

**THE LONDON POWER COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 1997**

**Company No: 2449611**



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**Directors**

Mr M A Holmes

**Company Secretary**

Mr A.J. Whittaker

**Registered Number**

2449611

**Auditors**

Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN

**Registered Office:**

Templar House  
81-87 High Holborn  
London WC1V 6NU

## **THE LONDON POWER COMPANY LIMITED**

### **REPORT OF THE DIRECTORS FOR THE NINE MONTHS ENDED 31 DECEMBER 1997**

The Directors submit their report and financial statements of the Company for the period ended 31 December 1997.

#### **PRINCIPAL ACTIVITY**

The Company's principal activity is to act as the holding company for investments in projects involving the generation of electricity. The company will continue in this activity for the foreseeable future.

#### **CREDIT PAYMENT POLICY**

The Company's current policy concerning the payment of the majority of its trade creditors and other suppliers is to:

- a) settle the terms of payment with those creditors/suppliers when agreeing the terms of each transaction;
- b) ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- c) pay in accordance with its contractual and other legal obligations.

#### **RESULTS AND DIVIDEND**

The profit for the period was £4,454,825 (Year ended 31 March 1997: profit £1,690,160). Further information is contained in the financial statements appended to this report.

The Directors recommend that no dividend be paid for the period.

#### **DIRECTORS**

Directors who held office during the period were as follows:

Mr Michael Andrew Holmes  
Mr Jon Doron Zieve (Resigned 31 July 1997)  
Mr Michael John Kersey (Resigned 31 May 1997)

The Articles do not provide for the rotational retirement of directors.

#### **Directors' interests:-**

None of the Directors has a contract of service with the Company. They are all employed by the parent company, London Electricity plc, and have service contracts with that company.

There were no contracts of significance during or at the end of the financial period in which a director of the Company was materially interested.

There are no particulars or arrangements requiring disclosure pursuant to Section 232 of the Companies Act 1985.

### Directors' interests in shares

No director or any connected person has an interest in the shares of the Company or group companies.

Due to the acquisition of London Electricity plc by Energy London Investment plc (formerly Entergy Power UK plc) the following shares were exercised on the 1/4/97 and the Cash Offer made by Entergy Power UK plc was accepted.


	Shares exercised	Exercise price	Market price at date of exercise	Date of exercise
		£	£	
M A Holmes	767	3.03	7.055	1/4/97

All remaining options have now lapsed.

### AUDITORS

In accordance with the elective resolution of the Company passed 23 June 1992 the auditors Coopers & Lybrand will continue in office.

By order of the Board

  
A. J. Whittaker  
Secretary  
27 February 1998

### **Statement of Directors' Responsibilities**

The following statement sets out the responsibilities of the Directors in relation to the financial statements. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have met their responsibilities as set out in this statement.

**Report of the Auditors  
to the Members of The London Power Company Limited**

We have audited the financial statements on pages 7 to 12.

**Respective responsibilities of directors and auditors**

As described on page 5 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.

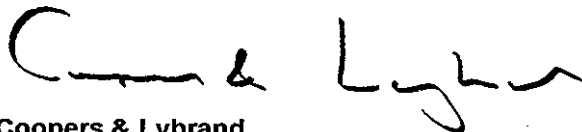
**Basis of opinion**

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 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 affairs of the Company at 31 December 1997 and of the profit for the nine month period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Coopers & Lybrand', is written over the printed name.

**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
London  
27 February 1998

**THE LONDON POWER COMPANY LIMITED**  
**PROFIT & LOSS ACCOUNT**

**FOR THE 9 MONTHS TO 31 DECEMBER 1997**

	Notes	9 months to 31 Dec 97 £	Year ended 31 March 1997 £
Administrative expenses		(142,971)	(256,232)
<b>Operating loss</b>	2	<u>(142,971)</u>	<u>(256,232)</u>
Exceptional items - loss on disposal of fixed asset investments	10	-	(1,478,887)
Income from fixed asset investments		4,608,450	3,638,250
Interest payable	5	(234,401)	(1,219,156)
Interest receivable and similar income	6	223,747	1,006,185
<b>Profit on ordinary activities before taxation</b>		<u>4,454,825</u>	<u>1,690,160</u>
Taxation	7	-	-
<b>Profit for the financial period</b>	16	<u><u>4,454,825</u></u>	<u><u>1,690,160</u></u>

The results for the period relate entirely to continuing operations.

