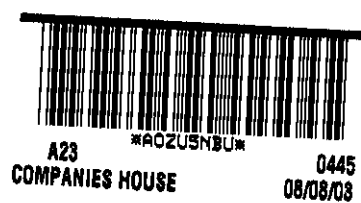


ASSOCIATED ELECTRICITY SUPPLIES LIMITED

Registered Number 2223002

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2002



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Directors

B J Lescoeur
P Gaillet

Secretary

R I Higson

Auditors

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

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 2002.

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 £45,130 (2001: loss of £1,026,226). The directors do not recommend a final ordinary dividend. In 2001, dividends of £1,800,000 were paid.

Future developments

It is proposed to make the company dormant in 2003.

Directors and their interests

Directors who held office during the year were as follows:

Lord D Ezra	(Resigned 30 June 2001)
R L Cohen	(Resigned 30 June 2001)
J C Banon	(Resigned 30 June 2001)
B Saint-Andre	(Resigned 30 June 2001)
L P Bermejo	(Resigned 30 June 2001)
B J Lescoeur	
P Gaillet	

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.

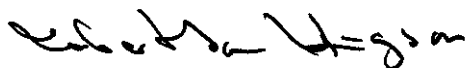
Auditors

RSM Robson Rhodes resigned as auditors in 2002. Ernst & Young LLP were appointed as auditors on 1 May 2003.

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

DIRECTORS' REPORT Continued

By order of the Board

A handwritten signature in black ink, appearing to read 'R I Higson', written in a cursive style.

R I Higson
Company Secretary

Date **31 JUL 2003**

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 2002 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 18. 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

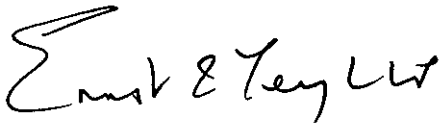
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name.

Ernst & Young LLP
Registered Auditor
London

Date **31 JUL 2003**

ASSOCIATED ELECTRICITY SUPPLIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2002

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002**

	<i>Note</i>	2002 £	2001 £
Turnover : discontinued operations	2	36,790	855,230
Gross profit		36,790	855,230
Administrative expenses		(17,583)	(1,512,173)
Operating profit/(loss)		19,207	(656,943)
Profit/(loss) on ordinary activities before interest and taxation		19,207	(656,943)
Interest receivable	6	35,232	1,761,960
Profit on ordinary activities before taxation		54,439	1,105,017
Tax on profit on ordinary activities	7	(9,309)	(331,243)
Profit for the financial year		45,130	773,774
Dividends	8	-	(1,800,000)
Profit/(loss) retained for the financial year	14	45,130	(1,026,226)


There were no recognised gains or losses other than the profit of £45,130 for the year ended 31 March 2002 (2001:profit of £773,774).

ASSOCIATED ELECTRICITY SUPPLIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2002

BALANCE SHEET
AT 31 MARCH 2002

	<i>Note</i>	2002 £	2001 £
Fixed assets			
Tangible assets	9	-	2,160
		-	2,160
Current assets			
Debtors falling due within one year	10	-	3,058,907
Cash		287,857	15,225
		287,857	3,074,132
Creditors (amounts falling due within one year)	11	(130,462)	(2,263,379)
Net current assets		157,395	810,753
Total assets less current liabilities		157,395	812,913
Provision for liabilities and charges	12	-	(700,648)
Net assets		157,395	112,265
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	157,295	112,165
Equity shareholder's funds		157,395	112,265

The accounts on pages 7 to 16 were approved by the Board of Directors on **31 JUL 2003** and were signed on its behalf by:



B J Lescoeur
Director

Date **31 JUL 2003**

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.

In preparing the financial statements for the current year, the Company has adopted FRS 19 'Deferred taxation'. The adoption of FRS 19 'Deferred taxation' has resulted in a change in accounting for deferred tax, from a partial to a full provision basis. The effect on the company's profit and loss account and balance sheet for the years ended 31 March 2001 and 31 March 2002 is not material.

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.

Tangible fixed assets

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Cost includes staff costs where employees participate directly in the construction of assets.

Depreciation

Depreciation was provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life.

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.

NOTES TO THE FINANCIAL STATEMENTS Continued

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.

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 is assessed in accordance with the advice of qualified actuaries.

