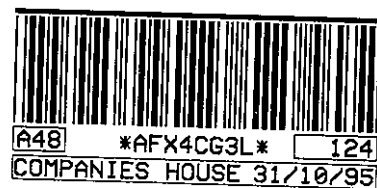


Registered number : 2223002

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

REPORT AND ACCOUNTS

1994 - 1995



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 Guèze	”	French
B Saint-André	”	French

SECRETARY AND REGISTERED OFFICE

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

AUDITORS

Touche Ross & Co.
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 1995.

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 England & Wales and France electricity grids. 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 £7,478,239 in the financial year ended 31st March 1995, as compared with a profit of £11,340,823 in the year ended 31st March 1994. A dividend of £70,000 per share was paid on 31st March 1995, compared to £115,000 per share in 1994. 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 P Lederer and Mr D G S Waterstone C.B.E. resigned as non-executive directors with effect from 9 December 1994 and 30 April 1995 respectively. Mr J -L Guïèze and Mr B Saint-André were appointed as non-executive directors on 9 December 1994 and 9 June 1995 respectively.

DIRECTORS' INTERESTS

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

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to re-appoint them 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 judgments 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
13th September 1995

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.

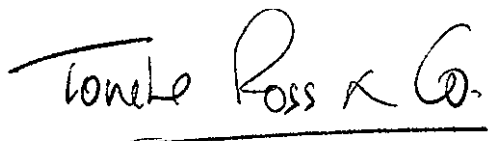
Basis of opinion

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 1995 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 dark ink, reading "Touche Ross & Co.", is written over a horizontal line.

Touche Ross & Co.
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR
13 September 1995

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1995

	Notes :	Continuing operations 1994/95 £	Continuing operations 1993/94 £
TURNOVER	1b & 2	10,572,590	16,172,593
Employee costs	3	(293,714)	(300,840)
Depreciation of tangible fixed assets	10	(29,130)	(25,573)
Other operating charges	5	<u>(157,750)</u>	<u>(300,362)</u>
		<u>(480,594)</u>	<u>(626,775)</u>
OPERATING PROFIT		10,091,996	15,545,818
Interest receivable and other income	6	1,073,811	1,398,389
Interest payable and other payments	7	<u>(65,663)</u>	<u>0</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,100,144	16,944,207
Tax on profit on ordinary activities	8	<u>(3,621,905)</u>	<u>(5,603,384)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,478,239	11,340,823
Dividends	9	<u>(7,000,000)</u>	<u>(11,500,000)</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		<u><u>478,239</u></u>	<u><u>(159,177)</u></u>

STATEMENT OF RETAINED PROFITS

Balance at 1st April	1,526,173	1,685,350
Retained profit for the year	<u>478,239</u>	<u>(159,177)</u>
Balance at 31st March	<u><u>2,004,412</u></u>	<u><u>1,526,173</u></u>

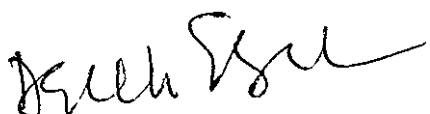
There are no recognised gains or losses or other movements in shareholders' funds for the current or preceding financial year other than as stated in the profit and loss account.

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

BALANCE SHEET
as at 31st March 1995

	Notes :	31/03/95 £	31/03/94 £
FIXED ASSETS	10	59,638	72,563
CURRENT ASSETS			
Debtors	11	7,492,172	7,290,787
Cash at bank and in hand		<u>0</u>	<u>24,605</u>
		7,492,172	7,315,392
CREDITORS			
Amounts falling due within one year	12	(5,497,847)	(5,817,454)
Bank overdraft		<u>(49,451)</u>	<u>0</u>
		(5,547,298)	(5,817,454)
NET CURRENT ASSETS		<u>1,944,874</u>	<u>1,497,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,004,512	1,570,501
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>0</u>	<u>(44,228)</u>
TOTAL NET ASSETS		<u><u>2,004,512</u></u>	<u><u>1,526,273</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account		<u>2,004,412</u>	<u>1,526,173</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>2,004,512</u></u>	<u><u>1,526,273</u></u>

These financial statements were approved by the Board of Directors on 13th September 1995. 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 1995

	Notes :	1994/95 £	1993/94 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	11,876,092	18,286,659
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		740,993	870,718
Dividend paid		<u>(7,000,000)</u>	<u>(11,500,000)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(6,259,007)</u>	<u>(10,629,282)</u>
		5,617,085	7,657,377
TAXATION			
Corporation tax paid		(5,674,936)	(7,609,486)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(16,545)	(67,557)
Sale proceeds of tangible fixed assets		<u>340</u>	<u>2,450</u>
Net cash outflow from investing activities		<u>(16,205)</u>	<u>(65,107)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(74,056)</u>	<u>(17,216)</u>
Decrease in cash and cash equivalents		<u>(74,056)</u>	<u>(17,216)</u>