A statement of total recognised gains and losses and a reconciliation of historic cost profits and losses are not shown as all gains and losses are recognised in the profit and loss account, and there is no difference between the result reported and that calculated under the historic cost convention.

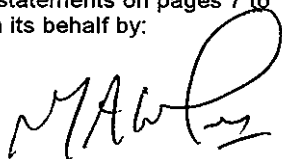
**THE LONDON POWER COMPANY LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 1997**

	Notes	31 Dec 1997 £	31 Mar 1997 £
<b>Fixed Assets</b>			
Investments	8	5,145,414	5,770,414
<b>Current Assets</b>			
Debtors : amounts falling due within one year	12	3,985,330	775,699
		<u>3,985,330</u>	<u>775,699</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	13	(512,334)	(1,132,969)
<b>Net Current Assets/(Liabilities)</b>		<u>3,472,996</u>	<u>(357,270)</u>
<b>Total Assets Less Current Liabilities</b>		<u>8,618,410</u>	<u>5,413,144</u>
Creditors: amounts falling due after more than one year	14	(2,975,000)	(4,224,559)
<b>Net Liabilities</b>		<u>5,643,410</u>	<u>1,188,585</u>
<b>Capital and Reserves</b>			
Share capital	15	3,000,000	3,000,000
Profit and loss account	16	2,643,410	(1,811,415)
<b>Equity Shareholders' Funds</b>	17	<u>5,643,410</u>	<u>1,188,585</u>

The financial statements on pages 7 to 12 were approved by the Board of Directors on 27 February 1998 and signed on its behalf by:



M.A. Holmes  
Director



**THE LONDON POWER COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 9 MONTHS ENDED 31 DECEMBER 1997**

**1. ACCOUNTING POLICIES**

**Accounting conventions**

The financial statements have been prepared under the historical cost convention, and comply with applicable UK accounting standards.

The cashflows of the Company are included in the consolidated group cashflow statement of Entergy Corporation. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

The Company is exempt from the requirement to prepare consolidated accounts. Consolidated accounts are prepared by the parent company, London Electricity plc.

**Investment income**

Investment income is taken to the profit and loss account as it is earned except for that relating to investment in long term generation projects, where the interest is not recognised until the project becomes operational.

**Fixed asset investments including associated and subsidiary undertakings**

Fixed assets investments are shown at cost less any provision for permanent diminution in value.

**2. OPERATING LOSS**

	<b>9 months to 31 Dec 97 £</b>	<b>Year ended 31 March 1997 £</b>
Operating Loss is stated after charging the following:		
Audit fees	<u>2,600</u>	<u>2,500</u>

**3. EMPLOYEES**

The Company had no employees during the period.

**4. DIRECTORS' EMOLUMENTS**

During the period no directors received emoluments for services performed on behalf of The London Power Company Limited.

**5. INTEREST PAYABLE**

	<b>9 months to 31 Dec 97 £</b>	<b>Year ended 31 March 1997 £</b>
Interest on loan from parent company	<u>234,401</u>	<u>1,219,156</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>9 months to 31 Dec 97 £</b>	<b>Year ended 31 March 1997 £</b>
Interest receivable and similar income	<u>223,747</u>	<u>1,006,185</u>

## 7. TAXATION ON LOSS ON ORDINARY ACTIVITIES

No liability to Corporation tax arises in the period due to the availability of excess management expenses.

