

Directors' Report and Accounts 1990-91

Regulatory accounts

A set of accounts for regulatory purposes is required by the Office of Electricity Regulation. These accounts relate solely to the regulated utility businesses. Copies may be obtained on request from the Investor Relations Department at the Company's registered office.

Notice to shareholders

Following recent changes in the law you have been sent two booklets: the Review and Summary Accounts and the statutory Directors' Report and Accounts. In future, every shareholder will be sent the first; the second will only be sent to those shareholders who ask for it. If you would like to receive the Directors' Report and Accounts next year, please return the relevant section of the enclosed form of proxy.

Company review

In a very satisfactory year's trading, London Electricity's revenues rose by 6.6 per cent to £1,224.0 million, producing a pre-tax profit of £141.8 million including dividends receivable of £14.6 million from The National Grid Holding plc. On a pro forma basis (ie. adjusted to reflect the position as if the new capital structure had been in place for the full financial year) pre-tax profits were £103.3 million. The post-tax profits were £101.0 million giving actual earnings per share of 46.3 pence and pro forma earnings per share of 34.7 pence.

These profit levels exceeded the prospectus forecast, due largely to the strong performance of our supply business, with higher sales and lower than expected purchase costs. Distribution volumes also increased and we benefited from high interest rates at a time when we held significant cash surpluses.

The Company is in a very sound financial position, with gearing of 26.5 per cent expressed as the ratio of net debt to equity.

The Directors are recommending a single and final dividend payment of 10.45 pence per share, in line with the prospectus forecast. They are satisfied that this level of dividend and the expected performance of London Electricity form a very sound basis for the future.

Distribution

The volume of units distributed grew by 4 per cent compared with 1989-90. This increased volume produced revenue of £319.0 million, some £20 million less than that permitted under the price regime. Use of system charges have been set to recover over half of this shortfall in the current year.

Sales to the domestic market rose by 6.4 per cent, mainly due to the colder weather in the final quarter of the year. Once again the dominant contributor to the underlying volume growth was the commercial sector, in which unit sales rose by an encouraging 4 per cent despite the depressed local economy. This reflects a continuing increase in office automation and the installation of air conditioning in almost all new or refurbished offices.

Capital expenditure on the distribution network was £74.0 million, out of total capital expenditure of £91.6 million. All new substations, network reinforcement and refurbishment projects under construction are on schedule, although commencement of some new schemes has been delayed to match our customers' latest plans.

The overall performance of the network was satisfactory, with an 11 per cent reduction in the average time for which customers were without supply during the year. Distribution operating costs were generally in line with expectations, but also include some restructuring and other costs incurred in preparation for flotation. A number of organisational changes and productivity improvements led to a reduction in staff numbers of around 3 per cent, mostly associated with the distribution business.

Supply

The supply business contributed some £18 million more than expected to pre-tax profits, after allowing for revenues being some £5 million higher than that permitted under the price control regime. New tariff and supply contract terms have been set taking this overrecovery into account.

Electricity bad debts were £6.9 million, an increase of £1.3 million over last year, resulting from the economic circumstances of London in 1990-91. Some 10,955 domestic customers were disconnected during the year, a reduction of 4 per cent against 1989-90 reflecting the variety of payment methods now offered to our customers.

Company review

Trading

Our retailing, contracting and servicing businesses continued, not surprisingly, to be affected by the recession, with reduced markets and pressure on margins. Against this difficult background, we have separated these trading operations from the core energy business to operate properly as businesses in their own right. The restructuring and introduction of new financial control and management systems has contributed to a rise in operating costs in the short-term. In consequence while we maintained retail sales at last year's level and increased contracting and servicing turnover by 5 per cent, the combined losses in the year amounted to £4.5 million.

Outlook

London Electricity has made a sound start as a quoted public company and intends to build on this foundation. Our core distribution business will remain the focus of management attention, with strenuous efforts being made to control operating costs while maintaining a planned long-term programme of investment in the infrastructure of our network.

The commercial market, which provides our main growth potential, continues to show encouraging resilience in the present economic climate. Supported by our stable domestic customer base, this continuing commercial growth will be of great benefit to both our distribution and supply businesses.

Outside our core business, it cannot be denied that the continuing recession makes the task of turning around our retailing and electrical contracting businesses much more difficult. However, the constitution of these operations as self-standing businesses is designed to provide a sound base for the future and place us in a strong position to benefit from the upturn when it comes.

With the hard work of committed staff, London Electricity is in an excellent position to provide increasing long-term value for our shareholders and to invest in the long-term interests of our customers.

Report of the Directors

The Directors have pleasure in presenting their report together with the consolidated accounts of the Company and its subsidiaries, for the year ended 31 March 1991

Share capital

On admittance to the Official List by the Stock Exchange on 11 December 1990, the Company's authorised share capital was 300,000,000 ordinary shares of 50 pence each and one special rights redeemable preference share of £1. Details of the Company's restructuring for the purposes of flotation are dealt with in note 22 to the accounts.

Principal activities and business review

The principal activities of the Group throughout the year were the licensed distribution and supply of electricity to commercial, domestic and industrial customers solely within the London area, electrical contracting and retailing.

A detailed review of the business and future developments is contained in the accompanying Review and Summary Accounts.

Results and dividend

The historical cost profit on ordinary activities of the Group before taxation amounted to £141.8 million and after taxation to £101.0 million. Profit after taxation and extraordinary items was £95.2 million. No interim dividend was paid this year. The Directors recommend the payment of a final dividend in respect of the year ended 31 March 1991 of 10.45 pence per share payable on 9 October 1991 amounting to £22.8 million. The Directors propose to transfer the retained profit of £72.4 million to reserves. Significant post balance sheet events are disclosed in note 30 to the accounts.

Directors

The Directors who held office during the year were:

JJ Wilson (Chairman and Chief Executive)

RJ Urwin (Managing Director)

AC Curry (Executive Director)

CL Myers (Executive Director)

AV Towers (Finance Director)

GMW Owen CBE (Non-Executive Director)

CA Prendergast CBE DL (Non-Executive Director)

LW Priestley TD (Non-Executive Director)

Mrs H Robinson (Non-Executive Director)

In accordance with the Articles of Association, Mr CL Myers and Mr CA Prendergast retire from the Board by rotation and will offer themselves for re-election. Mr CL Myers has a service contract for a three year fixed term, terminable by him upon 12 months notice. Mr CA Prendergast does not have a service contract with the Company.

All the Executive Directors have service contracts. No Director was materially interested in any contract, other than a service contract, subsisting during or at the end of the financial year which was significant in relation to the business of the Group. The interests of Directors in the capital of the Company are shown in note 23 to the accounts. During the financial year the Company purchased insurance for its directors and officers against liabilities in relation to the Company.