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)

	2002	2001
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	420	18,774
Auditors' remuneration (paid by Group)	5,000	6,000
Operating lease rentals – land and buildings (see note 16)	92,000	92,000

4. Directors' emoluments

	2002	2001
	£	£
Emoluments	39,015	151,159

	2002	2001
	Number	Number
Members of defined benefit pension scheme	1	1

Amounts paid in respect of compensation for loss of office for Mr R L Cohen were as follows: 2002
£

Cash benefits	526,561
Non cash benefits	59,149

NOTES TO THE FINANCIAL STATEMENTS Continued

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.

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

	2002	2001
	£	£
Wages and salaries	46,713	388,157
Social security costs	11,473	49,587
Other pension costs	7,473	31,527
	<hr/> 65,659	<hr/> 469,271

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

	2002	2001
	Number	Number
Administration	2	5

6. Interest receivable

	2002	2001
	£	£
Interest receivable from Dalkia plc	29,552	232,872
Bank interest receivable	5,680	739
Other income	-	1,528,349
	<hr/> 35,232	<hr/> 1,761,960

NOTES TO THE FINANCIAL STATEMENTS Continued

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax

	2002 £	2001 £
UK corporation tax charge on profits of the year	(17,493)	(324,239)
Adjustment in respect of previous years	7,537	-
Total current tax charge (Note (b))	(9,956)	(324,239)

UK deferred tax

Origination and reversal of timing differences	647	(7,004)
Total deferred tax credit/(charge)	647	(7,004)

Tax charge on (profit)/loss on ordinary activities	(9,309)	(331,243)
-----------------------------------------------------------	----------------	------------------

(b) Factors affecting tax charge for the year:

	2002 £	2001 £
The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).		

The differences are explained below:

Profit on ordinary activities before tax	54,439	1,105,017
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(16,332)	(331,505)
Effect of:		
Adjustment to prior year tax charge	7,537	-
Disallowed expenses and non-taxable income	(1,161)	(3,567)
Capital allowances in excess of depreciation	-	7,004
Use of tax losses	-	1,198
Permanent timing difference	-	2,631
Current tax charge for the period	(9,956)	(324,239)

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Dividends

	2002 £	2001 £
Equity dividends on ordinary shares:		
Paid	-	1,800,000
	-	1,800,000

9. Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2001	78,423
Disposals	(78,423)
At 31 March 2002	-
Depreciation	
At 1 April 2001	76,263
Disposals	(76,683)
Charge for the year	420
At 31 March 2002	-
Net book amount	
At 31 March 2002	-
At 31 March 2001	2,160

10. Debtors

	2002 £	2001 £
Trade debtors	-	497,328
Other debtors	-	28,764
Prepayments and accrued income	-	41,250
Amounts owed by other group companies	-	2,491,565
	-	3,058,907

NOTES TO THE FINANCIAL STATEMENTS Continued

11. Creditors: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	-	6,782
Amounts owed to other group companies	19,531	-
Corporation tax	102,044	309,647
Other creditors	6,955	6,804
Accruals	1,932	140,146
Dividends	-	1,800,000
	130,462	2,263,379

12. Provisions for liabilities and charges

	At 1 April 2001	Utilised in the period	Released in the period	At 31 March 2002
	£	£	£	£
Provision for company closure	700,000	(617,661)	(82,339)	-
Deferred tax *	648	-	(648)	-
	700,648	(617,661)	(82,987)	-

* Deferred taxation provided in the financial statements is as follows:

	2002	2001
	£	£
Accelerated capital allowances	-	648
	-	648

The undiscounted deferred tax balance at 31 March 2002 is £Nil (at 31 March 2001 - £1,845). The discount as at 31 March 2002 is £Nil (at 31 March 2002 - £1,197). There are no amounts unprovided.

13. Share capital

Authorised

	2002	2001
	£	£
Ordinary shares of £1 each	100	100

Allotted, called up and fully paid

	2002	2001	2002	2001
	Number	Number	£	£
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS Continued

14. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 April 2000	100	1,138,391	1,138,491
Retained loss for the year	—	(1,026,226)	(1,026,226)
At 31 March 2001	100	112,165	112,265
Retained profit for the year	—	45,130	45,130
At 31 March 2002	100	157,295	157,395

15. Pension commitments

Before the company ceased trading all the employees of the company were members of Dalkia plc's defined benefit pension scheme. Details of the pension scheme can be found in the financial statements of Dalkia plc. The pension charge for the period relating to the schemes was £7,473 (2001: £31,527).

16. Other financial commitments

At 31 March 2002, the Company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2002 £	2001 £
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. The lease costs are now being paid by a fellow group company, EDF Energy plc (formerly London Electricity Group plc), which sublets the property.

17. 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.

NOTES TO THE FINANCIAL STATEMENTS Continued

18. 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 2002, '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.