



SEEBOARD ENERGY GAS LIMITED

Registered Number 3042795

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



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Directors

Vincent de Rivaz
Humphrey A E Cadoux-Hudson
Derek A Lickorish

Company Secretary

Robert Ian Higson

Auditors

Deloitte & Touche LLP
London

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2004.

Principal activity and review of the business

The Company's principal activity during the year continued to be the provision and supply of gas to domestic, commercial and industrial customers. It will continue in this activity for the foreseeable future.

Results and dividends

The loss for the year, before taxation, amounted to £11,665,000 (2003: £2,004,000 profit) and after taxation, to £8,891,000 (2003: £1,403,000 profit). The Directors do not recommend payment of a dividend (2003:£Nil).

Directors and their interests

Directors who held office during the year and subsequently were as follows:

Vincent de Rivaz
Humphrey A E Cadoux-Hudson
Derek A Lickorish

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

There are no contracts of significance during or at the end of the financial year in which a Director of the Company was materially interested.

None of the Directors who held office at the end of the financial year had any interest in the shares of the Company or any other Group company.

Creditors payment policy

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

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

The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception. At 31 December 2004, the Company had an average of 186 days (2003 - 73 days) purchases outstanding in its trade creditors.

Employee involvement

The Company keeps its employees informed on matters affecting them relating to the EDF Energy Group. This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet.

DIRECTORS' REPORT Continued


Equal opportunities

The Company is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, marital status, disability, race, colour, nationality or ethnic origin. The Company provides equal opportunities for employment, training and development, having regard to particular aptitudes and abilities. In the event of employees becoming disabled during employment, where possible, assistance and retraining is given so that they may attain positions compatible with their ability.

Auditors

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

By order of the Board



Robert Ian Higson
Company Secretary
Date 31st October 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEEBOARD ENERGY GAS LIMITED

We have audited the financial statements of Seeboard Energy Gas Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes numbered 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 affairs of the Company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

Deloitte & Touche LLP

Date *31 October 2005*

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

	<i>Note</i>	2004 £000	2003 £000
Turnover	2	133,495	128,770
Cost of sales		(117,705)	(117,026)
Gross profit		15,790	11,744
Administrative expenses		(27,455)	(9,740)
Operating (loss)/profit	3	(11,665)	2,004
(Loss)/profit on ordinary activities before interest and taxation		(11,665)	2,004
(Loss)/profit on ordinary activities before taxation		(11,665)	2,004
Tax credit/(charge) on (loss)/profit on ordinary activities	6	2,774	(601)
Retained (loss)/profit for the financial year	12	(8,891)	1,403

There were no recognised gains or losses in either year other than the profit or loss for that year. Accordingly, no statement of total recognised gains and losses has been presented.

All results are derived from continuing operations in both the current and preceding year.

BALANCE SHEET
AT 31 DECEMBER 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible assets	7	-	-
Current assets			
Debtors falling due within one year		60,897	42,402
Less Securitisation of trade debtors		-	(13,900)
Net debtors falling due within one year	8	60,897	28,300
Debtors falling due after more than one year	8	-	202
Cash		46,853	167,703
Total current assets		107,750	196,205
Creditors: amounts falling due within one year	10	(102,115)	(181,679)
Net current assets		5,635	14,526
Net assets		5,635	14,526
Capital and reserves			
Called up share capital	11	6,010	6,010
Profit and loss account	12	(375)	8,516
Equity shareholder's funds		5,635	14,526
Shareholder's funds may be analysed as:			
Equity interests		5,625	14,516
Non- Equity interests		10	10

The accounts on pages 6 to 13 were approved by the Board of Directors on 31st October 2005 and were signed on its behalf by:



Humphrey A E Cadoux-Hudson
Director

NOTES TO THE FINANCIAL STATEMENTS.

1. Accounting policies

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

Basis of preparation

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

Cash flow statement

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group, EDF Energy plc, whose consolidated accounts include a cash flow statement and are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and provision for impairment. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and Equipment	–	4-5 years
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Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future, have occurred at the balance sheet date with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or eliminated by capital losses.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis.

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activity of supplying gas to domestic, commercial and industrial customers. This includes an estimate of the sales value of units and therms supplied to consumers between the date of the last meter reading and the year end.

NOTES TO THE FINANCIAL STATEMENTS Continued.

3. Operating (loss)/profit

In 2004 auditors' remuneration payable to Deloitte & Touche LLP was borne by another group entity. Amounts payable in respect of auditors' remuneration in 2003 were payable to Ernst & Young LLP and amounted to £15,000

4. Staff costs

The company had no employees during the current year (2003: none), but is managed by London Energy plc, and receives a management charge for its share of resources employed by that company. The management charge in respect of wages and salaries, national insurance and pensions totalled £7.6m for the current year (2003: £nil).

5. Directors' emoluments

All Directors are employees of EDF Energy plc and did not receive any remuneration for services to the Company during the year or preceding year.

6. Tax on (loss)/profit on ordinary activities

a) Analysis of tax credit/(charge) in the year

UK current tax

	2004 £000	2003 £000
UK corporation tax (credit)/charge on (loss)/profit for the year	(3,598)	726
Total current tax (credit)/charge (Note (b))	(3,598)	726

UK deferred tax

	2004 £000	2003 £000
Origination and reversal of timing differences	98	(125)
Adjustment in respect of previous periods	726	-
Total deferred tax charge/(credit)	824	(125)
Total tax (credit)/charge on (loss)/profit on ordinary activities	(2,774)	601

NOTES TO THE FINANCIAL STATEMENTS Continued.

