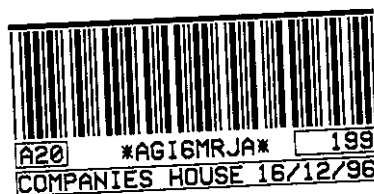


Registered number : 2223002

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

REPORT AND ACCOUNTS

1995 - 1996



---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

CONTENTS

	Page
DIRECTORS AND OFFICERS	2
DIRECTORS' REPORT	3
REPORT OF THE AUDITORS	5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE ACCOUNTS	9

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

DIRECTORS AND OFFICERS

DIRECTORS

<u>Name</u>	<u>Executive / non executive</u>	<u>Nationality</u>
Lord Ezra	Chairman	British
R L Cohen	Managing Director	British
J C Banon	Non executive	French
J-P Guery	"	French
B M Jacob	"	French
J -L Guïèze	"	French
B Saint-André	"	French

SECRETARY AND REGISTERED OFFICE

R G Castle  
37 - 41 Old Queen Street, London, SW1H 9JA

AUDITORS

Deloitte & Touche  
Hill House, 1 Little New Street, London, EC4A 3TR

---

## 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 1996.

### 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. The reduction in turnover and profitability in the year resulted primarily from a weakening of the pound sterling against the French franc.

### 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 £4,698,690 in the financial year ended 31st March 1996, as compared with a profit of £7,478,239 in the year ended 31st March 1995. A dividend of £45,000 per share was paid on 31st March 1996, compared to £70,000 per share in 1995. No further dividend is proposed and the retained profit for the year has been transferred to reserves.

### DIRECTORS

The names of the present directors are given on page 2. Mr D G S Waterstone C.B.E. resigned as non-executive director on 30th April 1995. Mr B Saint-André was appointed as non-executive director on 9th June 1995.

### DIRECTORS' INTERESTS

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

### AUDITORS

On the 1st of February 1996, our auditors changed the name under which they practice to Deloitte & Touche and accordingly have signed their report in their new name. A resolution to re-appoint Deloitte & Touche will be proposed at the forthcoming Annual General Meeting.

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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;

state whether applicable accounting standards have been followed;

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. 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



R G Castle  
Company Secretary  
12th September 1996

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

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

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 9.

*Respective responsibilities of directors and auditors*

As described on page 4 the company's directors are responsible for the preparation of 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.

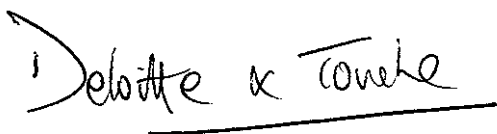
*Basis of opinion*

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 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 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 1996 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 cursive script that reads "Deloitte & Touche". The signature is written in dark ink and is positioned above a horizontal line.

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London  
EC4A 3TR  
12th September 1996

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31st March 1996

	Notes :	Continuing operations 1995/96 £	Continuing operations 1994/95 £
TURNOVER	1b & 2	6,513,650	10,572,590
Employee costs	3	(294,885)	(293,714)
Depreciation of tangible fixed assets	10	(29,940)	(29,130)
Other operating charges	5	<u>(205,991)</u>	<u>(157,750)</u>
		<u>(530,816)</u>	<u>(480,594)</u>
OPERATING PROFIT		5,982,834	10,091,996
Interest receivable and other income	6	1,066,168	1,073,811
Interest payable and other payments	7	<u>(41,990)</u>	<u>(65,663)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,007,012	11,100,144
Tax on profit on ordinary activities	8	<u>(2,308,322)</u>	<u>(3,621,905)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,698,690	7,478,239
Dividends	9	<u>(4,500,000)</u>	<u>(7,000,000)</u>
RETAINED PROFIT FOR THE YEAR		<u>198,690</u>	<u>478,239</u>
<b>STATEMENT OF RETAINED PROFITS</b>			
Balance at 1st April		2,004,412	1,526,173
Retained profit for the year		<u>198,690</u>	<u>478,239</u>
Balance at 31st March		<u>2,203,102</u>	<u>2,004,412</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**  
**as at 31st March 1996**

