



**SEEBOARD ENERGY GAS LIMITED**

**Registered Number 3042795**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2003**



22

## CONTENTS

---

**Page:**

2	Directors' report
3	Statement of directors' responsibilities
4	Auditors' report
5	Profit and loss account
6	Balance sheet
7	Notes to the financial statements

---

### **Directors**

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

### **Company Secretary**

Robert I Higson

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **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 2003.

### Principal activity and review of the business

The Company's principal activity during the year continued to be the supply of gas to domestic customers within the United Kingdom. It will continue in this activity for the foreseeable future.

### Results and dividends

The profit for the year, after taxation, amounted to £1,403,000 (2002: loss of £5,033,000). The Directors do not recommend payment of a dividend (2002: £Nil).

### Directors and their interests

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

Vincent de Rivaz

Derek A Lickorish (Appointed 1 April 2003)

Humphrey A E Cadoux-Hudson

None of the Directors has a service contract with the Company. One of the Directors is employed by and has a service contract with the ultimate parent company, Electricité de France (EDF). The remaining Directors are employed by other EDF Energy plc (formerly London Electricity Group plc) companies and have service contracts with those companies.

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 an interest in the shares of the Company or any other Group company.

### Political and charitable contributions

During the year, the Company made no charitable or political contributions (2002: £Nil).

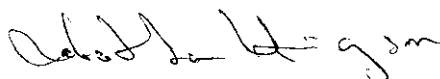
### Creditors payment policy

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 2003, the Company had an average of 73 days (2002: 45 days) purchases outstanding in its trade creditors.

By order of the Board



Robert I Higson  
Company secretary

Date

14 JUN 2004

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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; 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 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 confirm that they have complied with these requirements and having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

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

We have audited the Company's financial statements for the year ended 31 December 2003 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 17. 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 legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are 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.

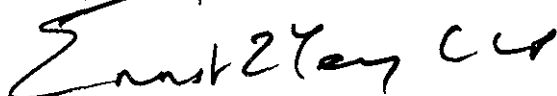
### Basis of audit opinion

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 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 affairs of the Company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

Date 14 JUN 2004

**SEEBOARD ENERGY GAS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2003**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

	<i>Note</i>	<b>2003</b> <b>£000</b>	Restated 2002 £000
<b>Turnover</b>	<b>2</b>	<b>128,770</b>	105,780
Cost of sales		<b>(117,026)</b>	(100,394)
<b>Gross profit</b>		<b>11,744</b>	5,386
Administrative expenses		<b>(9,740)</b>	(12,858)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>2,004</b>	(7,472)
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>2,004</b>	(7,472)
Interest receivable	<b>6</b>	-	438
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2,004</b>	(7,034)
Tax (charge)/credit on profit/loss on ordinary activities	<b>7</b>	<b>(601)</b>	2,001
<b>Profit/(loss) retained for the financial year</b>	<b>14</b>	<b>1,403</b>	(5,033)

There were no recognised gains or losses other than the profit of £1,403,000 for the year ended 31 December 2003 (2002: loss of £5,033,000).

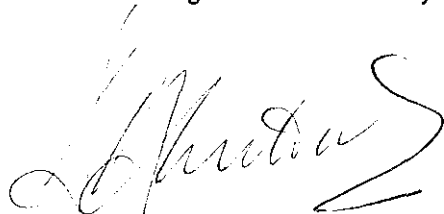
SEEBOARD ENERGY GAS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
31 DECEMBER 2003