## 8. FIXED ASSET INVESTMENTS

	31 Dec 1997 £	31 Mar 1997 £
Associated undertakings (note 9)	5,129,297	5,754,297
Subsidiary undertakings (note 10)	-	-
Other investments (note 11)	16,117	16,117
	<u>5,145,414</u>	<u>5,770,414</u>

## 9. INTEREST IN ASSOCIATED UNDERTAKINGS

	31 Dec 1997 £	31 Mar 1997 £
Balance at start of period	5,754,297	5,235,000
Transfers from other investments	-	1,051,589
Additions	-	92,708
Loan repayable within 1 year	(500,000)	(625,000)
Additional amount repaid during the period	(125,000)	-
Balance at 31 December 1997 (31 March 1997)	<u>5,129,297</u>	<u>5,754,297</u>

The loan repayment of £500,000 due from Thames Valley Power Limited has been transferred to debtors due less than one year. Barking Power Ltd continues to be treated as an associate as significant influence is exercised over its operating and financial policy.

Principal associated undertakings at 31 December 1997:

Name of undertaking	Description of shares held	Proportion of nominal value of shares held	Principal Activities
Barking Power Ltd	Ordinary £1	13.475%	Power Generation
Thames Valley Power Ltd	Ordinary £1	50%	Generation and supply of electricity and heat

**10. INTEREST IN SUBSIDIARY UNDERTAKINGS**

	31 Dec 1997 £	31 Mar 1997 £
Balance at 1 April	-	1,445,553
Disposals	-	(1,445,553)
<b>Balance at 31 December and at 31 March 1997</b>	<u>-</u>	<u>-</u>

The investment in CPS(S) Limited was written down to £nil in the prior period resulting in an exceptional charge to the profit and loss account of £1,478,887.

**11. OTHER INVESTMENTS**

	Shares £
Balance at 1 April 1997 and 31 December 1997	<u>16,117</u>

**12. DEBTORS**

	31 Dec 1997 £	31 Mar 1997 £
<b>Amounts falling due within one year:</b>		
Amount owed by parent company	3,486,980	71,697
Amounts owed by undertakings in which the Company has a participating interest	498,350	704,002
	<u>3,985,330</u>	<u>775,699</u>

**13. CREDITORS**

	31 Dec 1997 £	31 Mar 1997 £
<b>Amounts falling due within one year:</b>		
Amount owed to parent Company	505,235	1,128,469
Accruals and deferred income	7,099	4,500
	<u>512,334</u>	<u>1,132,969</u>

**14. CREDITORS**

	31 Dec 1997 £	31 Mar 1997 £
<b>Amounts falling due after more than one year:</b>		
Loan from parent company at LIBOR plus 4%	2,975,000	3,600,000
Other amounts due to parent company	-	624,559
	<u>2,975,000</u>	<u>4,224,559</u>

**15. SHARE CAPITAL**

	31 Dec 1997 £	31 Mar 1997 £
<b>Authorised</b>		
5.6m Ordinary shares of £1 each	<u>5,600,000</u>	<u>5,600,000</u>
<b>Allotted, called up and fully paid</b>		
3m Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

#### 16. PROFIT AND LOSS ACCOUNT

	1997 £
Balance at 1 April 1997	(1,811,415)
Profit for nine month period	4,454,825
Balance at 31 December 1997	<u>2,643,410</u>

#### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 1997 £	31 Mar 1997 £
Opening equity shareholders' funds	1,188,585	(501,575)
Profit for the period	4,454,825	1,690,160
Closing equity shareholders' funds	<u>5,643,410</u>	<u>1,188,585</u>

#### 18. RELATED PARTY TRANSACTIONS

In accordance with Financial reporting standard No. 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

#### 19. PARENT COMPANY

London Electricity plc, a Company registered in England and Wales, is the parent company. According to the register kept by the Company, London Electricity has a 100% interest in the equity capital of The London Power Company Limited at 31 December 1997.

Entergy Corporation, incorporated in United States of America, is regarded by the directors as the group's ultimate parent company.

Copies of the parents' financial statements are available from the Company Secretariat, London Electricity plc, Templar House, 81-87 High Holborn, London WC1 6NU.