

Registered number : 2223002

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

REPORT AND ACCOUNTS

31st March 2000



ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Name	Executive / non executive	Nationality
Lord Ezra	Chairman / Non-executive	British
R L Cohen	Managing Director / Executive	British
J C Banon	Non executive	French
J -L Guièze	"	French
B Saint-André	"	French
L Bermejo (appointed 11th June 1999)	"	French
B J Lescoeur (appointed 11th June 1999)	"	French
M -D Bucher (appointed 10th March 2000)	"	French

SECRETARY AND REGISTERED OFFICE

Mrs E Gosden
Buchanan House, 24-30 Holborn, London EC1N 2LX

AUDITORS

RSM Robson Rhodes
186 City Road, London EC1V 2NU

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31st March 2000.

PRINCIPAL ACTIVITY

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

In the coming year, the company will continue to provide advisory services in connection with the cross-channel power link and with the supply and consumption of electricity in the United Kingdom.

RESULTS AND DIVIDENDS

The profit after taxation amounted to £3,976,195 in the financial year ended 31st March 2000, as compared with a profit of £3,004,181 in the year ended 31st March 1999. A final dividend of £40,000 per share was paid on 3rd July, 2000. This compared to a total of £28,000 per share in respect of 1999. No further dividend is proposed and the retained loss for the year has been transferred to reserves.

DIRECTORS

The names of the present directors are given on page 3. Mr L Bermejo and Mr B.J.Lescoeur were appointed to the Board on 11th June 1999. Mr P Lederer was appointed to the Board on 11th June 1999, and resigned 9th June 2000. Mr P Flahaut resigned from the Board on 11th June 1999. Mrs M-D Bucher was appointed to the Board on 10th March 2000.

DIRECTORS' INTERESTS

There are no directors' interests requiring disclosure under the Companies Act 1985 in the company or any other group company.

YEAR 2000

Many of the world's computer systems used a two digit format to indicate the year. If not modified, these computer systems might have been unable to recognise properly dates beyond the year 1999, which could have lead to systems failures and business disruption.

The Year 2000 compliance programme was completed on time and no systems failures have occurred. The costs of this programme have been charged to the profit and loss account as incurred and are not material.

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

AUDITORS

Deloitte and Touche resigned as auditors during the year and RSM Robson Rhodes were appointed in their place. A resolution to re-appoint RSM Robson Rhodes as auditors will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF 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 as at the end of the financial year 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 judgments and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed; 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. 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.

Approved by the Board of Directors and signed on behalf of the Board



Mrs E Gosden
Company Secretary
8th September 2000

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED ELECTRICITY SUPPLIES LIMITED

We have audited the financial statements on pages 7 to 16 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 financial statements. It also includes an assessment of the significant estimates and judgments 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 mis-statement, 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 the company's affairs as at 31st March 2000 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 Auditors
186 City Road
London
EC1V 2NU

8th September 2000

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT - YEAR ENDED 31st MARCH 2000

	Notes :	Continuing operations 1999/2000 £	Continuing operations 1998/1999 £
TURNOVER	1b, 2	5,215,935	3,907,854
Employee costs	3	(378,131)	(271,843)
Depreciation of tangible fixed assets	10	(18,178)	(16,210)
Other operating charges	5	(227,298)	(270,875)
		<u>(623,607)</u>	<u>(558,928)</u>
OPERATING PROFIT		4,592,328	3,348,926
Interest receivable and other income	6	1,018,626	1,086,837
Interest payable and other payments	7	<u>(546)</u>	<u>(6,066)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,610,408	4,429,697
Tax on profit on ordinary activities	8	<u>(1,634,213)</u>	<u>(1,425,516)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,976,195	3,004,181
Dividends paid and proposed	9	<u>(4,000,000)</u>	<u>(2,800,000)</u>
RETAINED LOSS FOR THE YEAR		<u><u>(23,805)</u></u>	<u><u>204,181</u></u>
STATEMENT OF RETAINED PROFITS			
Balance at 1st April		1,162,196	958,015
Retained loss for the year		<u>(23,805)</u>	<u>204,181</u>
Balance at 31st March		<u><u>1,138,391</u></u>	<u><u>1,162,196</u></u>

