

ESN PENSION MANAGEMENT GROUP LIMITED

Registered Number 2355196

FINANCIAL STATEMENTS

For the year ended
31 March 1995



ESN PENSION MANAGEMENT GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1995

The Directors present their report and financial statements for the year ended 31 March 1995.

Principal Activities and Review of Business

The principal activity of the Company continued to be the provision of the services of its staff to the Electricity Supply Pension Scheme and its wholly owned subsidiaries in connection with the management of investments and advice relating to the rules of the Scheme.

Results and Dividends

Profit after taxation for the year amounted to £42,000 (1994 - £3,000), which will be transferred to the Company's reserves. The Directors do not propose the payment of a dividend (1994 - Nil).

Future Developments

The Company and its subsidiaries will continue to provide services to the electricity industry, in addition to providing fund management and advisory services to other pension funds and corporations.

Directors

The Directors of the Company during the year were:-

T M Bell	R J Jackson
M B Cannan (Resigned 1.6.94)	D G Jefferies <i>CBE</i>
B G Collis	W B Matthews
J W Evans <i>CBE</i> (Resigned 2.2.95)	
R J M Gibson	

Directors' Responsibilities

The Directors are required by UK company law to prepare financial statements 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 for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

Directors' Interests in Shares

None of the Directors held a beneficial interest in any of the Company's shares or those of its holding company during the year.

Directors' Interests in Contracts

None of the Directors had a material interest in any contract of significance to which the Company was a party during the period.

Directors' and Officers' Liability

The Directors and Officers are indemnified under insurance policies taken out by the Group to cover liability for claims made against them in their capacity as Directors or Officers of the Company.

ESN PENSION MANAGEMENT GROUP LIMITED**REPORT OF THE DIRECTORS**
FOR THE YEAR ENDED 31 MARCH 1995**Fixed Assets**

Details of tangible fixed assets and fixed asset investments are set out in notes 6 and 7 to the accounts.

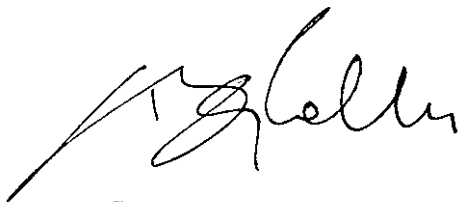
Close Company Provisions

In the opinion of the Directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

13/9

1995

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ESN PENSION MANAGEMENT GROUP LIMITED**

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of Directors and Auditors.

As described on page 1 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.

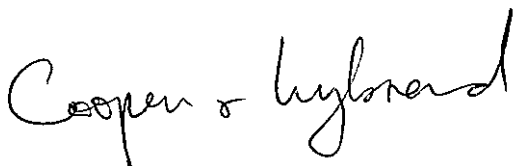
Basis of opinion

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 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 at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London

21 September 1995

ESN PENSION MANAGEMENT GROUP LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 MARCH 1995

	Notes	1995 £000	1994 £000
Turnover		9,426	8,230
Administration expenses		<u>(9,371)</u>	<u>(8,228)</u>
Operating profit	4	55	2
Interest receivable		<u>117</u>	<u>133</u>
Interest payable	3	<u>172</u> <u>(40)</u>	<u>135</u> <u>(35)</u>
Profit before taxation		132	100
Taxation	5	<u>(90)</u>	<u>(97)</u>
Retained profit for year		<u>42</u>	<u>3</u>

STATEMENT OF RETAINED PROFITS

1 April	4	1
Retained profit for the year	<u>42</u>	<u>3</u>
	<u>46</u>	<u>4</u>

All turnover and operating profit arises from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

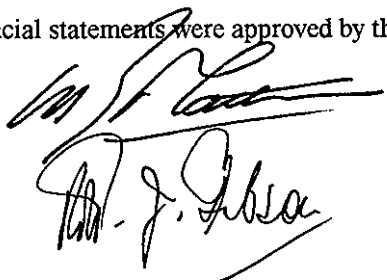
ESN PENSION MANAGEMENT GROUP LIMITED**BALANCE SHEET AS AT 31 MARCH 1995**

	Notes	1995 £000	1994 £000
<u>FIXED ASSETS</u>			
Tangible assets	6	464	623
Investments	7	<u>10</u>	<u>10</u>
		<u>474</u>	<u>633</u>
<u>CURRENT ASSETS</u>			
Debtors: amounts falling due within one year	8	1,504	1,063
Cash at bank		<u>1,387</u>	<u>1,974</u>
		2,891	3,037
<u>CURRENT LIABILITIES</u>			
Creditors: amounts falling due within one year	9	(2,469)	(2,790)
<u>NET CURRENT ASSETS</u>		<u>422</u>	<u>247</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		896	880
Creditors: amounts falling due after more than one year	10	(850)	(850)
Provisions for liabilities and charges	11	<u>-</u>	<u>(26)</u>
		<u>46</u>	<u>4</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	-	-
Profit and loss account		<u>46</u>	<u>4</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>46</u>	<u>4</u>

These financial statements were approved by the Board of Directors on:

13/9

1995



)
) Directors
)

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995****1 Accounting Policies****a) Accounting Convention**

The accounts have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards in the United Kingdom.

b) Turnover

Turnover represents the chargeable value of services provided, net of value added tax.

c) Tangible Fixed Assets

Fixed assets are included at cost less accumulated depreciation.

d) Depreciation

(i) The charge for depreciation on fixed assets is calculated to write off assets over their estimated useful lives of 3 years.