Report of the Directors

Fixed assets

Land and buildings are carried in the historical cost accounts at a net book value of £101.0 million. The Directors consider that the market value of land and buildings is significantly in excess of this amount. On a current cost basis, land and buildings are valued at £272.2 million. Note 12 to the accounts details changes in tangible fixed assets during the year on an historical cost basis.

Substantial shareholdings

As at 17 July 1991 the Company had been notified of interests of 3 per cent or more in the issued ordinary share capital of the Company as follows:

Prudential Corporation Group of Companies 7,211,907 ordinary shares of 50 pence each representing 3.3 per cent.

Employees

It is the policy of the Group that there shall be equal opportunities in the area of employment without discrimination on grounds of ethnic or racial origin, nationality, religion, sex or marital status in accordance with the appropriate legislation and Government guidelines.

The Group gives full consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for suitable positions.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Group. Further information is provided on page 14 of the Review and Summary Accounts.

Charitable and political donations

The Company donated £110,000 to charitable organisations. There were no political donations.

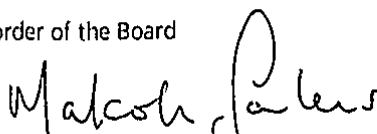
Taxation status

The Company is not a close company under the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors of the Company will be put to the Annual General Meeting.

By order of the Board



Malcolm Saunders Company Secretary

23 July 1991

Report of the Auditors

To the members of London Electricity plc

We have audited the historical cost accounts and the supplementary current cost accounts on pages 8 to 29 in accordance with Auditing Standards.

In our opinion the historical cost accounts give, on that basis, a true and fair view of the state of the Group's affairs at 31 March 1991 and of the Group's profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the supplementary current cost accounts have been properly prepared in accordance with the current cost principles, accounting policies and methods described on page 26, and give, under that current cost convention, a true and fair view of the state of the Group's affairs at 31 March 1991 and of its profit and source and application of funds for the year then ended.

Coopers & Lybrand Deloitte
Coopers & Lybrand Deloitte
Chartered Accountants

London
23 July 1991

Consolidated profit and loss account

for the year ended 31 March 1991

	note	1990-91 £m	1989-90 £m
Turnover	1	1224.0	1147.7
Cost of sales		839.0	844.9
Gross profit		385.0	302.8
Operating costs	2	279.6	224.3
Operating profit	2	105.2	78.5
Income from fixed asset investments	5	14.6	-
Net interest receivable	6	22.0	47.7
Profit on ordinary activities before taxation		141.8	126.2
Taxation on profit on ordinary activities	7	40.8	36.9
Profit on ordinary activities after taxation		101.0	89.3
Extraordinary items	8	(5.8)	(3.2)
Profit attributable to shareholders	9	95.2	86.1
Dividend	10	22.8	-
Retained profit for the year	26	72.4	86.1
Actual earnings per share	11	46.3p	
Pro forma earnings per share	11	34.7p	

As a result of changes that took place during 1990-91 in the company's capital structure and in the commercial and regulatory regime, the results for 1990-91 are not necessarily comparable with those for the previous year.


Consolidated balance sheet

at 31 March 1991

		31 March 1991	31 March 1990
	note	£m	£m
Fixed assets			
Tangible assets	12	512.0	462.0
Investments	13	81.9	—
		593.9	462.0
Current assets			
Stocks	14	12.3	13.0
Debtors	15	273.0	188.9
Investments	16	160.7	240.2
Cash at bank and in hand		7.4	13.7
		453.4	455.8
Creditors (amounts falling due within one year)	17	411.8	208.6
Net current assets		41.6	247.2
Total assets less current liabilities		635.5	709.2
Creditors (amounts falling due after more than one year)	18	71.7	1.9
Provisions for liabilities and charges	20	28.2	16.0
Net assets		535.6	691.3
Capital and reserves			
Called up share capital	22	109.0	—
Revaluation reserve	25	81.9	—
Profit and loss account	26	344.7	691.3
Shareholders' funds		535.6	691.3

The accounts on pages 8 to 22 were approved by the Board of Directors on 23 July 1991 and signed on its behalf by:

JJ Wilson Chairman
AV Towers Finance Director



Consolidated statement of source and application of funds

for the year ended 31 March 1991

	1990-91 £m	1989-90 £m
Source of funds		
Profit on ordinary activities before taxation	141.8	126.2
Extraordinary items	(5.8)	(3.2)
Adjustments for items not involving the movement of funds:		
Depreciation	28.7	24.8
Profit on disposals of tangible fixed assets	(0.8)	(1.1)
Movements in provisions	12.2	6.8
Total funds generated from operations	176.1	153.5
Funds from other sources		
Consumers' contributions	12.9	18.8
Proceeds on disposals of tangible fixed assets	0.8	1.2
Total source of funds	189.8	173.5
Application of funds		
Adjustments arising on capital restructuring	-	(7.6)
Fixed asset expenditure	(91.6)	(96.2)
Taxation paid	(46.4)	(146.5)
Total application of funds	(138.0)	(250.3)
Net source/(application) of funds	51.8	(76.8)
Represented by:		
Working capital increase/(decrease):		
Stocks	(0.7)	2.4
Debtors	76.5	19.3
Creditors	61.8	(47.2)
	137.6	(25.5)
Movement in net liquid funds:		
Bank and cash	(6.3)	4.1
Current asset investments	(79.5)	240.2
Electricity Council funding account	-	(295.6)
Increase/(decrease) in working capital	51.8	(76.8)

Statement of accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Group accounting policies, which have been applied consistently, is set out below.

Basis of accounting

These accounts have been prepared under the historical cost accounting convention, modified to include the investment in The National Grid Holding plc at valuation.

Basis of consolidation

Accounts of all subsidiaries are consolidated for the periods during which they were members of the Group. All subsidiaries make up their accounts to 31 March.

Turnover

Turnover represents the value of electricity consumption during the year, including an estimate of the sales value of units supplied to consumers between the date of the last meter reading and the year end, and the invoice value of other goods sold and services provided, exclusive of value added tax.

Credit sales charges are apportioned in the retailing account over the period of the sales agreements.

Tangible fixed assets

Tangible assets are stated at cost less amounts provided to write off assets over their useful economic life. Cost includes staff costs where employees of the Group participate directly in the construction of assets.

