuneration	6,000	5,000
Depreciation	18,774	18,178

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2001****4. EMPLOYEE COSTS**

	Year ended 31 March	
	2001	2000
	£	£
Wages and salaries	388,157	322,612
Social security costs	49,587	30,583
Pension costs	31,527	24,936
	<u>469,271</u>	<u>378,131</u>
Average number of employees	<u>5</u>	<u>5</u>

5. EMOLUMENTS OF DIRECTORS

	2001	2000
	£	£
Emoluments (excluding pension contributions)	<u>151,159</u>	<u>99,133</u>
Number of directors who are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

6. INTEREST RECEIVABLE AND OTHER INCOME

	2001	2000
	£	£
Interest receivable from parent company	222,384	339,911
Interest receivable from Inland Revenue	10,488	-
Bank interest receivable	739	812
Other income	1,528,349	677,903
	<u>1,761,960</u>	<u>1,018,626</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2001****7. INTEREST PAYABLE AND OTHER PAYMENTS**

	2001	2000
	£	£
Interest payable to an associated company	-	546
	<u>-</u>	<u>546</u>
	<u>-</u>	<u>546</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge on the profit on ordinary activities for the year comprises:

	2001	2000
	£	£
UK Corporation Tax at 30%	324,239	1,640,569
Deferred tax asset at 30%	7,004	(6,356)
	<u>331,243</u>	<u>1,634,213</u>
	<u>331,243</u>	<u>1,634,213</u>

9. DIVIDENDS PAID AND PROPOSED

	2001	2000
	£	£
Dividend of £18,000 per share paid on 25 June 2001	1,800,000	4,000,000
	<u>1,800,000</u>	<u>4,000,000</u>
	<u>1,800,000</u>	<u>4,000,000</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2001****10. TANGIBLE FIXED ASSETS**

	Office Equipment £	Motor Vehicles £	Total £
Cost:			
1 April 2000	74,683	56,571	131,254
Additions	3,740	-	3,740
Disposals	-	(56,571)	(56,571)
31 March 2001	<u>78,423</u>	<u>-</u>	<u>78,423</u>
Depreciation:			
1 April 2000	65,011	41,252	106,264
Charge for the year	11,252	7,522	18,774
Disposals	-	(48,774)	(48,774)
31 March 2001	<u>76,263</u>	<u>-</u>	<u>76,263</u>
Net book value:			
31 March 2001	<u>2,160</u>	<u>-</u>	<u>2,160</u>
31 March 2000	<u>9,672</u>	<u>15,318</u>	<u>24,990</u>

11. DEBTORS

	2001 £	2000 £
Amounts owed by parent company	2,491,565	5,675,206
Trade debtors	497,328	1,452,328
Prepayments and accrued income	41,250	28,677
Other debtors	28,765	17,027
	<u>3,058,908</u>	<u>7,173,238</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2001****12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Corporation tax	310,295	1,960,067
Dividends	1,800,000	4,000,000
Trade creditors	6,782	7,791
Other creditors	6,804	6,569
Accruals and deferred income	140,146	93,511
Provision for company closure	700,000	-
	<u>2,964,027</u>	<u>6,067,938</u>

13. CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Ordinary shares of £1 each:		
Authorised issued and fully paid	100	100
	<u>100</u>	<u>100</u>

14. RESERVES

	2001	2000
	£	£
Balance on 1 April 2000	1,138,391	1,162,196
Retained loss for the year	(1,026,226)	(23,805)
Balance at 31 March 2001	<u>112,165</u>	<u>1,138,391</u>

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	£	£
Operating profit	(656,943)	4,592,328
Depreciation	18,774	18,178
Operating expenses reimbursed	1,512,173	623,607
Decrease/(increase) in debtors	4,114,330	1,092,669
(Decrease)/increase in creditors	745,861	55,426
Net cash inflow from operating activity	<u>5,734,195</u>	<u>6,382,208</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2001****16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2001	2000
	£	£
Increase in cash in the year	7,023	4,808
Net funds at 1 April	8,201	3,393
Net funds at 31 March	<u>15,224</u>	<u>8,201</u>

17. ANALYSIS OF NET FUNDS

	31 March 2000 £	Cashflow £	31 March 2001 £
Net cash:			
Cash at bank and in hand	8,201	7,023	15,225
	<u>8,201</u>	<u>7,023</u>	<u>15,224</u>

18. FINANCIAL COMMITMENTS

The annual level of commitment under non-cancellable operating leases was as follows:

	2001	2000
	£	£
Land and buildings:		
Operating leases which expire after 5 years	<u>92,000</u>	<u>92,000</u>

ASSOCIATED ELECTRICITY SUPPLIES LTD**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2001

19. RELATED PARTY TRANSACTIONS

	31 March 2001 £
Transactions with Electricité de France	
Turnover	855,230
Interest receivable	1,528,345
Dividends payable	450,000
 Amounts due from Electricité de France	 497,328
 Transactions with Dalkia plc, one of the parent companies	 222,384
 Amounts due from Dalkia plc	 2,491,565
 Transactions with A.H.S. Limited, one of the parent companies:	
Interest receivable and other income	1,350,000

20. DEFERRED TAX ASSET

	Provided £	Unprovided £
Brought forward at 1 April 2000	6,356	-
Released in the period	(7,004)	-
 Carried forward at 31 March 2001	 <u>(648)</u>	 <u>-</u>

21. POST BALANCE SHEET EVENTS

With effect from 30 June 2001, the company ceased to provide advisory services in connection with the cross-channel power link.

22. PENSION COMMITMENTS

All of the employees of the company are members of a group defined benefit pension scheme. The assets of the scheme are controlled and invested by the Trustees independently of the finances of the group companies concerned. Contributions to the scheme are funded on the basis of rates recommended by independent actuaries at the time of their triennial valuations, the most recent of which was carried out on 1 April 1999.

The total pension cost for the year was £31,527 (2000: £24,936).

Details of the pension scheme can be found in the accounts of Dalkia plc.

ASSOCIATED ELECTRICITY SUPPLIES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

23. PARENT UNDERTAKINGS

The company is a 75% subsidiary of A.H.S. Limited, itself a wholly owned subsidiary of Dalkia plc, registered in England and Wales. The ultimate parent company and ultimate controlling party is Vivendi Universal S.A. incorporated in France. The results for the year are incorporated in the group accounts of both the parent companies. Copies of the accounts of Dalkia plc and Vivendi Universal S.A. can be obtained from:

Dalkia plc
Elizabeth House
56-60 London Road
Staines
Middlesex TW18 4BQ

Vivendi Universal S.A.
42, avenue Friedland
75380 Paris Cedex 08
France