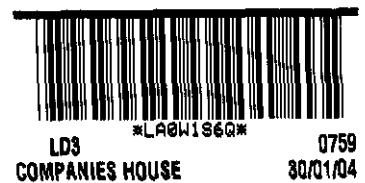


ASSOCIATED ELECTRICITY SUPPLIES LIMITED

Registered Number 2223002

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2003



CONTENTS

Page:

2	Directors' report
3	Statement of directors' responsibilities
4	Auditors' report
6	Profit and loss account
7	Balance sheet
8	Notes to the financial statements

Directors

H A E Cadoux-Hudson
R I Higson

Secretary

R I Higson

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activity

The principal activity of the Company was 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. On 30 June 2001, the company ceased trading.

On 12 November 2001, A.H.S. Limited sold its 75% share in the Company to EDF Energy (UK) Ltd (formerly EDF (UK) Ltd). This made EDF Energy (UK) Ltd the sole shareholder in the Company.

Results and dividends

The profit for the year, after taxation, amounted to £1,690 (2002: £45,130). The directors do not recommend a final ordinary dividend.

Future developments

It is proposed to make the company dormant in the coming year.

Directors and their interests

Directors who held office during the year and subsequently were as follows:

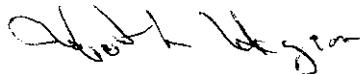
B J Lescoeur	Resigned 31 July 2003
P Gaillet	Resigned 31 July 2003
H A E Cadoux-Hudson	Appointed 31 July 2003
R I Higson	Appointed 31 July 2003

There are no contracts of significance during or at the end of the financial year in which a director of the Company was materially interested. None of the directors who held office at the end of the financial period had an interest in the shares of the Company or any other Group company.

Auditors

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



R I Higson
Company Secretary

Date 30 JAN 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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;
- 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED ELECTRICITY SUPPLIES LIMITED

We have audited the Company's financial statements for the year ended 31 March 2003 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED ELECTRICITY SUPPLIES
LIMITED Continued**

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

Date **30 JAN 2004**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003**

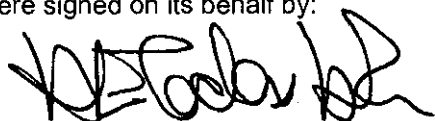
	Note	2003 £	2002 £
Turnover : discontinued operations	2	-	36,790
Gross profit		-	36,790
Administrative expenses		(452)	(17,583)
Operating (loss)/profit	3	(452)	19,207
(Loss) / profit on ordinary activities before interest and taxation		(452)	19,207
Interest receivable	6	2,866	35,232
Profit on ordinary activities before taxation		2,414	54,439
Tax on profit on ordinary activities	7	(724)	(9,309)
Profit for the financial year		1,690	45,130
Profit retained for the financial year	10	1,690	45,130

There were no recognised gains or losses other than the profit of £1,690 for the year ended 31 March 2003 (2002: profit of £45,130).

**BALANCE SHEET
AT 31 MARCH 2003**

	Note	2003 £	2002 £
Current assets			
Cash		290,341	287,857
Creditors (amounts falling due within one year)	8	(131,256)	(130,462)
Net current assets		159,085	157,395
Net assets		159,085	157,395
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	158,985	157,295
Equity shareholder's funds		159,085	157,395

The accounts on pages 6 to 13 were approved by the Board of directors on **30 JAN 2004**
and were signed on its behalf by:



H A E Cadoux-Hudson
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. The company ceased trading on 30 June 2001.

Cash flow statement

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group which produces publicly available financial statements.

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 that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, this is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or eliminated by capital losses.
- 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 taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured 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 substantively enacted at the balance sheet date.

Previously deferred tax was provided for in respect of timing differences to the extent that it was probable that a liability would crystallise in the foreseeable future. This resulted in full recognition of deferred tax.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term (refer to note 11).

Pensions

The Company operated a defined benefit pension scheme. The cost of providing pensions in respect of a defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The pension cost was assessed in accordance with the advice of qualified actuaries.

NOTES TO THE FINANCIAL STATEMENTS Continued

2. Turnover

Turnover, which is stated net of value added tax, arose primarily from France and was attributable to the provision of services which fell within the company's ordinary activities, stated net of value added tax.