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

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

BALANCE SHEET - 31st MARCH 2000

	Notes :	31/03/2000 £	31/03/1999 £
FIXED ASSETS	10	24,990	28,113
CURRENT ASSETS			
Debtors	11	7,173,238	8,225,097
Cash at bank and in hand		<u>8,201</u>	<u>3,393</u>
		7,181,439	8,228,490
CREDITORS			
Amounts falling due within one year	12	<u>(6,067,938)</u>	<u>(7,094,307)</u>
NET CURRENT ASSETS		<u>1,113,501</u>	<u>1,134,183</u>
TOTAL NET ASSETS		<u><u>1,138,491</u></u>	<u><u>1,162,296</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>1,138,391</u>	<u>1,162,196</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>1,138,491</u></u>	<u><u>1,162,296</u></u>

These financial statements were approved by the Board of Directors on 8th September 2000.

Signed on behalf of the Board of Directors by :



Lord Ezra

Chairman

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

STATEMENT OF CASH FLOWS - YEAR ENDED 31st MARCH 2000

	Notes :	1999/2000 £	1998/1999 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	6,382,208	2,758,976
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		356,975	689,867
Interest paid		<u>(4,275)</u>	<u>(4,825)</u>
Net cash inflow from returns on investments and servicing of finance		<u>352,700</u>	<u>685,042</u>
		6,734,908	3,444,018
TAXATION			
Corporation tax paid		(3,916,009)	(933,184)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(15,066)	(14,621)
Sale proceeds of tangible fixed assets		<u>975</u>	<u>0</u>
Net cash outflow from capital expenditure and financial investment		(14,091)	(14,621)
EQUITY DIVIDEND PAID		<u>(2,800,000)</u>	<u>(2,500,000)</u>
NET CASH INFLOW / (OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING	15	<u>4,808</u>	<u>(3,787)</u>
(DECREASE) / INCREASE IN CASH IN THE YEAR		<u>4,808</u>	<u>(3,787)</u>
Reconciliation of net cash flow to movement in net debt			
		£	
Increase in cash in the year		4,808	
Net funds at 1 April 1999		<u>3,393</u>	
Net funds at 31 March 2000		<u>8,201</u>	

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

a) Accounting convention

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

b) 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.

c) Depreciation

Depreciation is provided on all tangible assets evenly over their expected useful lives as follows :

Office equipment	3 to 5 years
Motor vehicles	4 years

d) Leasing

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

e) 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.

f) 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.

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

3. Employee costs

	1999/2000	1998/1999
	£	£
Wages and salaries	322,612	230,198
Social security costs	30,583	21,636
Pension costs	24,936	18,545
Other	0	1,464
	<u>378,131</u>	<u>271,843</u>
Average number of employees during the year	<u>5</u>	<u>5</u>

4. Emoluments of directors

	1999/2000	1998/1999
	£	£
Emoluments (excluding pension contributions)	<u>99,133</u>	<u>80,074</u>
Number of directors who are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

5. Other operating charges

	1999/2000	1998/1999
	£	£
Other operating charges includes :		
Operating lease rentals	92,000	92,000
Auditors' remuneration	<u>5,000</u>	<u>5,000</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

6. Interest receivable and other income

	1999/2000 £	1998/1999 £
Interest receivable from parent company	339,911	404,831
Bank interest receivable	812	906
Other income	677,903	681,100
	<u>1,018,626</u>	<u>1,086,837</u>

7. Interest payable and other payments

	1999/2000 £	1998/1999 £
Interest payable to an associated company	<u>546</u>	<u>6,066</u>

8. Tax on profit on ordinary activities

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

	1999/2000 £	1998/1999 £
UK Corporation Tax at 30%	1,640,569	1,425,516
Deferred tax asset at 30%	(6,356)	0
	<u>1,634,213</u>	<u>1,425,516</u>