6. Tax on (loss)/profit on ordinary activities (continued)

(b) Factors affecting tax (credit)/charge for the year:

	2004	2003
	£000	£000
The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK (30%).		
The differences are explained below:		
(Loss)/profit on ordinary activities before tax	(11,665)	2,004
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(3,500)	601
Effect of:		
Capital allowances lower/(in excess of) than depreciation	(50)	61
General provisions	(48)	64
Current tax (credit)/charge for the period	(3,598)	726

7. Tangible fixed assets

	Fixtures and Equipment £000
Cost	
At 1 January 2004	3,310
Disposals	(3,310)
At 31 December 2004	-
Depreciation	
At 1 January 2004	3,310
Disposals	(3,310)
At 31 December 2004	-
Net book value	
At 31 December 2004 and 2003	-

NOTES TO THE FINANCIAL STATEMENTS Continued.

8. Debtors

	2004 £000	2003 £000
Debtors: amounts falling due within one year		
Billed trade debtors	8,927	9,908
Unbilled trade debtors	33,158	29,063
Less securitisation	-	(13,900)
Net trade debtors	42,085	25,071
Amounts owed by other group companies	13,144	227
Corporation tax (group relief due to the company)	5,295	1,697
Prepayments and accrued income	50	-
Deferred taxation recoverable (note 9)	323	945
Other debtors	-	360
	60,897	28,300
Debtors: amounts falling due after more than one year		
Deferred taxation recoverable (note 9)	-	202
	60,897	28,502

9. Deferred taxation

The movements in deferred taxation during the current year are as follows:

	2004 £000
At 1 January	1,147
Charge for the year (note 6)	(824)
At 31 December	323

Deferred taxation provided in the financial statements is as follows:

	2004 £000	2003 £000
Accelerated capital allowances	152	202
Other timing differences	171	945
Deferred taxation asset	323	1,147

NOTES TO THE FINANCIAL STATEMENTS Continued.

10. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Payments received on account	27,398	19,560
Trade creditors	1,873	6,215
Amounts owed to other group companies	58,150	142,592
Other taxation and social security	796	516
Other creditors	863	12
Accruals and deferred income	17	284
Securitisation	13,018	12,500
	102,115	181,679

In September 2004 Seeboard Energy Gas Limited, together with other group undertakings, entered into a commercial paper securitisation programme involving the sale of billed and unbilled trade debtors to a trust. Interest is charged on trade debtors securitised at a margin above LIBOR. The total facility available under the programme is £350 million. Seeboard Energy Gas Limited is jointly liable with other group undertakings for the total amount of the funds advanced, which totalled £320 million at 31 December 2004. Amounts are repayable within 12 months of the securitisation of the associated debtor balances.

11. Called up share capital

Authorised

	2004 Number	2003 Number	2004 £000	2003 £000
Ordinary shares of £1 each	6,000,000	6,000,000	6,000	6,000
6% cumulative non voting preference shares of £1 each	10,000	10,000	10	10
	6,010,000	6,010,000	6,010	6,010

Allotted, called up and fully paid

	2004 Number	2003 Number	2004 £000	2003 £000
Ordinary shares of £1 each	6,000,000	6,000,000	6,000	6,000
6% cumulative non voting preference shares of £1 each	10,000	10,000	10	10
	6,010,000	6,010,000	6,010	6,010

The non-equity Preference Shares entitle the holder to receive a fixed, cumulative preferential dividend of 6% per annum, calculated on the amount paid up on the Preference Shares. The Preference Shares shall not entitle the holders to any further or other participation in the profits or assets of the Company. The Preference Shares do not entitle the holders to receive notice of or attend any general meeting, or to vote on or pass any resolution of the Company unless the resolution or business at the meeting in question includes consideration of any matter varying and adversely affecting any of the particular class rights attaching to the Preference Shares.

Dividends arising in respect of the preference shares have been waived by the shareholder in the current and preceding periods.

NOTES TO THE FINANCIAL STATEMENTS Continued.

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

	Share capital	Profit and loss account	Total share- holder's funds
	£000	£000	£000
At 1 January 2003	6,010	7,113	13,123
Profit for the year	-	1,403	1,403
At 31 December 2003	6,010	8,516	14,526
Loss for the year	-	(8,891)	(8,891)
At 31 December 2004	6,010	(375)	5,635

13. Related parties

In accordance with FRS 8 'Related parties 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 which prepares consolidated accounts which are publicly available.

14. Parent undertaking and controlling party

Seaboard Energy Limited holds a 100% interest in Seaboard Energy Gas Limited and is considered to be the immediate parent company. CSW Investments heads the smallest group for which consolidated accounts are prepared, are publicly available and include the results of the Company. Accounts will be available from 40 Grosvenor Place, Victoria, London SW1X 7EN.

At 31 December 2004, Electricité de France SA, a French state owned company is regarded by the Directors as the company's ultimate parent company and controlling party. This is the largest group for which consolidated accounts are prepared. Copies of that company's consolidated accounts may be obtained from Electricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.