(ii) No depreciation is charged on assets in the year of acquisition.

e) Deferred Taxation

Provision for deferred taxation, using the liability method, is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

f) Pensions

Contributions to the Electricity Supply Pension Scheme are assessed by qualified actuaries and are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives.

g) Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful lives.

The interest element of the lease rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

h) Cash Flow Statement

The Company is a wholly owned subsidiary of ESN Holdings Limited, a company incorporated in the United Kingdom, which produces consolidated financial statements that include a consolidated cash flow statement dealing with the cash flows of the Group, and therefore, in accordance with Financial Reporting Standard 1, it has not produced its own cash flow statement.

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995**

2 Information relating to Directors and Employees		1995	1994
		£000	£000
a)	Staff costs during the year including directors were:		
	Salaries	3,399	3,229
	Social security costs	300	279
	Other pension costs	<u>441</u>	<u>363</u>
		<u>4,140</u>	<u>3,871</u>
b)	The average number of employees during the year was:		
	Executive Directors	4	5
	Securities Investments	24	19
	Property Investments	21	22
	Pensions Consultancy	9	8
	Finance	21	22
	Secretarial and Administration	<u>16</u>	<u>14</u>
		<u>95</u>	<u>90</u>
c)	Directors:		
	Directors emoluments including pension contributions	<u>£511,590</u>	<u>£570,337</u>
	Emoluments, excluding employer's pension contributions, of:		
	Chairman	Nil	Nil
	Highest paid Director	<u>£156,354</u>	<u>143,214</u>
The number of Directors (including the Chairman and the highest paid Director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:			
		1995	1994
		No	No
	0 - £5,000	3	3
	£25,001 - £30,000	1	-
	£60,001 - £65,000	-	1
	£70,001 - £75,000	1	-
	£90,001 - £95,000	1	-
	£95,001 - £100,000	-	2
	£100,001 - £105,000	1	-
	£115,001 - £120,000	-	1
	£140,001 - £145,000	-	1
	£155,001 - £160,000	<u>1</u>	<u>-</u>

All staff are employed by ESN PMG (Services) Limited and are seconded to ESN Pension Management Group Limited which meets all staff costs directly.

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995****3 Interest**

Interest payable comprises aggregate finance charges and hire purchase interest allocated for the period. This relates to finance leases and hire purchase contracts repayable by instalments within 5 years.

4 Operating profit

1995	1994
£000	£000

Operating profit is stated after charging:

Exceptional items included within administration expenses:

Additional depreciation charge on non leased assets following a change in the depreciation rate from 20% to 33 $\frac{1}{3}$ % per annum to reflect the useful life of the assets concerned

-	175
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Write back of provision for future Sharesave Scheme administration costs no longer required

-	(75)
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Provision for early retirements and severance costs

<u>47</u>	<u>42</u>
<u>47</u>	<u>142</u>

Other costs:

Amounts paid to auditors - audit fees

8	8
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- other fees

16	22
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Depreciation

452	531
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Operating lease rentals - office equipment & vehicles

113	103
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- office premises

775	775
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And after crediting:

Rent and service charges receivable

238	207
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Profit on disposal of fixed assets

4	1
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5 Taxation

1995	1994
£000	£000

UK corporation tax @ 33% (1994 - 33%)

135	107
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(Overprovision) in prior year

(19)	(10)
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Transfer from deferred tax

<u>(26)</u>	<u>-</u>
<u>90</u>	<u>97</u>

The increased tax charge for the current and previous years is principally due to fixed assets which are being depreciated in the accounts but which are not eligible for capital allowances.

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995****6 Tangible assets**

	Leasehold improvements £000	Equipment £000	Total £000
COST			
At 1 April 1994	668	879	1,547
Additions	-	293	293
Disposals	-	(90)	(90)
At 31 March 1995	<u>668</u>	<u>1,082</u>	<u>1,750</u>
DEPRECIATION			
At 1 April 1994	445	479	924
Charge for year	223	229	452
Disposals	-	(90)	(90)
At 31 March 1995	<u>668</u>	<u>618</u>	<u>1,286</u>
NET BOOK VALUE			
At 31st March 1995	<u>-</u>	<u>464</u>	<u>464</u>
At 31st March 1994	<u>223</u>	<u>400</u>	<u>623</u>

7 Investments

The Company holds 100% of the equity of the companies listed below, which are all registered in England and Wales.

ESN Securities Investments Limited	(Provision of investment advisory and fund management services)
ESN Property Investments Limited	(Property management and investment services)
ESN Pension Consultants Limited	(Pensions and related financial advisory services)

Group accounts have not been prepared as the Company is a wholly-owned subsidiary of another UK company (see Note 17).