Freehold land is not depreciated. Other fixed assets are not depreciated in the year of acquisition, and thereafter are written off over their expected useful lives. The lives of each major class of depreciable assets are as follows:

	Years
Network assets	40
(Depreciation is charged at 3% for 20 years followed by 2% for the remaining 20 years)	
Other buildings – freehold	Up to 60
– leasehold	Lower of lease period or 60
Vehicles and mobile plant	5 – 10
Fixtures and equipment	5

Consumers' contributions are credited to the profit and loss account over a 40 year period at a rate of 3% for the first 20 years followed by 2% for the remaining 20 years.

Fixed asset investments

Investment income is included in the accounts of the year in which it is receivable. The investment in The National Grid Holding plc is at the valuation shown in the Prospectus dated 21 November 1990 containing listing particulars of London Electricity plc. Other fixed asset investments are stated in the Group balance sheet at cost less any provision for permanent diminution in value.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

statement of accounting policies

Stocks

Stocks are stated at the lower of cost and net realisable value. The valuation of work in progress is based on the cost of labour and materials. The cost elements of progress invoices are deducted in arriving at the amounts stated.

Profit is taken on contracts whilst the contract is in progress, having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made for all foreseeable future losses.

Deferred taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision is made for deferred taxation using the liability method only where it is anticipated to be payable within the foreseeable future.

Leases

Rental costs under operating leases are charged to the profit and loss account in the period in which they are incurred.

Pensions

Contributions to the Electricity Supply Pension Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The capital cost of ex-gratia and supplementary pensions is charged to the profit and loss account in the accounting period in which they are granted.

Under/overrecoveries of allowable revenue

The regulatory regime under which the Company operates can result in the under or overrecovery of revenues in a particular year.

Where there is an overrecovery of supply or distribution business revenues against the maximum allowable amount revenues are deferred equivalent to the overrecovered amount. The deferred amount is deducted from turnover and included in provisions. Where there is an underrecovery, no anticipation of any potential future recovery is made.

Property clawback

Arrangements have been implemented which entitle HM Government to a proportion of certain property gains accruing to London Electricity as a result of disposals or events treated as disposals occurring after 31 March 1990 of properties held at that date. These arrangements will continue until 31 March 2000.

A provision for clawback in respect of property disposals is made only to the extent that it is probable that a liability will crystallise.

Notes to the accounts

for the year ended 31 March 1991

1 Analysis by class of business	1990-91
Turnover	£m
Distribution	319.0
Supply	1145.6
Other	63.4
	<u>1528.0</u>
Less: Inter business sales	(304.0)
	<u>1224.0</u>
Profit before taxation	
Distribution	97.2
Supply	9.8
Other	(1.8)
Operating profit	<u>105.2</u>
Income from fixed asset investments	14.6
Net interest receivable	22.0
	<u>141.8</u>
Net assets	
Distribution	479.5
Supply	135.9
Other	36.8
Net operating assets	<u>652.2</u>
Net unallocated assets/(liabilities)	(116.6)
	<u>535.6</u>

Comparative figures have not been shown as the Distribution and Supply businesses were created on 1 April 1990.

Distribution business

This is the transfer of electricity from the points where it is received in bulk across the distribution systems and its delivery to consumers.

Supply business

This is the buying and selling of electricity as suppliers.

Other businesses

This includes retailing, contracting, generation and property activities.

Allocation of turnover and costs

Wherever possible turnover and costs are allocated specifically to the business to which they relate. However, because of the integrated nature of the Group's activities, it is necessary to recharge or apportion certain costs.

Allocation of assets and liabilities

Operating assets and liabilities are allocated or apportioned to the business to which they relate. All cash, investments, borrowings, dividends receivable and payable, and taxation items have not been allocated.

Geographical analysis

Turnover arises entirely in the United Kingdom.

notes to the accounts

2 Operating costs and profit

a Operating costs are analysed as follows:

	1990-91	1989-90
	£m	£m
Distribution costs	121.4	100.0
Administrative costs	158.4	124.3
	<u>279.8</u>	<u>224.3</u>

Distribution costs are the cost of maintaining the network including appropriate depreciation, rates and The National Grid Company plc exit charges. Administrative costs include all other operating costs. Other charges from The National Grid Company plc are included in cost of sales.

b Operating profit is stated after charging:

	1990-91	1989-90
	£m	£m
Staff costs	124.5	106.7
Depreciation	28.7	24.8
Auditors' remuneration	0.1	0.1
Operating lease rentals – land and buildings	6.1	6.4
– plant and machinery	1.1	1.1

3 Staff costs

	1990-91	1989-90
	£m	£m
Wages and salaries	109.8	102.1
Social security costs	8.6	8.1
Other pension costs (note 27)	23.5	13.6
	<u>141.9</u>	<u>123.8</u>
Less: charged as capital expenditure	(17.4)	(17.1)
Charged to the profit and loss account	<u>124.5</u>	<u>106.7</u>

The average number of employees during the year was:

	1990-91	1989-90
Staff grades	3621	3666
Industrial staff grades	3070	3254
	<u>6691</u>	<u>6920</u>

4 Directors' emoluments

	1990-91	1989-90
	£	£
Fees	35,101	62,023
Remuneration as executives (including benefits in kind)	556,667	148,939
Pension contributions	106,938	16,737
	<u>698,706</u>	<u>227,699</u>

These figures are not directly comparable because certain executives were appointed as Directors in March 1990.

The emoluments of the Chairman, who is also the highest paid Director for the year, excluding pension contributions, were £142,879 (1989-1990 £84,102).

The emoluments (excluding pension contributions) of the other directors fell within the following ranges:

	1990-91	1989-90
	Number	Number
£ 0 – £ 5,000	–	9
£ 5,001 – £ 10,000	4	1
£ 10,001 – £ 15,000	–	2
£ 20,001 – £ 25,000	–	1
£ 30,001 – £ 35,000	–	1
£ 80,001 – £ 85,000	1	–
£ 90,001 – £ 95,000	1	–
£ 110,001 – £ 115,000	1	–
£ 120,001 – £ 125,000	1	–

5 Income from fixed asset investments	1990-91	1989-90
	£m	£m
Dividends receivable from The National Grid Holding plc	14.6	
6 Net interest receivable	1990-91	1989-90
	£m	£m
Interest receivable	27.6	48.8
Interest payable:		
Overdrafts and other borrowings wholly repayable within five years	(1.2)	(1.1)
12.661% Bonds due 1999	(4.4)	-
	<u>22.0</u>	<u>47.7</u>
7 Taxation on profit on ordinary activities	1990-91	1989-90
	£m	£m
United Kingdom corporation tax at 34% (1989-90 35%)		
Current taxation	38.3	47.1
Deferred taxation	-	(8.5)
Tax credit on franked investment income	3.7	-
Over provision in respect of prior year	(1.2)	(1.7)
	<u>40.8</u>	<u>36.9</u>
The taxation charge has been reduced by £4.6m (1989-90 £8.6m) being the effect of timing differences for which no deferred taxation provision is considered necessary.		
8 Extraordinary items	1990-91	1989-90
	£m	£m
Share of costs relating to the winding-up of the Electricity Council	-	1.7
Privatisation costs	5.8	1.5
	<u>5.8</u>	<u>3.2</u>
9 Profit attributable to shareholders		
In accordance with the exemptions allowed by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The profit for the financial year is made up as follows:		
	1990-91	1989-90
	£m	£m
Dealt with in the accounts of the holding company	95.3	86.1
Retained by subsidiary company	(0.1)	-
	<u>95.2</u>	<u>86.1</u>
10 Dividend	1990-91	1989-90
	£m	£m
Proposed final of 10.45p per ordinary share	22.8	-

11 Earnings per share

Actual earnings per share have been calculated by dividing profit on ordinary activities after taxation of £101.0m by 218,059,000 ordinary shares as if they had been in issue since 1 April 1990.