	Notes :	31/03/96 £	31/03/95 £
FIXED ASSETS	10	51,690	59,638
CURRENT ASSETS			
Debtors	11	<u>8,863,694</u>	<u>7,492,172</u>
CREDITORS			
Amounts falling due within one year	12	<u>(6,712,182)</u>	<u>(5,547,298)</u>
NET CURRENT ASSETS		<u>2,151,512</u>	<u>1,944,874</u>
TOTAL NET ASSETS		<u><u>2,203,202</u></u>	<u><u>2,004,512</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>2,203,102</u>	<u>2,004,412</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>2,203,202</u></u>	<u><u>2,004,512</u></u>

These financial statements were approved by the Board of Directors on 12th September 1996. Signed on behalf of the Board of Directors by :



Derek Ezra

Chairman



---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

**STATEMENT OF CASH FLOWS**  
for the year ended 31st March 1996

	Notes :	1995/96 £	1994/95 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	7,478,295	11,876,092
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		535,351	740,993
Interest paid		(65,663)	0
Dividend paid		<u>(4,500,000)</u>	<u>(7,000,000)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(4,030,312)</u>	<u>(6,259,007)</u>
		3,447,983	5,617,085
TAXATION			
Corporation tax paid		(3,396,398)	(5,674,936)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(21,992)	(16,545)
Sale proceeds of tangible fixed assets		<u>1,362</u>	<u>340</u>
Net cash outflow from investing activities		<u>(20,630)</u>	<u>(16,205)</u>
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING	18 & 19	<u>30,955</u>	<u>(74,056)</u>
Increase / (Decrease) in cash and cash equivalents		<u>30,955</u>	<u>(74,056)</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 an operating lease 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.

#### 3. Employee costs

	1995/96	1994/95
	£	£
Wages and salaries	251,010	248,759
Social security costs	22,646	21,897
Pension costs	21,229	20,290
Other	0	2,768
	<u>294,885</u>	<u>293,714</u>
Average number of employees during the year	<u>5</u>	<u>5</u>

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

NOTES TO THE ACCOUNTS

**4. Emoluments of directors**

	1995/96	1994/95
	£	£
Aggregate emoluments of directors including pension contributions :		
Fees	0	0
Other emoluments	<u>121,824</u>	<u>132,636</u>

Emoluments of the directors, excluding pension contributions :

Chairman	0	0
Highest paid director	<u>112,651</u>	<u>122,523</u>

The emoluments of the directors fall within the following ranges :

	No. of directors	No. of directors
£0 - £5,000	7	7
£110,001 - £115,000	1	0
£120,001 - £125,000	0	1

**5. Other operating charges**

	1995/96	1994/95
	£	£
Other operating charges includes :		
Operating lease rentals	92,000	92,000
Auditors' remuneration	<u>4,000</u>	<u>3,000</u>

**6. Interest receivable and other income**

	1995/96	1994/95
	£	£
Interest receivable from parent company	534,639	538,586
Bank interest receivable	712	1,808
Other income	<u>530,817</u>	<u>533,417</u>
	<u>1,066,168</u>	<u>1,073,811</u>

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

NOTES TO THE ACCOUNTS

**7. Interest payable and other payments**

	1995/96	1994/95
	£	£
Interest payable	<u>41,990</u>	<u>65,663</u>

**8. Tax on profit on ordinary activities**

	1995/96	1994/95
	£	£
The tax charge on the profit on ordinary activities for the year comprises :		
UK Corporation Tax at 33% (1995 at 33%)	2,308,322	3,736,096
Deferred taxation	0	(44,228)
Adjustment in respect of prior years :		
- Corporation tax	0	(69,963)
	<u>2,308,322</u>	<u>3,621,905</u>