3. Operating profit/(loss)

	2003 £	2002 £
This is stated after charging:		
Depreciation of owned fixed assets	-	420
Operating lease rentals - land and buildings (see note 11)	-	23,000

Auditors' remuneration of £5,000 (2002: £5,000) was met by EDF Energy plc. Operating lease rentals of £92,000 (2002: £69,000) were borne by EDF Energy plc (see note 11).

4. Directors' emoluments

	2003 £	2002 £
Emoluments	-	39,015

	2003 Number	2002 Number
Members of defined benefit pension scheme	-	1

	2003	2002 £
Amounts paid in respect of compensation for loss of office for Mr R L Cohen were as follows:		
Cash benefits	-	526,561
Non cash benefits	-	59,149

The non-cash benefit was a pension scheme contribution. The compensation for loss of office was fully provided for in the year to 31 March 2001 as part of the provision for company closure. Mr R L Cohen resigned as a director on 30 June 2001.

All other directors are employees of companies within the Electricité de France Group and did not receive any remuneration from the Company during the year.

5. Staff costs

	2003 £	2002 £
Wages and salaries	-	46,713
Social security costs	-	11,473
Other pension costs	-	7,473
	-	65,659

NOTES TO THE FINANCIAL STATEMENTS Continued

The monthly average number of employees during the year was as follows:

	2003 Number	2002 Number
Administration	-	2

6. Interest receivable

	2003 £	2002 £
Interest receivable from Dalkia plc	-	29,552
Bank interest receivable	2,866	5,680
	2,866	35,232

NOTES TO THE FINANCIAL STATEMENTS Continued

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax

	2003 £	2002 £
UK corporation tax charge on profits of the year	(724)	(17,493)
Adjustment in respect of previous years	-	7,537
Total current tax charge (Note (b))	(724)	(9,956)

UK deferred tax

Origination and reversal of timing differences	-	647
Total deferred tax credit	-	647
Tax charge on profit on ordinary activities	(724)	(9,309)

(b) Factors affecting tax charge for the year:

	2002 £	2001 £
The tax assessed for the period is at the standard rate of corporation tax in the UK (30%).		
Profit on ordinary activities before tax	2,414	54,439
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(724)	(16,332)
Effect of:		
Adjustment to prior year tax charge	-	7,537
Disallowed expenses and non-taxable income	-	(1,161)
Current tax charge for the period	(724)	(9,956)

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to other group companies	104,776	19,531
Corporation tax	19,455	102,044
Other creditors	7,025	6,955
Accruals	-	1,932
	131,256	130,462

9. Share capital

Authorised

	2003 £	2002 £
Ordinary shares of £1 each	100	100

Allotted, called up and fully paid

	2003 Number	2002 Number	2003 £	2002 £
Ordinary shares of £1 each	100	100	100	100

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 April 2001	100	112,165	112,265
Retained profit for the year	-	45,130	45,130
At 31 March 2002	100	157,295	157,395
Retained profit for the year	-	1,690	1,690
At 31 March 2003	100	158,985	159,085

NOTES TO THE FINANCIAL STATEMENTS Continued

11. Other financial commitments

At 31 March 2003, the Company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2003	2002
	£	£
Operating leases which expire:		
In over five years	92,000	92,000
	92,000	92,000

The lease is in respect of the property formerly occupied by AES Limited. As the Company has ceased trading, EDF Energy plc (formerly London Electricity Group plc) now manages this property and sublets it to third parties. Consequently, these operating lease rentals are borne by EDF Energy plc. However, there is still a legal commitment on AES Limited to meet these operating lease rentals as they fall due.

12. Related parties

In accordance with FRS 8 'Related party disclosures', the company is exempt from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

13. Parent undertaking and controlling party

EDF Energy (UK) Ltd (formerly EDF (UK) Ltd) holds a 100% interest in Associated Electricity Supplies Limited and is considered to be the immediate parent company.

At 31 March 2003, 'Electricité de France' (EDF), a French state owned company is regarded by the directors as the company's ultimate parent company. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.