Pro forma profit attributable to ordinary shareholders has been calculated by making an increase to interest payable of £38.5m, with an associated taxation credit of £13.1m, on the basis that the new capital structure had been in place since 1 April 1990, giving a pro forma profit on ordinary activities after taxation of £75.6m. Pro forma earnings per ordinary share have been calculated by dividing this pro forma profit by 218,059,000 ordinary shares as if they had been in issue since 1 April 1990.

Pro forma information for the year ended 31 March 1990 has not been presented as the Directors believe it would be misleading.

notes to the accounts

12 Tangible fixed assets

	Network assets	Other land & buildings	Telecoms & equipment	Vehicles & mobile plant	Ex-Joint contributions	Total
Cost	£m	£m	£m	£m	£m	£m
At 1 April 1990	761.8	62.2	52.7	13.1	121.9	767.9
Additions	74.0	5.4	7.6	4.6	12.9	78.7
Disposals	(2.1)	-	(1.3)	(3.5)	-	(6.9)
At 31 March 1991	833.7	67.6	59.0	14.2	134.8	839.7
Depreciation						
At 1 April 1990	281.7	11.9	30.2	6.7	24.6	305.9
Disposals	(2.1)	-	(1.3)	(3.5)	-	(6.9)
Charge for the year	21.6	2.0	6.6	2.0	3.5	28.7
At 31 March 1991	301.2	13.9	35.5	5.2	28.1	327.7
Net book amounts						
At 31 March 1991	532.5	53.7	23.5	9.0	106.7	512.0
At 31 March 1990	480.1	50.3	22.5	6.4	97.3	462.0

The net book amount of other land and buildings comprises:

	1991	1990
	£m	£m
Freehold	30.0	28.4
Long leasehold (over 50 years)	7.8	7.9
Short leasehold (50 years or less)	15.9	14.0
	53.7	50.3

Included in fixed assets at 31 March 1991 are assets in the course of construction amounting to £77.5m (31 March 1990 £54.7m) and land at a cost of £14.3m (31 March 1990 £14.4m).

13 Fixed asset investments

	Group 1991 £m
At 1 April 1990	-
Addition at valuation	81.9
At 31 March 1991	81.9

Significant interests

Details of the investment in which the Company and the Group hold more than a 10% interest are set out below:

Name of Company	Country of registration	Description of shares held	Proportion of nominal value of issued shares held by Group %
The National Grid Holding plc	England	Ordinary	10.5

This investment is stated at the historical cost valuation of £81.9m shown in the Prospectus dated 21 November 1990 containing listing particulars of London Electricity plc, and is based upon the Company's share of the pro forma historical cost net assets at 31 March 1990 of The National Grid Company plc. These shares were acquired by gift from the Secretary of State for Energy.

14 Stocks	Group	1991	1990
	£m	£m	£m
Raw materials and consumables	2.7	2.9	
Work in progress	2.9	5.0	
Finished goods and goods for resale	6.7	5.1	
	12.3	13.0	
15 Debtors	1991	1990	
	£m	£m	
Amounts falling due within one year:			
Trade debtors	122.3	97.4	
Unbilled consumption	89.8	66.8	
Credit sales instalments not yet due	5.8	4.6	
Other debtors	22.7	10.9	
Prepayments and accrued income	13.2	6.1	
Dividends receivable	7.3	-	
	261.1	185.8	
Amounts falling due after more than one year:			
Credit sales instalments not yet due	4.3	3.1	
Advance corporation tax recoverable	1.6	-	
	273.0	188.9	
16 Current asset investments	1991	1990	
	£m	£m	
British Government securities	0.7	150.4	
Money market investments	140.2	89.8	
Sterling commercial paper	19.8	-	
	160.7	240.2	

British Government securities are stated at cost, with a market value of £0.7m. These securities are listed on the International Stock Exchange, London.

17 Creditors	1991	1990
	£m	£m
Amounts falling due within one year:		
Debenture (Note 19)	240.0	-
Payments received on account	4.6	9.1
Amounts owing for purchase of electricity	46.6	116.1
Other trade creditors	24.5	18.1
Corporation tax (Note 21)	49.1	47.1
Other taxation and social security	3.7	3.1
Other creditors	11.5	9.2
Accruals and deferred income	9.0	5.9
Proposed dividend	22.8	-
	411.8	208.6
18 Creditors	1991	1990
	£m	£m
Amounts falling due after more than one year:		
Accruals and deferred income	1.7	1.9
12.661% Bonds due 1999 (Note 19)	70.0	-
	71.7	1.9

notes to the accounts

19 Debenture and bonds

	Group
	1991
	£m
These are repayable as follows:	
By 20 April 1991 (Note 17)	240.0
In five years or more in full (Note 13)	70.0
	<u>310.0</u>

Pursuant to directions given by the Secretary of State for Energy under Section 71 of the Electricity Act 1989, the Company has issued a debenture to HM Treasury dated 22 October 1990, acknowledging indebtedness in the principal amount of £240m and £70m 12.661% Bonds repayable on 25 September 1999, for which no proceeds were received. On 16 April 1991 £240m was paid to HM Treasury, thereby redeeming the debenture.

20 Provisions for liabilities and charges

	Insurance	Reorganisation costs	Revenue over recovery	Other	Total
	£m	£m	£m	£m	£m
At 1 April 1990	8.7	4.2	-	3.1	16.0
Utilised in the year	(0.9)	(4.2)	-	(0.1)	(5.2)
Transferred from profit and loss account	2.5	5.7	5.1	4.1	17.4
At 31 March 1991	<u>10.3</u>	<u>5.7</u>	<u>5.1</u>	<u>7.1</u>	<u>28.2</u>

Other provisions include pensions (£3.3m)

Deferred taxation

No provision for deferred taxation is required at 31 March 1991. The total potential liability is as follows:

	1991	1990
	£m	£m
Accelerated capital allowances	113.9	112.9
Other timing differences	(11.6)	(8.4)
	<u>102.3</u>	<u>104.5</u>

Total potential deferred taxation liability is computed at a corporation tax rate of 33%. (31 March 1990 35%).

