

**ASSOCIATED ELECTRICITY SUPPLIES LIMITED**

**REPORT AND ACCOUNTS**

**1997 - 1998**

Registered number : 2223002



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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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## ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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### 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
P Flahaut	"	French
J-P Guery	"	French
J -L Guièze	"	French
B Saint-André	"	French

#### SECRETARY AND REGISTERED OFFICE

Mrs E Gosden  
37 - 41 Old Queen Street, London, SW1H 9JA

#### AUDITORS

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

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## ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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### DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31st March 1998.

### 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.

### 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 £4,864,974 in the financial year ended 31st March 1998, as compared with a profit of £4,089,939 in the year ended 31st March 1997. An interim dividend of £35,000 per share was paid on 31st March 1998 and a final dividend of £25,000 per share was paid on 1st July, 1998, making a total of £60,000 per share. This compared to a total of £42,000 per share in 1997. No further dividend is proposed and the retained loss for the year has been transferred from reserves.

### DIRECTORS

The names of the present directors are given on page 2. Mr B Jacob resigned on 13th March, 1998 and Mr P Flahaut was appointed to the Board on 12th June, 1998.

### DIRECTORS' INTERESTS

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

### AUDITORS

A resolution to appoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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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



Mrs E Gosden  
Company Secretary  
11th September 1998

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED ELECTRICITY SUPPLIES LIMITED

We have audited the financial statements on pages 6 to 15 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 the 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 judgments 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London  
EC4A 3TR  
11th September 1998

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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PROFIT AND LOSS ACCOUNT - YEAR ENDED 31st MARCH 1998

	Notes :	Continuing operations 1997/98 £	Continuing operations 1996/97 £
TURNOVER	1b & 2	6,539,997	5,723,479
Employee costs	3	(296,399)	(287,183)
Depreciation of tangible fixed assets	10	(18,869)	(27,294)
Other operating charges	5	<u>(202,839)</u>	<u>(250,236)</u>
		<u>(518,107)</u>	<u>(564,713)</u>
OPERATING PROFIT		6,021,890	5,158,766
Interest receivable and other income	6	1,033,231	948,343
Interest payable and other payments	7	<u>(4,434)</u>	<u>(22,414)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,050,687	6,084,695
Tax on profit on ordinary activities	8	<u>(2,185,713)</u>	<u>(1,994,756)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,864,974	4,089,939
Dividends paid and proposed	9	<u>(6,000,000)</u>	<u>(4,200,000)</u>
RETAINED LOSS FOR THE YEAR		<u><u>(1,135,026)</u></u>	<u><u>(110,061)</u></u>
STATEMENT OF RETAINED PROFITS			
Balance at 1st April		2,093,041	2,203,102
Retained loss for the year		<u>(1,135,026)</u>	<u>(110,061)</u>
Balance at 31st March		<u><u>958,015</u></u>	<u><u>2,093,041</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.

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

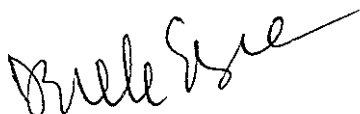
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BALANCE SHEET - 31st March 1998

	Notes :	31/03/98 £	31/03/97 £
FIXED ASSETS	10	29,702	48,029
CURRENT ASSETS			
Cash at bank and in hand		7,180	6,350
Debtors	11	<u>7,186,615</u>	<u>4,059,039</u>
		7,193,795	4,065,389
CREDITORS			
Amounts falling due within one year	12	<u>(6,265,382)</u>	<u>(2,020,277)</u>
NET CURRENT ASSETS		<u>928,413</u>	<u>2,045,112</u>
TOTAL NET ASSETS		<u><u>958,115</u></u>	<u><u>2,093,141</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>958,015</u>	<u>2,093,041</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>958,115</u></u>	<u><u>2,093,141</u></u>

These financial statements were approved by the Board of Directors on 11th September 1998.

Signed on behalf of the Board of Directors by :



Derek Ezra

Chairman



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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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STATEMENT OF CASH FLOWS - YEAR ENDED 31st MARCH 1998

	Notes :	1997/98 £	1996/97 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	3,421,360	6,726,278
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		518,406	206,102
Interest paid		<u>(4,434)</u>	<u>(41,990)</u>
Net cash inflow from returns on investments and servicing of finance		<u>513,972</u>	<u>164,112</u>
		3,935,332	6,890,390
TAXATION			
Corporation tax paid		(433,722)	(2,645,051)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(780)	(23,633)
Sale proceeds of tangible fixed assets		<u>0</u>	<u>3,140</u>
Net cash outflow from capital expenditure and financial investment		(780)	(20,493)
EQUITY DIVIDEND PAID		<u>(3,500,000)</u>	<u>(4,200,000)</u>
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	15	<u>830</u>	<u>24,846</u>
INCREASE IN CASH IN THE YEAR		<u>830</u>	<u>24,846</u>
<b><u>Reconciliation of net cash flow to movement in net debt</u></b>			
		£	
Increase in cash in the year		830	
Net funds at 1 April 1997		<u>6,350</u>	
Net funds at 31 March 1998		<u>7,180</u>	

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## ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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### 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 operating leases 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

	1997/98 £	1996/97 £
Wages and salaries	249,056	241,851
Social security costs	24,440	21,844
Pension costs	21,439	19,603
Other	1,464	3,885
	<u>296,399</u>	<u>287,183</u>
Average number of employees during the year	<u>5</u>	<u>5</u>