**BALANCE SHEET**  
**AT 31 DECEMBER 2003**

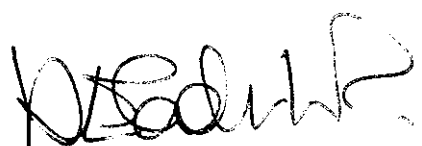
	Note	2003 £000	Restated 2002 £000
<b>Fixed assets</b>			
Tangible assets	8	-	428
<b>Current assets</b>			
Debtors falling due within one year		42,402	60,086
Less: securitisation of trade debtors		(13,900)	(13,624)
Net debtors falling due within one year	9	28,300	46,462
Debtors falling due after more than one year	10	202	142
Cash		167,703	12,860
<b>Total current assets</b>		<b>196,205</b>	<b>59,464</b>
<b>Creditors</b> (amounts falling due within one year)	12	<b>(181,679)</b>	<b>(46,769)</b>
<b>Net current assets</b>		<b>14,526</b>	<b>12,695</b>
<b>Net assets</b>		<b>14,526</b>	<b>13,123</b>
<b>Capital and reserves</b>			
Called up share capital	13	6,010	6,010
Profit and loss account	14	8,516	7,113
<b>Shareholder's funds</b>		<b>14,526</b>	<b>13,123</b>
Attributable to equity shareholders		14,516	13,113
Attributable to non-equity shareholders		10	10

The financial statements on pages 5 to 13 were approved by the Board of Directors on and were signed on its behalf by:

14 JUN 2004



Derek A Lickorish  
Director



Humphrey A E Cadoux-Hudson  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

#### Basis of preparation

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

In preparing the financial statements for the current year, the Company has discontinued its policy of discounting of deferred tax assets and liabilities. The change in accounting policy has not resulted in changes to the comparative figures.

#### 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 which produces publicly available financial statements.

#### Tangible fixed assets

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

#### Depreciation

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 to 5 years
------------------------	---	--------------

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.

#### Deferred taxation

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, this 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 a undiscounted basis. Previously deferred tax was measured on a discounted basis.



**NOTES TO THE FINANCIAL STATEMENTS Continued**

**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 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.

**3. Operating profit/(loss)**

	2003 £000	2002 £000
This is stated after charging:		
Depreciation of owned fixed assets	428	494
Auditors' remuneration	15	-

Auditors' remuneration of £10,600 for 2002 was borne by EDF Energy (South East) plc (formerly SEEBOARD plc).

**4. Directors' emoluments**

None of the Directors received any remuneration from the Company during the year (2002: £Nil). One of the Directors is employed by the ultimate parent company, Electricité de France (EDF). The remaining Directors are employed by other EDF Energy plc (formerly London Electricity Group plc) companies.

**5. Staff costs**

The Company had no employees during the year (2002: Nil).

**6. Interest receivable**

	2003 £000	2002 £000
Interest receivable on loans to other Group companies	-	438

NOTES TO THE FINANCIAL STATEMENTS Continued

**7. Tax (charge)/credit on profit/loss on ordinary activities**

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

**UK current tax**

	2003 £000	2002 £000
UK corporation tax (charge)/credit on profit/loss for the year	(726)	2,164
<b>Total current tax (charge)/credit (Note 7(b))</b>	<b>(726)</b>	<b>2,164</b>

**UK deferred tax**

	2003 £000	2002 £000
Origination and reversal of timing differences	125	(163)
<b>Total deferred tax credit/(charge)</b>	<b>125</b>	<b>(163)</b>
<b>Tax (charge)/credit on profit/loss on ordinary activities</b>	<b>(601)</b>	<b>2,001</b>

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

	2003 £000	2002 £000
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%).		
The differences are explained below:		
Profit/(loss) on ordinary activities before tax	2,004	(7,034)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(601)	2,110
Effect of:		
Disallowed expenses	-	(109)
Capital allowances lower than depreciation	(61)	(59)
Other	(64)	222
<b>Current tax (charge)/credit for the year</b>	<b>(726)</b>	<b>2,164</b>

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Tangible fixed assets

	Fixtures & equipment £000
<b>Cost</b>	
At 1 January 2003 and 31 December 2003	3,310
<b>Depreciation</b>	
At 1 January 2003	2,882
Charge for the year	428
<b>At 31 December 2003</b>	<b>3,310</b>
<b>Net book value</b>	
At 31 December 2003	-
At 31 December 2002	428