21 Corporation tax

Movements in corporation tax were as follows:

	Group	Group
	1991	1990
	£m	£m
Balance at start of year	47.1	118.2
Taxation paid	(46.4)	(146.5)
Transferred from profit and loss account	40.8	36.9
Deferred taxation utilised	-	8.5
Advance corporation tax on proposed dividend	7.6	-
Balance at end of year	<u>49.1</u>	<u>47.1</u>

22	Share capital	£m
	At 31 March 1991	
	Authorised 300,000,000 ordinary shares of 50p each	150.0
	One special rights redeemable preference share of £1	-
	Allotted, called up and fully paid 218,059,000 ordinary shares of 50p each	109.0
	Special rights redeemable preference share of £1	-
	At 31 March 1990	
	Authorised 50,000 ordinary shares of £1 each	
	Allotted and fully paid 2 ordinary shares of £1 each	
	Allotted and partly paid 48,998 ordinary shares of £1 each, 25 pence paid	

On 19 November 1990:

a The 50,000 shares of £1 each were redesignated as ordinary shares of £1 each and were paid up in full by the Secretary of State for Energy;

b Conditionally on the whole of the ordinary share capital being admitted to the official list by The International Stock Exchange, London, the authorised share capital of the Company was further increased to £150,000,001 by the creation of 149,950,000 ordinary shares of £1 each and the special rights redeemable preference share (special share).

The condition was satisfied on 11 December 1990.

c The 150,000,000 ordinary shares of £1 each were subdivided into 300,000,000 ordinary shares of 50p each.

In accordance with a direction made by the Secretary of State for Energy under Section 71 of the Electricity Act 1989:

- i 217,959,000 ordinary shares were allotted at par, credited as fully paid, to the Secretary of State;
- ii the special share was allotted at par, credited as fully paid, to the Secretary of State.

The special share is redeemable at any time before 31 March 1995 at par at the option of the Secretary of State for Energy after consulting the Company. If the special share is not redeemed before 31 March 1995, it will be redeemed on that date. This share, which may only be held by the Secretary of State for Energy or another person acting on behalf of HM Government, does not carry any rights to vote at general meetings but entitles the holder to attend and speak at such meetings. Certain arrangements (including, in particular, limitations in the Articles of Association which prevent a person or persons acting in concert from having an interest of 15% or more in the voting share capital of London Electricity plc) cannot be altered or removed without the prior consent of the holder of the special share.

The ordinary shares were offered for sale by HM Government on 21 November 1990 at a price of £2.40

23 Directors' interests in shares and options of the Company

	Description of interest	Ordinary shares	Options	
			Executive share option scheme	Sharesave scheme
JJ Wilson	Beneficial	5469	150,000	5571
RJ Urwin	Beneficial	7121	120,000	5571
AV Towers	Beneficial	5335	100,000	5571
CL Myers	Beneficial	4353	75,000	5571
AC Curry	Beneficial	5335	70,000	-
GMW Owen	Beneficial	1000	-	-
LW Priestley	Beneficial	1000	-	-
CA Prendergast	Beneficial	300	-	-
H Robinson	Beneficial	150	-	-

Details of the share option scheme are found in Note 24.

Between 31 March 1991 and 17 July 1991 there have been no changes in the interests of the Directors in the shares of the Company.

notes to the accounts

24 Employee share scheme

The Company has established two share option schemes for employees to acquire shares in London Electricity plc

a The Sharesave scheme at flotation

An approved share option scheme where the options to purchase the shares of the Company are linked to a five year savings contract. All staff who met a qualifying period of employment were eligible to participate.

b The Executive share option scheme

An approved share option scheme for Executive Directors and Senior Executives whereby an option to purchase the shares of the Company is issued and may be exercised between the third and tenth anniversaries of the date of grant.

Options have been granted to eligible employees and Executive Directors to subscribe for ordinary shares in the Company in accordance with the rules of each scheme.

Options granted and outstanding at 31 March 1991 were:

	London Electricity plc	
	Sharesave scheme	Executive share option scheme
Number of ordinary shares of 50p	6,539,118	1,155,000
Price per share	£1.75	£2.61

25 Revaluation reserve

	Group
	1991
	£m
At 1 April 1990	-
Arising on fixed asset investments	81.9
At 31 March 1991	<u>81.9</u>

This is in respect of The National Grid Holding plc investment shown in Note 13

26 Profit and loss account

	Group 1991	Group 1990
	£m	£m
Balance at start of year	691.3	612.8
Adjustments arising on capital restructuring	-	(7.6)
Capitalisation of reserves:		
Share capital	(109.0)	-
Debenture and bonds	(310.0)	-
Retained profit for the year	72.4	86.1
Balance at end of year	<u>344.7</u>	<u>691.3</u>

The issue of the ordinary shares and the special share as fully paid in accordance with the Secretary of State for Energy's direction has resulted in the capitalisation of the Company's reserves equal to the nominal value of the share capital so issued (£108,979,501) (Note 22). In addition, the new capital structure has meant a further capitalisation of reserves of £310m to reflect indebtedness to HM Treasury (Note 19)

27 Pension commitments

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

The Scheme was unitised with effect from 31 March 1989. The formalities for the unitisation of the Scheme were required to enable the Scheme to operate as an industry wide scheme post vesting. The actuarial valuation as at this date included a separate valuation of each section of the Scheme to relate to successor bodies to the Area Boards.

The normal pension cost to the Company for the year was £13.8m (1989-1990 £12.7m). The latest full actuarial valuation of the Company's share of the Scheme was carried out by Bacon and Woodrow, consulting actuaries, as at 31 March 1989 and the results of this 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% per annum, that salary increases (exclusive of merit awards) would average 7% per annum and that present and future pensions would increase at the rate of 5.5% per annum.

The valuation showed that the actuarial value of the assets of the Company's section of the Scheme as at 31 March 1989 represented 100% of the actuarial value of the accrued benefits. The accrued benefits include all benefits for pensioners and other former members as well as benefits based on service completed to date for active members, allowing for future salary rises.

The total market value of the assets of the Scheme at 31 March 1989 was £7,766m of which £472m represented the section of the Scheme which relates to the members and beneficiaries of the Company.