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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NOTES TO THE ACCOUNTS

**4. Emoluments of directors**

	1997/98	1996/97
	£	£
Emoluments (excluding pension contributions)	<u>77,992</u>	<u>87,448</u>

Number of directors who are members of a defined benefit pension scheme

<u>1</u>	<u>1</u>
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**5. Other operating charges**

	1997/98	1996/97
	£	£
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**

	1997/98	1996/97
	£	£
Interest receivable from parent company	312,903	205,464
Bank interest receivable	1,615	638
Other income	<u>718,713</u>	<u>742,241</u>
	<u>1,033,231</u>	<u>948,343</u>

**7. Interest payable and other payments**

	1997/98	1996/97
	£	£
Interest payable to an associated company	<u>4,434</u>	<u>22,414</u>

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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NOTES TO THE ACCOUNTS

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

	1997/98	1996/97
	£	£
The tax charge on the profit on ordinary activities for the year comprises :		
UK Corporation Tax at 31% (1996/97 at 33%)	2,185,713	1,997,540
Adjustment in respect of prior years :		
- Corporation tax	0	(2,784)
	<u>2,185,713</u>	<u>1,994,756</u>

**9. Dividends paid and proposed**

	1997/98	1996/97
	£	£
Interim of £35,000 per share paid on 31st March 1998 (1996/97 - £42,000)	3,500,000	4,200,000
Final of £25,000 per share paid on 1st July, 1998	2,500,000	-
	<u>6,000,000</u>	<u>4,200,000</u>

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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NOTES TO THE ACCOUNTS

**10. Tangible fixed assets**

	Office equipment £	Motor vehicles £	Total £
Cost :			
1st April 1997	78,570	61,431	140,001
Additions	780	0	780
Disposals	<u>0</u>	<u>0</u>	<u>0</u>
31st March 1998	<u>79,350</u>	<u>61,431</u>	<u>140,781</u>
Depreciation :			
1st April 1997	64,617	27,355	91,972
Charge for the year	7,410	11,697	19,107
Disposals	<u>0</u>	<u>0</u>	<u>0</u>
31st March 1998	<u>72,027</u>	<u>39,052</u>	<u>111,079</u>
Net book value :			
31st March 1997	<u>13,953</u>	<u>34,076</u>	<u>48,029</u>
31st March 1998	<u>7,323</u>	<u>22,379</u>	<u>29,702</u>

Note: the depreciation charge is stated prior to an adjustment of £238 relating to a prior year disposal.

**11. Debtors**

	31/03/98 £	31/03/97 £
Amounts owed by parent company	2,316,513	2,602,739
Trade debtors	4,831,468	1,411,950
Prepayments and accrued income	20,619	21,051
Other debtors	<u>18,015</u>	<u>23,299</u>
	<u>7,186,615</u>	<u>4,059,039</u>

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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NOTES TO THE ACCOUNTS

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

	31/03/98	31/03/97
	£	£
Corporation tax	3,749,531	1,735,040
Dividends	2,500,000	0
Accruals and deferred income	15,851	22,737
Advance corporation tax payable	0	262,500
	<u>6,265,382</u>	<u>2,020,277</u>

**13. Share capital**

	31/03/98	31/03/97
	Number	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**

	1997/98	1996/97
	£	£
Operating profit	6,021,890	5,158,766
Depreciation	19,107	27,294
Operating expenses reimbursed	517,745	561,113
Profit on disposal of fixed assets	0	(3,140)
Interest payable	0	181,129
Decrease / (Increase) in debtors	(3,130,496)	2,401,076
(Decrease)/ Increase in creditors	(6,886)	(1,599,960)
Net cash inflow from operating activities	<u>3,421,360</u>	<u>6,726,278</u>

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ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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NOTES TO THE ACCOUNTS

15. Analysis of net funds

	31/03/97 £	Cashflow £	31/03/98 £
Net cash :			
Cash at bank and in hand	6,350	830	7,180
Bank overdraft	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,350</u>	<u>830</u>	<u>7,180</u>

16. Financial commitments

	1997/98 £	1996/97 £
The annual level of commitment under non-cancellable operating leases was as follows :		
Land and buildings :		
Operating leases which expire after 5 years	<u>92,000</u>	<u>92,000</u>

17. Related party transactions

	31/03/98 £
Transactions with Electricité de France, an associated company :	
Turnover	6,538,547
Interest receivable and other income	718,713
Interest payable	4,434
Dividends payable	1,500,000
Amounts due from Electricité de France	4,831,468

Transactions with Energy and Technical Services Group plc,  
one of the parent companies :

Interest receivable and other income	312,903
Dividends payable	4,500,000
Amounts due from Energy and Technical Services Group plc	2,316,513

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## ASSOCIATED ELECTRICITY SUPPLIES LIMITED

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### NOTES TO THE ACCOUNTS

#### 18. Pension commitments

All 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 independent actuaries at the time of their triennial valuations, the most recent of which was carried out on 1st April 1996.

The total pension cost for the year was £21,400 (1996/97 - £19,600).

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

#### 19. 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 and Wales. The ultimate parent company is Vivendi (formerly known as 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 Vivendi can be obtained from :

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

Vivendi  
42, avenue de Friedland  
75380 Paris Cedex 08  
France