9. Dividends paid and proposed

	1999/2000 £	1998/1999 £
Dividend of £40,000 per share paid on 3rd July, 2000 (1998/1999 - £28,000)	4,000,000	2,800,000
	<u>4,000,000</u>	<u>2,800,000</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

10. Tangible fixed assets

	Office equipment £	Motor vehicles £	Total £
Cost :			
1st April 1999	86,161	61,431	147,592
Additions	4,338	10,728	15,066
Disposals	(15,816)	(15,589)	(31,405)
31st March 2000	<u>74,683</u>	<u>56,570</u>	<u>131,253</u>
Depreciation :			
1st April 1999	71,343	48,136	119,479
Charge for the year	9,473	8,705	18,178
Disposals	(15,805)	(15,589)	(31,394)
31st March 2000	<u>65,011</u>	<u>41,252</u>	<u>106,263</u>
Net book value :			
31st March 1999	<u>14,818</u>	<u>13,295</u>	<u>28,113</u>
31st March 2000	<u>9,672</u>	<u>15,318</u>	<u>24,990</u>

11. Debtors

	31/03/2000 £	31/03/1999 £
Amounts owed by parent company	5,675,206	8,141,568
Trade debtors	1,452,328	38,751
Prepayments and accrued income	28,677	6,878
Other debtors	17,027	37,900
	<u>7,173,238</u>	<u>8,225,097</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

12. Creditors - amounts falling due within one year

	31/03/2000	31/03/1999
	£	£
Corporation tax	1,960,067	4,241,863
Dividends	4,000,000	2,800,000
Trade Creditors	7,791	23,379
Other Creditors	6,569	0
Accruals and deferred income	93,511	29,065
	<u>6,067,938</u>	<u>7,094,307</u>

13. Called up share capital

	31/03/2000	31/03/1999
	Number	Number
Ordinary shares of £1 each :		
Authorised, issued and fully paid	<u>100</u>	<u>100</u>

14. Reconciliation of operating profit to net cash inflow from operating activities

	1999/2000	1998/1999
	£	£
Operating profit	4,592,328	3,348,926
Depreciation	18,178	16,210
Operating expenses reimbursed	623,607	558,927
Decrease / (Increase) in debtors	1,092,669	(1,201,680)
(Decrease)/ Increase in creditors	55,426	36,593
Net cash inflow from operating activities	<u>6,382,208</u>	<u>2,758,976</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

15. Analysis of net funds

	31/03/1999	Cashflow	31/03/2000
	£	£	£
Net cash :			
Cash at bank and in hand	3,393	4,808	8,201
	<u>3,393</u>	<u>4,808</u>	<u>8,201</u>

16. Financial commitments

	1999/2000	1998/1999
	£	£
The annual level of commitment under non-cancelable operating leases was as follows :		
Land and buildings :		
Operating leases which expire after 5 years	<u>92,000</u>	<u>92,000</u>

17. Related party transactions

	31/03/2000
	£
Transactions with Electricité de France, an associated company :	
Turnover	5,215,935
Interest receivable and other income	676,939
Interest payable	546
Dividends payable	1,000,000
Amounts due from Electricité de France	1,452,328
Transactions with Dalkia Group plc, one of the parent companies:	
Interest receivable and other income	339,911
Transactions with AHS Limited, one of the parent companies:	
Dividends payable	3,000,000
Amounts due from Dalkia Group plc	5,675,206

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

18. Deferred Tax Asset

	Provided	Unprovided
	£	£
Brought forward at 1st April 1999	0	6,057
Provided in the period	6,356	0
Released in the period	0	(6,057)
Carried forward at 31st March 2000	<u>6,359</u>	<u>0</u>

19. 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 1st April 1999.

The total pension cost for the year was £24,936 (1998/99 - £18,545).

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

20. 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 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 can be obtained from :

Dalkia plc
Buchanan House
24 – 30 Holborn
EC1N 2LX

Vivendi
42, avenue de Friedland
75380 Paris Cedex 08
France