8 Debtors : amounts falling due within one year

	1995 £000	1994 £000
Trade debtors	484	301
Amounts due from subsidiaries	676	382
Other debtors	53	67
Prepayments and accrued income	<u>291</u>	<u>313</u>
	<u>1,504</u>	<u>1,063</u>

During the year an interest free loan was made to Mr B G Collis, a Director of the Company. The loan was made to finance the purchase of a rail season ticket and was repayable in monthly instalments. The maximum amount outstanding during the year was £1,878 and the balance at 31 March 1995 was Nil.

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995**

9	<u>Creditors:</u> amounts falling due within one year	1995 £000	1994 £000
	Obligations under finance lease and hire purchase contract	-	297
	Trade creditors	1	-
	Amount due to subsidiaries	1	8
	Other creditors	277	618
	Corporation tax	135	108
	Other taxation and social security costs	540	137
	Accruals and deferred income	<u>1,515</u>	<u>1,622</u>
		<u>2,469</u>	<u>2,790</u>
10	<u>Creditors:</u> amounts falling due after more than one year	1995 £000	1994 £000
	Amounts due to holding company	<u>850</u>	<u>850</u>
	The loan from the holding company is interest free and technically repayable on demand, although the holding company has confirmed that it will not seek repayment within the next twelve months.		
11	<u>Provisions for liabilities and charges</u>	1995 £000	1994 £000
	Deferred taxation		
	Accelerated capital allowances	-	24
	Other timing differences	-	<u>2</u>
		<u>-</u>	<u>26</u>
	The amount of unprovided deferred taxation at 31 March 1995 was Nil (1994: Nil).		
12	<u>Share capital</u>	1995	1994
	<u>Authorised</u>		
	1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
	<u>Allotted, called up and fully paid</u>		
	2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
13	<u>Guarantees, commitments and contingencies</u>		
	There are no guarantees, commitments, other than operating lease commitments disclosed in note 14, or contingencies which are likely to result in a material loss to the Company (1994 - Nil).		

ESN PENSION MANAGEMENT GROUP LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1995****14 Financial Commitments**

At 31 March 1995 the Company had annual commitments under non-cancellable operating leases as follows:-

	1995		1994	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Expiring within one year	-	18	-	39
Expiring over one year and less than five years	-	23	-	-
Expiring in over five years	775	-	775	-
	<u>775</u>	<u>41</u>	<u>775</u>	<u>39</u>
	—	—	—	—

15 Reconciliation of movements in shareholders' funds

	1995 £000	1994 £000
Opening shareholders funds	4	1
Retained profit for the year	42	3
Closing shareholders' funds	<u>46</u>	<u>4</u>
	—	—

16 Pensions

The Company's employees are entitled to join the Electricity Supply Pension Scheme. This is a defined benefit scheme which provides pension and other related benefits based on final pensionable pay. The assets of the Scheme are held in a separate trustee administered fund.

The Scheme was unitised with effect from 31 March 1990. The actuarial valuation as at this date included a separate valuation of each section of the scheme to relate to successor companies to the former electricity bodies.

Until 30 September 1993, the Company's employees were eligible to be members of the Electricity Association Group's section of the Scheme due to its temporary participation as a member of the Electricity Association Group. With effect from 1 October 1993, the Company now participates in the ESN Pension Management Group section of the Scheme. An actuarial valuation of this Group was carried out by Bacon & Woodrow, consulting actuaries, as at 31 March 1992. The results of the valuation have been used as the basis for assessing pension cost. The attained age method was used for the valuation and the principal actuarial assumptions adopted were that the investment return would average 9.5% per annum, that salary increase would average 7.5% per annum and that present and future pensions would increase at the rate of 5.5% per annum.

ESN PENSION MANAGEMENT GROUP LIMITED
NOTES TO THE ACCOUNTS - 31 MARCH 1995

The valuation showed that the actuarial value of the Electricity Association Group's section of the Scheme at 31 March 1992 represented 111% of the actuarial value of the accrued benefits. The accrued benefits include all benefits based on the service completed to date for active members, allowing for future salary increases.

On 30 September 1993, the Electricity Association Group's section of the Scheme was apportioned between the three successor companies of the Electricity Association in proportion to the past service liabilities of those companies. The total market value of the assets of the Scheme at 30 September 1993 was £12,230.4 million of which £8.9million represented the section of the Scheme which relates to the members and beneficiaries of ESN Pension Management Group Limited. The value of the Company's interest in the Scheme as at 31 March 1995 was £10.1 million (1994 - £9.9 million).

The total pension cost for the Company for the year was £441,000 (1994 - £363,000).

17 Holding company

The ultimate holding company at 31 March 1995 was ESN Holdings Limited, a company registered in England and Wales. Copies of the consolidated financial statements of ESN Holdings Limited may be obtained from 110 Buckingham Palace Road, London, SW1W 9SL.