

ASSOCIATED ELECTRICITY SUPPLIES LIMITED

Registered Number 2223002

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2004





CONTENTS

Page:

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

Directors

H A E Cadoux-Hudson
Robert Ian Higson

Secretary

Robert Ian Higson

Auditors

Deloitte & Touche LLP
London

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 2004.

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 this activity and its only activity since that date has been the leasing of land and buildings.

Results and dividends

The loss for the year, after taxation, amounted to £89,170 (2003: profit of £1,690). The directors do not recommend payment of a dividend (2003: £nil).

Future developments

The company will continue to lease land and buildings.

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
Robert Ian 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 any interest in the shares of the Company or any other Group company.

Auditors

Deloitte & Touche LLP were appointed as auditors in the current year, following the resignation of Ernst & Young LLP. Deloitte & Touche LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



H A E Cadoux-Hudson
Director

27 January 2005



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

United Kingdom 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 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 MEMBER OF ASSOCIATED ELECTRICITY SUPPLIES LIMITED

We have audited the financial statements of Associated Electricity Supplies Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. 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 member, 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 member 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
27 January 2005



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004**

	Note	2004 £	2003 £
Administrative expenses		(206,039)	(452)
Other operating income		77,032	-
Operating loss	2	(129,007)	(452)
Loss on ordinary activities before interest and taxation		(129,007)	(452)
Interest receivable	4	2,183	2,866
Interest payable and similar charges	5	(1,497)	-
(Loss)/profit on ordinary activities before taxation		(128,321)	2,414
Tax credit/(charge) on (loss)/profit on ordinary activities	6	39,151	(724)
(Loss)/profit retained for the financial year	11	(89,170)	1,690

There were no recognised gains or losses other than the loss of £89,170 for the year ended 31 March 2004 (2003: profit of £1,690) and accordingly no separate statement of total recognised gains and losses has been presented. The results in the current and prior year all derive from continuing activities.



**BALANCE SHEET
AT 31 MARCH 2004**

	Note	2004 £	2003 £
Current assets			
Debtors	7	38,436	-
Cash		292,118	290,341
Creditors: amounts falling due within one year	8	(147,251)	(131,256)
Net current assets		183,303	159,085
Provisions for liabilities and charges	9	(113,388)	-
Net assets		69,915	159,085
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	69,815	158,985
Equity shareholder's funds		69,915	159,085

The accounts on pages 5 to 11 were approved by the Board of directors on 27 January 2005 and were signed on its behalf by:

H A E Cadoux-Hudson
Director



1. Accounting policies

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

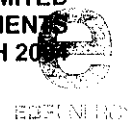
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. The Company does not apply a policy of discounting deferred tax liabilities.

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.

Leases

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 12).



NOTES TO THE FINANCIAL STATEMENTS

2. Operating loss

	2004 £	2003 £
This is stated after charging:		
Operating lease rentals - land and buildings (see note 12)	92,000	-

Auditors' remuneration was met by EDF Energy plc in the current and preceding year. Operating lease rentals of £92,000 (2003: £92,000) were borne by EDF Energy plc (see note 12). There were no employees of the company in the current year. (2003: £nil).

3. Directors' emoluments

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

4. Interest receivable

	2004 £	2003 £
Bank interest receivable	2,183	2,866
	2,183	2,866

5. Interest payable and similar charges

	2004 £	2003 £
On loans from group undertakings	1,497	-
	1,497	-



NOTES TO THE FINANCIAL STATEMENTS

6. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax

	2004	2003
	£	£
UK corporation tax at 30%	-	724
Credit for group relief	(38,436)	-
Adjustment in respect of previous years	(715)	-
Total current tax (credit)/charge (Note (b))	(39,151)	724

(b) Factors affecting tax charge for the year:

	2004	2003
	£	£
The tax assessed for the period is at the standard rate of corporation tax in the UK (30%).		
(Loss)/ Profit on ordinary activities before tax	(128,321)	2,414
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(38,496)	724
Effect of:		
Expenses not deductible	60	-
Adjustment to prior year tax charge	(715)	-
Current tax (credit)/charge for the period	(39,151)	724

NOTES TO THE FINANCIAL STATEMENTS

7. Debtors: amounts falling due within one year

	2004 £	2003 £
Amounts due from other group companies	38,436	-
	38,436	-

8. Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to other group companies	140,182	104,776
Corporation tax	-	19,455
Other creditors	7,069	7,025
	147,251	131,256

9. Provisions for liabilities and charges

The movements in provisions during the current year are as follows:

	At 1 April 2003 £	Arising during the year £	At 31 March 2004 £
Provision for onerous contract	-	113,388	113,388
	-	113,388	113,388

The company has sub-let the building it previously occupied. The provision for onerous contract represents the difference between the contracted rental income receivable by the Company from the property until the break clause dates and the amounts payable by the Company for the property under its existing lease contract (see also note 12).

10. Share capital

Authorised

	2004 Number	2003 Number	2004 £	2003 £
Ordinary shares of £1 each	100	100	100	100

Allotted, called up and fully paid

	2004 Number	2003 Number	2004 £	2003 £
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

11. Reconciliation of shareholder's funds and movement on reserves

	Share capital	Profit and loss account	Total share- holder's funds
	£	£	£
At 1 April 2002	100	157,295	157,395
Retained profit for the year	-	1,690	1,690
At 31 March 2003	100	158,985	159,085
Retained loss for the year	-	(89,170)	(89,170)
At 31 March 2004	100	69,815	69,915

12. Other financial commitments

At 31 March 2004, the Company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2004 £	2003 £
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 the Company. As the Company has ceased its principal activity, EDF Energy plc (formerly London Electricity Group plc) now manages this property and sublets it to third parties. A provision has been made in respect of the excess of amounts payable on the lease contract over the amounts receivable on the sub-lease.

13. 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.

14. 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 2004, 'Electricité de France' (EDF), a French state owned company is regarded by the directors as the company's ultimate parent and controlling company. This is the smallest and 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.