9. Net debtors falling due within one year

	2003 £000	Restated 2002 £000
Billed trade debtors	9,908	7,915
Unbilled trade debtors	29,063	15,809
Less: Securitisation	(13,900)	(13,624)
Net trade debtors	25,071	10,100
Amounts owed by other Group companies	227	30,932
Other debtors	360	2,127
Corporation tax (Group relief receivable)	1,697	2,423
Deferred taxation recoverable (note 11)	945	880
	<b>28,300</b>	<b>46,462</b>

During the 2002 financial year, SEEBOARD Energy Limited and SEEBOARD Energy Gas Limited entered into a 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 and is payable monthly. The interest cost associated with the securitisation debt is borne entirely by SEEBOARD Energy Limited. SEEBOARD Energy Limited and SEEBOARD Energy Gas Limited are not obliged to support any losses suffered by the trust as a result of the securitisation, nor do they intend to do so. At 31 December 2003, the current excess of securitisation proceeds over the current billed debt sold to the trust of £12.5m (2002: £12.8m) has been included within creditors falling due within one year.

The comparative figure for billed trade debtors has been restated in order to be split consistently with current year figures for 2003. This change also affects payments on account within creditors.

NOTES TO THE FINANCIAL STATEMENTS Continued

**10. Debtors falling due after more than one year**

	2003 £000	2002 £000
Deferred taxation recoverable (note 11)	202	142

**11. Deferred taxation**

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

	2003 £000
At 1 January	1,022
Credit for the year (note 7)	125
At 31 December	1,147

Deferred taxation provided in the financial statements is as follows:

	2003 £000	2002 £000
Accelerated capital allowances	202	142
Other timing differences	945	880
	1,147	1,022

**Maturity**

	2003 £000	2002 £000
Amounts recoverable:		
In one year or less (note 9)	945	880
After more than one year (note 10)	202	142
	1,147	1,022

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

	2003 £000	Restated 2002 £000
Payments received on account	19,560	17,010
Trade creditors	6,215	16,128
Securitisation (note 9)	12,500	12,776
Amounts owed to other Group companies	142,592	855
Other taxes and social security costs	516	-
Accruals	284	-
Other creditors	12	-
	181,679	46,769

The comparative figure for payments on account has been restated in order to be split consistently with current year figures for 2003. This change also affects billed trade debtors.

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**13. Share capital**

Authorised

	2003 £000	2002 £000
6,000,000 Ordinary shares of £1 each	6,000	6,000
10,000 6% cumulative non-voting preference shares of £1 each	10	10
	<b>6,010</b>	<b>6,010</b>

Allotted, called up and fully paid

	2003 Number	2002 Number	2003 £000	2002 £000
6,000,000 Ordinary shares of £1 each	6,000,000	6,000,000	6,000	6,000
10,000 6% cumulative non-voting preference shares of £1 each	10,000	10,000	10	10
	<b>6,010,000</b>	<b>6,010,000</b>	<b>6,010</b>	<b>6,010</b>

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.

**14. Reconciliation of shareholder's funds and movement on reserves**

	Share capital £000	Profit and loss account £000	Total share- holder's funds £000
At 1 January 2002	6,010	(9,268)	(3,258)
Loss retained for the financial year	-	(5,033)	(5,033)
Capital contributions (see below)	-	21,414	21,414
At 31 December 2002	6,010	7,113	13,123
Profit retained for the financial year	-	1,403	1,403
<b>At 31 December 2003</b>	<b>6,010</b>	<b>8,516</b>	<b>14,526</b>

On 1 January 2002, the shareholder loan payable to SEEBOARD Natural Gas Limited, of £21,414,000, was waived. This was taken to the profit and loss account as a distributable capital contribution.

**15. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £Nil (2002: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**16. 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 publishing consolidated financial statements.

**17. Parent undertaking and controlling party**

SEEBOARD Energy Limited holds a 100% interest in SEEBOARD Energy Gas Limited and is considered to be the immediate parent company. EDF Energy plc (formerly London Electricity Group plc) is the smallest group for which consolidated financial statements are prepared.

At 31 December 2003, 'Electricité de France' (EDF), a French state owned company is regarded by the Directors as the Company's ultimate parent company. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.