**9. Dividends**

	1995/96	1994/95
	£	£
A dividend of £45,000 per ordinary share was paid on 31st March 1996 (1994/95 - £70,000)	<u>4,500,000</u>	<u>7,000,000</u>

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

NOTES TO THE ACCOUNTS

**10. Tangible fixed assets**

	Office equipment £	Motor vehicles £	Total £
Cost :			
1st April 1995	85,663	57,939	143,602
Additions	6,403	15,589	21,992
Disposals	(16,384)	(17,265)	(33,649)
31st March 1996	<u>75,682</u>	<u>56,263</u>	<u>131,945</u>
Depreciation :			
1st April 1995	49,950	34,014	83,964
Charge for the year	18,797	11,143	29,940
Disposals	(16,384)	(17,265)	(33,649)
31st March 1996	<u>52,363</u>	<u>27,892</u>	<u>80,255</u>
Net book value :			
31st March 1995	<u>35,713</u>	<u>23,925</u>	<u>59,638</u>
31st March 1996	<u>23,319</u>	<u>28,371</u>	<u>51,690</u>

**11. Debtors**

	1995/96 £	1994/95 £
Corporation tax recoverable	2,403,579	0
Amounts owed by parent company	6,423,881	7,448,383
Prepayments and accrued income	20,601	21,631
Other debtors	15,633	22,158
	<u>8,863,694</u>	<u>7,492,172</u>

**12. Creditors - amounts falling due within one year**

	1995/96 £	1994/95 £
Bank overdraft	18,496	49,451
Trade creditors	1,615,302	1,732,795
Corporation tax	3,926,413	2,598,410
Accruals and deferred income	26,971	29,142
Advance corporation tax payable	1,125,000	1,137,500
	<u>6,712,182</u>	<u>5,547,298</u>

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

NOTES TO THE ACCOUNTS

**13. Share capital**

	1995/96 Number	1994/95 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**

	1995/96 £	1994/95 £
Operating profit	5,982,834	10,091,996
Depreciation	29,940	29,130
Operating expenses reimbursed	530,817	475,414
Profit on disposal of fixed assets	(1,362)	0
Decrease / (Increase) in debtors	1,032,057	(343,981)
(Decrease)/ Increase in creditors	(95,991)	1,623,533
	<u>7,478,295</u>	<u>11,876,092</u>

**15. Financial commitments**

	1995/96 £	1994/95 £
The annual level of commitment under non-cancellable operating leases was as follows :		
Land & buildings :		
Operating leases which expire after 5 years	<u>92,000</u>	<u>92,000</u>

**16. Pension commitments**

The majority 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 actuaries at the time of their triennial valuations, the most recent of which was carried out on 1st April 1993.

Details of the pension scheme can be found in the accounts of Energy and Technical Services Group plc.

---

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

---

NOTES TO THE ACCOUNTS

**17. Parent undertakings**

The company is a 75% subsidiary of A.H.S. Limited, itself a wholly owned subsidiary of Energy and Technical Services Group plc, registered in England & Wales. The ultimate parent company is Compagnie Générale des Eaux, incorporated in France. The results for the year are incorporated in the group accounts of both the parent companies. Copies of the accounts of Energy and Technical Services Group plc and Compagnie Générale des Eaux can be obtained from :

Energy and Technical Services Group plc  
37 - 41 Old Queen Street  
London  
SW1H 9JA

Compagnie Générale des Eaux  
52 rue d'Anjou  
75384 Paris Cedex 08  
France

**18. Analysis of changes in cash and cash equivalents during the year**

	1995/96	1994/95
	£	£
Balance at 1st April	(49,451)	24,605
Net cash inflow / (outflow)	30,955	(74,056)
Balance at 31st March	<u>(18,496)</u>	<u>(49,451)</u>

**19. Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

	1995/96	1994/95	Change in year
	£	£	£
Bank overdraft	<u>(18,496)</u>	<u>(49,451)</u>	<u>30,955</u>