Contributions payable by the Company to the Scheme during the year in respect of deficiency payments arising from ex-gratia pensions and early retirements were £6.3m (1989-90 £1.5m).

Following the result of the Barber v. Guardian Royal Exchange case, it is likely that it will be necessary to equalise the pension ages of men and women. The consequences of the decision have not yet been fully clarified, but the Company has made a provision of £3.3m (1989-90 Nil) towards future costs of implementing pension benefits at the same age for men and women. This provision will be re-assessed in future years when the consequences of the Barber case have been further clarified.

28 Lease obligations

The annual commitments of the Group under non-cancellable operating leases are as follows:

	Land and buildings		Other assets	
	1991	1990	1991	1990
	£m	£m	£m	£m
Expiring within:				
One year	0.1	0.1	0.6	0.2
Two to five years	0.4	0.8	0.4	0.7
Over five years	5.7	4.7	-	-
	6.2	5.6	1.0	0.9

29 Capital commitments and contingent liabilities

	Group	Group
	1991	1990
	£m	£m
Contracted for but not provided for in the accounts	32.0	31.0
Authorised by the directors but not yet contracted for	12.5	20.6

At 31 March 1991 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Group's business.

30 Post balance sheet events

On 16 April 1991, £240m was paid to HM Treasury thereby redeeming the debenture.

notes to the accounts

31 Assets and liabilities of subsidiaries included in consolidation

A balance sheet has not been presented for London Electricity plc. The assets and liabilities of subsidiaries consolidated are set out below.

Current assets	£m
Debtors	0.1
Investments	0.7
Cash at bank and in hand	1.4
	2.2
Creditors: amounts falling due within one year	(0.3)
Net assets	1.9

Principal subsidiaries at 31 March 1991

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of shares held	Principal activities
The London Power Company Limited	England	Ordinary	100%	Investment in electricity generation
London Power Insurance Limited	Guernsey	Ordinary	100%	Not trading at 31 March 1991

The London Power Company Limited operates solely within the United Kingdom.

Consolidated current cost profit and loss account

for the year ended 31 March 1991

	note	1990-91 £m	1989-90 £m
Turnover	1	1224.0	1147.7
Cost of sales		839.2	845.2
Gross profit		384.8	302.5
Operating costs	2, a	318.8	260.8
Current cost operating profit before monetary working capital adjustment		66.0	41.7
Monetary working capital adjustment		(13.8)	(2.1)
Current cost operating profit		52.2	39.6
Gearing adjustment		4.2	-
Income from fixed asset investments	5	14.6	-
Net interest receivable	6	22.0	47.7
Current cost profit on ordinary activities before taxation		93.0	87.3
Taxation on profit on ordinary activities	7	40.8	36.9
Current cost profit on ordinary activities after taxation		52.2	50.4
Extraordinary items	8	(5.8)	(3.2)
Current cost profit attributable to shareholders	h	46.4	47.2
Dividend	10	22.8	-
Current cost retained profit for the year	9	23.6	47.2
Actual earnings per share	b	23.9p	
Pro forma earnings per share	b	13.2p	

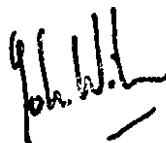
Consolidated current cost balance sheet

at 31 March 1991

		31 March 1991 £m	31 March 1990 £m
Fixed assets	<i>note</i>		
Tangible assets	c	1068.4	995.9
Investments	d	123.1	-
		<u>1191.5</u>	<u>995.9</u>
Current assets			
Stocks	e	12.3	13.1
Debtors	15	273.0	188.9
Investments	16	160.7	240.2
Cash at bank and in hand		7.4	13.7
		<u>453.4</u>	<u>455.9</u>
Creditors (amounts falling due within one year)	17	<u>411.8</u>	<u>208.6</u>
Net current assets		<u>41.6</u>	<u>247.3</u>
Total assets less current liabilities		<u>1233.1</u>	<u>1243.2</u>
Creditors (amounts falling due after more than one year)	18	<u>71.7</u>	<u>19</u>
Provisions for liabilities and charges	20,1	<u>28.2</u>	<u>16.0</u>
Net assets		<u>1133.2</u>	<u>1225.3</u>
Capital and reserves			
Called up share capital	22	109.0	-
Revaluation reserve	f	123.1	-
Current cost reserve	g	877.5	940.1
Profit and loss account	g	23.6	285.2
Shareholders' funds		<u>1133.2</u>	<u>1225.3</u>

The accounts on pages 23 to 29 were approved by the Board of Directors on 23 July 1991 and signed on its behalf by

JJ Wilson Chairman
AV Towers Finance Director




Consolidated current cost statement of source and application of funds

for the year ended 31 March 1991

	1990-91 £m	1989-90 £m
Source of funds		
Profit on ordinary activities before taxation	93.0	87.3
Extraordinary items	(5.8)	(3.2)
Adjustments for items not involving the movement of funds:		
Depreciation	66.7	60.7
Cost of sales adjustment	0.4	0.3
Monetary working capital adjustment	13.8	2.1
Gearing adjustment	(4.2)	-
Movements in provisions	12.2	6.8
Total funds generated from operations	176.1	153.5
Funds from other sources		
Consumers' contributions	12.9	18.8
Proceeds on disposals of tangible fixed assets	0.8	1.2
Total source of funds	189.8	173.5
Application of funds		
Adjustments arising on capital restructuring	-	(7.6)
Fixed asset expenditure	(91.6)	(96.2)
Taxation paid	(46.4)	(146.5)
Total application of funds	(138.0)	(250.3)
Net source/(application) of funds	51.8	(76.8)
Represented by:		
Working capital increase/(decrease):		
Stocks, net of revaluation	(0.7)	2.4
Debtors	76.5	19.3
Creditors	61.8	(47.2)
	137.6	(25.5)
Movement in net liquid funds:		
Bank and cash	(6.3)	4.1
Current asset investments	(79.5)	240.2
Electricity Council Funding Account	-	(295.6)
Increase/(decrease) in working capital	51.8	(76.8)

Statement of accounting policies

Basis of preparation

These accounts have been prepared using current cost accounting principles and conform with the Companies Act 1985. Provision is made in the accounts for the effects of specific price changes on the resources necessary to maintain the operating capability of the business:

Comparative amounts have not been adjusted to bring them to 1990-91 price levels.