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

	1994/95	1993/94
	£	£
Wages and salaries	248,759	257,392
Social security costs	21,897	22,896
Pension costs	20,290	20,552
Other	2,768	0
	<u>293,714</u>	<u>300,840</u>
Average number of employees during the year	<u>5</u>	<u>6</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

4. Emoluments of directors

	1994/95	1993/94
	£	£
Aggregate emoluments of directors including pension contributions :		
Fees	-	-
Other emoluments	<u>132,636</u>	<u>135,178</u>

Emoluments of the directors, excluding pension contributions :

Chairman	-	-
Highest paid director	<u>122,523</u>	<u>125,718</u>

The emoluments of the directors fall within the following ranges :

	No. of directors	No. of directors
£0 - £5,000	7	6
£120,001 - £125,000	1	-
£125,001 - £130,000	-	1

5. Other operating charges

	1994/95	1993/94
	£	£
Operating lease rentals	92,000	92,000
Auditors' remuneration	<u>3,000</u>	<u>1,865</u>

6. Interest receivable and other income

	1994/95	1993/94
	£	£
Interest receivable from parent company	538,586	553,689
Bank interest receivable	1,808	2,537
Other income	<u>533,417</u>	<u>842,163</u>
	<u>1,073,811</u>	<u>1,398,389</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

7. Interest payable and other payments

	1994/95	1993/94
	£	£
Interest payable	<u>65,663</u>	<u>0</u>

8. Tax on profit on ordinary activities

	1994/95	1993/94
	£	£
The tax charge on the profit on ordinary activities for the year comprises :		
UK Corporation Tax at 33%	3,736,096	5,620,617
Deferred taxation	(44,228)	(25,013)
Adjustment in respect of prior years :		
- Corporation tax	(69,963)	3,860
- Deferred tax	0	3,920
	<u>3,621,905</u>	<u>5,603,384</u>

9. Dividends

	1994/95	1993/94
	£	£
A dividend of £70,000 per ordinary share was paid on 31st March 1995 (1993/94 - £115,000)	<u>7,000,000</u>	<u>11,500,000</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

10. Tangible fixed assets

	Office equipment £	Motor vehicles £	Total £
Cost :			
1st April 1994	76,023	57,939	133,962
Additions	16,545	0	16,545
Disposals	(6,905)	0	(6,905)
31st March 1995	<u>85,663</u>	<u>57,939</u>	<u>143,602</u>
Depreciation :			
1st April 1994	37,080	24,319	61,399
Charge for the year	19,435	9,695	29,130
Disposals	(6,565)	0	(6,565)
31st March 1995	<u>49,950</u>	<u>34,014</u>	<u>83,964</u>
Net book value :			
31st March 1994	<u>38,943</u>	<u>33,620</u>	<u>72,563</u>
31st March 1995	<u>35,713</u>	<u>23,925</u>	<u>59,638</u>

11. Debtors

	1994/95 £	1993/94 £
Trade debtors	0	4,166,794
Amounts owed by parent company	7,448,383	3,105,699
Prepayments and accrued income	21,631	0
Other debtors	22,158	18,294
	<u>7,492,172</u>	<u>7,290,787</u>

12. Creditors - amounts falling due within one year

	1994/95 £	1993/94 £
Trade creditors	1,732,795	0
Corporation tax	2,598,410	3,690,681
Accruals and deferred income	29,142	72,741
Advance corporation tax payable	1,137,500	2,054,032
	<u>5,497,847</u>	<u>5,817,454</u>

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

NOTES TO THE ACCOUNTS**13. Deferred taxation**

	£
Balance at 1 April 1994	44,228
Change in the year	(44,228)
Balance at 31 March 1995	<u>0</u>

14. Share capital

	1994/95 Number	1993/94 Number
Ordinary shares of £1 each :		
Authorised, issued and fully paid	<u>100</u>	<u>100</u>

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

	1994/95 £	1993/94 £
Operating profit	10,091,996	15,545,818
Depreciation	29,130	25,573
Operating expenses reimbursed	475,414	600,255
Profit on disposal of fixed assets	0	(2,000)
Decrease / (Increase) in debtors	(343,981)	2,217,522
(Decrease) / Increase in creditors	1,623,533	(100,509)
	<u>11,876,092</u>	<u>18,286,659</u>

16. Financial commitments

	1994/95 £	1993/94 £
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>

17. 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

18. 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

19. Analysis of changes in cash and cash equivalents during the year

	1994/95	1993/94
	£	£
Balance at 1 April	24,605	41,821
Net cash outflow	(74,056)	(17,216)
Balance at 31 March	<u>(49,451)</u>	<u>24,605</u>

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

	1994/95	1993/94	Change in year
	£	£	£
Cash at bank and in hand	0	24,605	(24,605)
Bank overdraft	(49,451)	0	(49,451)
	<u>(49,451)</u>	<u>24,605</u>	<u>(74,056)</u>