Current cost accounting, whilst not a system of accounting for general inflation, allows for price changes specific to the business when reporting assets employed and profits thereon. The current cost operating profit is determined after taking account of the following current cost adjustments:

- i **Supplementary depreciation**
Depreciation is calculated on the basis of the current cost of tangible fixed assets. Supplementary depreciation is the difference between current cost depreciation and historical cost depreciation.
- ii **Cost of sales adjustment (COSA)**
This represents the difference between the current cost and historical cost of stock consumed in the year. The COSA is calculated by applying appropriate indices to the historical cost of stocks sold. The component parts of indices are periodically reviewed.
- iii **Monetary working capital adjustment (MWCA)**
This represents the amount of additional internally generated finance needed for monetary working capital as a result of changes in the input prices of goods and services used and financed by London Electricity plc. It is calculated by applying an appropriate index to average monetary working capital.
- iv **Gearing adjustment**
The gearing adjustment reduces the effect of the other current cost adjustments (i to iii above) in the profit and loss account to allow for the effect of financing the business partly by borrowings.

Tangible fixed assets and depreciation

The gross current replacement cost of fixed assets is derived by applying appropriate indices to historical cost figures. These indices may be subject to continuing revision as more information becomes available.

Certain land and buildings are valued by professionally qualified staff employed by the Company on a 5 year cycle.

The charge for depreciation is calculated to write off assets over their estimated useful lives. The lives of each major class of depreciable assets are as per the historical cost accounts.

The profit or loss on the disposal of land and other buildings is calculated and taken direct to the current cost reserve. The profit or loss on the disposal of all other tangible fixed assets is taken to the profit and loss account.

Fixed asset investments

The investment in The National Grid Holding plc is at the current cost valuation shown in the Prospectus dated 21 November 1990 containing listing particulars of London Electricity plc.

Stocks

Stocks are valued at the lower of current replacement cost and net realisable value. The valuation of work in progress is based on the cost of labour and materials. The cost elements of progress invoices are deducted in arriving at the amounts stated.

Profit is taken on contracts whilst the contract is in progress, having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made for all foreseeable future losses.

Other

All other accounting policies are in accordance with those stated in the historical cost accounts.

Notes to the accounts

for the year ended 31 March 1991

a Operating costs and profit

i Operating costs are analysed as follows:

	1990-1991	1989-1990
	£m	£m
Distribution costs	158.3	132.5
Administrative costs	160.5	128.3
	<u>318.8</u>	<u>260.8</u>

ii Operating profit is stated after charging:

Depreciation	66.7	60.2
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iii Current cost operating profit is reconciled to historical cost operating profit as follows:

Current cost operating profit	52.2	39.6
Add: Current cost adjustments:		
Depreciation	38.6	35.4
Cost of sales	0.4	0.3
Monetary working capital	13.8	2.1
Profit on disposal of assets	0.2	1.1
Historical cost operating profit	<u>105.2</u>	<u>78.5</u>

b Earnings per ordinary share

Actual earnings per share have been calculated by dividing profit on ordinary activities after taxation of £52.2m by 218,059,000 ordinary shares as if they had been in issue since 1 April 1990.

Pro forma profit attributable to ordinary shareholders has been calculated by making an adjustment to interest payable of £38.5m, with an associated taxation credit of £13.1m, and a gearing adjustment of £2.0m, on the basis that the new capital structure had been in place since 1 April 1990, giving a pro forma profit on ordinary activities after taxation of £28.8m. Pro forma earnings per ordinary share have been calculated by dividing this pro forma profit by 218,059,000 ordinary shares as if they had been in issue since 1 April 1990.

notes to the accounts

c Tangible fixed assets

	Network Assets	Other land & buildings	Fixtures & equipment	Vehicles & mobile plant	Deduct Consumables contributions	Total
Cost	£m	£m	£m	£m	£m	£m
At 1 April 1990	3420.9	118.0	62.6	16.8	223.9	3394.4
Additions	74.0	5.4	7.6	4.6	12.9	78.7
Disposals	(16.5)	-	(3.4)	(5.2)	-	(25.1)
Adjustments arising on revaluation	243.7	(13.5)	4.4	1.5	16.2	219.9
At 31 March 1991	3722.1	109.9	71.2	17.7	253.0	3667.9
Depreciation						
At 1 April 1990	2430.8	6.6	39.2	9.4	87.5	2398.5
Disposals	(16.4)	-	(3.4)	(5.2)	-	(25.0)
Charge for the year	60.5	3.1	7.2	2.6	6.1	67.3
Adjustments arising on revaluation	165.8	(4.1)	2.7	0.6	6.3	158.7
At 31 March 1991	2640.7	5.6	45.7	7.4	99.9	2599.5
Net book amounts						
At 31 March 1991	1081.4	104.3	25.5	10.3	153.1	1068.4
At 31 March 1990	990.1	111.4	23.4	7.4	136.4	995.9
Depreciation charge for year						67.3
Profit on sale of assets						(0.6)
Net depreciation to profit and loss account						66.7

The net book amount of other land and buildings comprises:

	1991 £m	1990 £m
Freehold	78.6	80.7
Long leasehold	15.0	13.8
Short leasehold	10.7	16.9
	104.3	111.4

In addition to those land and buildings valued on the 5 year cycle, all other major office and retail premises have been revalued, to take account of the significant recent decline in property values in London.

Included in fixed assets are assets at 31 March 1991 in the course of construction amounting to £77.5m (31 March 1990 £54.7m) and land valued at £74.4m (31 March 1990 £77.8m)

d Fixed asset investments

	Group 1991 £m
At 1 April 1990	-
Addition at valuation	123.1
At 31 March 1991	123.1

Fixed asset investments include a trade investment of a 10.5% holding in The National Grid Holding plc. This investment is stated at the current cost valuation of £123.1m, shown in the Prospectus dated 21 November 1990 containing listing particulars of London Electricity plc, based upon the forecast dividend receivable for 1990-91.

e Stocks

	Group 1991 £m	Group 1990 £m
Raw materials and consumables	2.7	2.9
Work in progress	2.9	5.0
Finished goods and goods for resale	6.7	5.2
	12.3	13.1

f Revaluation reserve

	Group 1991 £m
At 1 April 1990	-
Arising on fixed asset investments	123.1
At 31 March 1991	123.1

This is in respect of The National Grid Holding plc investment shown in Note d

g Other reserves

	Group 1991 £m	Group 1990 £m
Current cost reserve:		
Balance at start of year	940.1	898.1
Capitalisation of reserves:		
Share capital	(109.0)	-
Debenture and bonds	(24.8)	-
Revaluation of net fixed assets	61.2	39.6
Cost of sales and stock valuation	0.4	0.3
Monetary working capital	13.8	2.1
Gearing adjustment	(4.2)	-
Balance at end of year	877.5	940.1
Profit and loss account:		
Balance at start of year	285.2	245.6
Adjustments arising on capital restructuring	-	(7.6)
Capitalisation of reserves:		
Debenture and bonds	(285.2)	-
Retained profit for the year	23.6	47.2
Balance at end of year	23.6	285.2

Pursuant to directions given by the Secretary of State for Energy under the Electricity Act 1989, the Company has issued share capital, a debenture and bonds (Notes 19,22 and 26)

The issue of ordinary shares and the special share as fully paid has resulted in the capitalisation of the Company's current cost reserve equal to the nominal value of the share capital so issued.

The profit and loss account has been capitalised to reflect the indebtedness to HM Treasury to the extent of the reserves available at the date of issue.

The current cost reserve represents the reserve required to maintain the operating capability of the business. This has been depleted to the extent that the £310m indebtedness to HM Treasury exceeds available reserves in the profit and loss account. Consequently, the Directors consider that this excess should be charged against the current cost reserve.

The overall capital restructuring of the Company also included the gift of the investment in The National Grid Holding plc which is dealt with in note f.

h Current cost profit attributable to shareholders

	Group 1991 £m	Group 1990 £m
Dealt with in the accounts of the holding company	46.5	47.2
Retained by subsidiary	(0.1)	-
	46.4	47.2

i Deferred taxation

Current cost revaluations do not provide an appropriate basis for the provision of deferred taxation and, accordingly, no account has been taken of any potential liability arising if disposals took place at current cost valuations.

Financial performance

	Year ended 31 March				
	1987	1988	1989	1990	1991
	£m	£m	£m	£m	£m
Turnover					
Distribution					319.0
Supply					1145.6
Other					63.4
Inter business sales					(304.0)
Total	961.8	968.1	1045.5	1147.7	1224.0
Over/(under) recovery of revenues permitted by price control formulae					
Distribution					(20.1)
Supply					5.1
Historical cost operating profit					
Distribution					97.2
Supply					9.8
Other					(1.8)
Total	80.1	71.9	78.3	78.5	105.2
Current cost operating profit					
Distribution					59.1
Supply					9.6
Other					(2.7)
Total before MWCA	44.0	33.7	39.9	41.7	66.0
MWCA	(10.6)	(2.3)	(2.1)	(2.1)	(13.8)
Total after MWCA	43.4	31.4	37.8	39.6	52.2
Historical cost profit before taxation	95.6	96.2	112.7	126.2	141.8
Fixed assets					
Historical cost	330.5	358.9	409.4	462.0	512.0
Current cost	836.8	871.9	940.3	995.9	1068.4
Net assets					
Historical cost	469.7	535.6	614.5	691.3	535.6
Current cost	976.0	1048.6	1145.4	1225.3	1133.2
Net operating assets					
Historical cost	372.3	409.7	468.6	484.5	652.2
Current cost	878.6	922.7	999.5	1018.5	1208.6
Return on net operating assets	%	%	%	%	%
Historical cost	21.5	17.5	16.7	16.2	16.1
Current cost (before MWCA)	5.0	3.7	4.0	4.1	5.5
Current cost (after MWCA)	4.9	3.4	3.8	3.9	4.3

As a result of changes that took place during 1990-91 in the Company's capital structure and in the commercial and regulatory regime, the results for 1990-91 are not necessarily comparable with those for earlier years.

Unit sales and customers

	Year ended 31 March				
	1987	1988	1989	1990	1991
	GWh	GWh	GWh	GWh	GWh
Units distributed					
Domestic	5989	5893	5853	5797	6167
Commercial including farms and public lighting	8934	9397	9799	10392	10810
Industrial including traction	2135	2167	2132	2133	2081
Total	17058	17457	17784	18322	19058

Analysed by regulatory categories:

LV1				535	605
LV2				892	956
LV3				13930	14312
HV				2739	2954
Regulated units				18096	18827
EHV				226	231
Total	17058	17457	17784	18322	19058

Number of customers connected at year end

Domestic	1627522	1643638	1662254	1677227	1693797
Commercial including farms and public lighting	224683	227738	231965	236076	235425
Industrial including traction	15959	15423	15142	14468	13657
Total	1868164	1886799	1909361	1927771	1942879

Net simultaneous maximum demand (MW)	4247	3853	3823	3881	4203
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Average minutes lost per customer	38.7	46.7	46.3	57.7	51.3
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Units supplied to own customers

	GWh	GWh	GWh	GWh	GWh
Domestic	5989	5893	5853	5797	6167
Commercial including farms and public lighting	8934	9397	9799	10392	10092
Industrial including traction	2135	2167	2132	2133	1760
Total	17058	17457	17784	18322	18019

Over 1MW					2362
1MW and under					15657
Total	17058	17457	17784	18322	18019

(Units distributed and supplied exclude Company's own use and sales to other RECs)

Units purchased by supply business

(at bulk supply points)	18526	18942	19264	19773	19383
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Employees, operating costs and capital expenditure

	Year ended 31 March				
	1987	1988	1989	1990	1991
Average number of employees					
Staff grades	3684	3608	3619	3650	3621
Industrial staff grades	3022	3540	3441	3254	3070
Total	7206	7148	7060	6920	6691

	£m	£m	£m	£m	£m
Employment costs					
Salaries	86.7	89.9	94.4	102.1	109.8
Social security costs	6.6	6.8	7.3	8.1	8.6
Other pension costs	13.1	13.7	11.2	13.6	23.5
Total	106.4	110.4	115.9	123.8	141.9

Charged to:					
Capital expenditure	14.2	14.5	15.7	17.1	17.4
Profit and loss account	92.2	95.9	100.2	106.7	124.5

Distribution and supply operating costs					
Historical cost	154.1	154.1	170.9	198.0	230.4
Current cost	190.6	194.2	211.2	236.4	268.8

Historical cost per unit distributed (p)					
At outturn prices	0.90	0.88	0.96	1.08	1.21
At 1990-91 prices	1.18	1.11	1.14	1.19	1.21

Current cost per unit distributed (p)					
At outturn prices	1.12	1.11	1.19	1.29	1.41
At 1990-91 prices	1.46	1.39	1.40	1.42	1.41

Notes

- 1 Distribution and supply operating costs exclude the costs of statutory and other rechargeable work and NGC exit charges.
- 2 Cost per unit distributed figures have been calculated by dividing distribution and supply operating costs by total units distributed (page 31)
- 3 Cost per unit at 1990-91 prices have been calculated using the average Retail Price Index for the year.

	£m	£m	£m	£m	£m
Capital expenditure					
Distribution network	44.2	54.1	65.4	80.7	74.0
Other	10.2	7.2	21.0	15.5	17.6
Gross capital expenditure	54.4	61.3	86.4	96.2	91.6
Less: consumer contributions	(12.9)	(11.0)	(14.1)	(18.8)	(12.9)
Net capital expenditure	41.5	50.3	72.3	77.4	78.7