



metering & data services

ECS DATA SERVICES LIMITED

Registered Number 3158935

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



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Directors

John R B Morris
Humphrey A E Cadoux-Hudson

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 2002.

Principal activity and review of the business

The company's principal activity is the provision of meter reading and related data services. It will continue in this activity for the foreseeable future.

Turnover has decreased by 6% to £17,745,000 during the year. The company is in a good position to take advantage of any opportunities which may arise in the future.

Results and dividends

The profit for the year, after taxation, amounted to £2,452,000 (2001:£1,554,000). The directors do not recommend payment of a dividend.

Future developments

The directors aim to maintain the management policies which has resulted in the companies substantial growth in recent years.

Directors and their interests

Directors who held office during the year were as follow:

John R B Morris
Humphrey A E Cadoux-Hudson (Appointed 1 April 2003)
Stephen J Bott (Resigned 1 April 2003)
Bernard A R Cottrant (Resigned 1 April 2003)

With the exception of J R B Morris, who is employed by ECS Metering Services Ltd, the parent company of ECS Data Services Limited, the directors are all employed by the parent company EDF Energy Plc (formally London Electricity Group 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 period had an interest in the shares of the Company or any other Group company.

Political and charitable contributions

During the year, the company did not make any political or charitable contributions (2001:£Nil).

Creditors payment policy

The Company's current policy concerning the payment of the majority 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;

DIRECTORS' REPORT Continued

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

Employee involvement

The Company keeps its employees informed on matters affecting them relating to EDF Energy Plc (formally London Electricity Group Plc). This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in a staff newspaper and newsletters and company intranet on current activities and progress.

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

Ernst & Young LLP will be re-appointed as the Company's auditor 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
Secretary

Date 27 OCT 2003

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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECS DATA SERVICES LIMITED

We have audited the Company's financial statements for the year ended 31 December 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 18. 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.

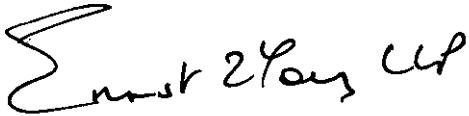
Basis of audit opinion

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECS DATA SERVICES
LIMITED Continued
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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Ernst & Young LLP", is written over the printed name of the auditor.

Ernst & Young LLP
Registered Auditor
London

Date 27 OCT 2003

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<i>Note</i>	2002 £000	Restated 2001 £000
Turnover	2	17,745	18,891
Cost of sales		(7,320)	(9,825)
Gross profit		10,425	9,066
Administrative expenses		(8,034)	(6,809)
Operating profit		2,391	2,257
Interest receivable	5	24	-
Interest payable	6	-	(6)
Profit on ordinary activities before taxation		2,415	2,251
Tax on profit on ordinary activities	7	37	(697)
Profit retained for the financial year		2,452	1,554

Prior year figures have been restated to show the effects of adopting FRS 19 'Deferred tax'.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<i>Note</i>	2002 £000	Restated 2001 £000
Profit for the financial year		2,452	1,554
Total recognised gains and losses relating to the year		2,452	1,554
Prior year adjustment	17	(41)	
Total recognised gains and losses since last annual report		2,411	1,554

Prior year figures have been restated to show the effects of adopting FRS 19 'Deferred tax'.

BALANCE SHEET
AT 31 DECEMBER 2002

	<i>Note</i>	2002 £000	Restated 2001 £000
Fixed assets			
Tangible assets	8	3,001	1,728
Current assets			
Debtors falling due within one year	9	2,346	2,684
Cash		820	272
Total		3,166	2,956
Creditors (amounts falling due within one year)	10	(2,236)	(3,848)
Net current assets/ (liabilities)		930	(892)
Total assets less current liabilities		3,931	836
Provision for liabilities and charges	11	(683)	(41)
Net assets		3,248	795
Capital and reserves			
Called up share capital	12	300	300
Profit and loss account	13	2,948	495
Equity shareholder's funds	13	3,248	795

Prior year figures have been restated to show the effects of adopting FRS 19 'Deferred tax'.

The accounts on pages 7 to 17 were approved by the Board of Directors on **27 OCT 2003** and were signed on its behalf by:



John R B Morris
Director

Date **27/10/03.**



Humphrey A E Cadoux-Hudson
Director

Date **27 OCT 2003**

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 adopted FRS 19 'Deferred taxation'. The impact of the adoption of FRS 19 is shown in note 17.

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 accounts.

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 or valuation, of each asset evenly over its expected useful life, as follows:

IT Software	–	5 years
IT Hardware	–	5 years
Fixtures & Fittings	–	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.

Consolidation

Consolidated accounts have not been prepared as the company is exempt from the obligation to prepare consolidated accounts under section 228(1) of the Companies Act 1985. Consolidated accounts are prepared by a parent undertaking, EDF Energy Plc (formally London Electricity Group plc).

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.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

- 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 discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Previously deferred tax was provided for in respect of timing differences to the extent that it was probable that a liability would crystallise in the foreseeable future. Comparative figures have been restated as required (note 17).

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

Pension costs are charged to the profit and loss account so that they are spread over employees working lives. Pension costs are assessed in accordance with the advice of qualified actuaries.

2. Turnover

Turnover arises entirely in the United Kingdom from the supply of meter reading and related data services and is stated exclusive of value added tax.

3. Operating profit

	2002 £000	2001 £000
This is stated after charging:		
Depreciation of owned fixed assets	727	461
Auditors' remuneration	10	5
Lease payments for vehicles	592	161

4. Staff costs

	2002 £000	2001 £000
Wages and salaries	4,834	3,734
Social security costs	362	284
Other pension costs	308	225
	5,504	4,243

The monthly average number of employees during the year was as follows:

	2002 Number	2001 Number
Operational staff	184	126
Administration staff	81	68
	265	194

NOTES TO THE FINANCIAL STATEMENTS Continued

5. Interest receivable

	2002 £000	2001 £000
Interest receivable from EDF Energy Plc (formally London Electricity Group plc)	24	-
	24	-

6. Interest payable

	2002 £000	2001 £000
Interest payable to EDF Energy (formally London Electricity Group plc)	-	6
	-	6

NOTES TO THE FINANCIAL STATEMENTS Continued

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax	2002 £000	Restated 2001 £000
UK corporation tax charge on profits of the year	-	(660)
Adjustment to prior year tax charge	767	-
Group Relief Payable	(669)	-
Total current tax credit/(charge) (Note 7(b))	98	(660)

UK deferred tax

Origination and reversal of timing differences	(56)	(27)
Decrease in discount	(5)	(10)
Total deferred tax charge	(61)	(37)
Tax credit/(charge) on profit on ordinary activities	37	(697)

(b) Factors affecting tax charge for the year:

	2002 £000	2001 £000
The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).		
The differences are explained below:		
Profit on ordinary activities before tax	2,416	2,251
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(725)	(675)
Effect of:		
Adjustment to prior year tax charge	767	-
Disallowed expenses and non-taxable income	-	(12)
Capital allowances in excess of depreciation	56	27
Other	-	-
Current tax charge for the period	98	(660)

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Tangible fixed assets

	Computer Software	Computer Hardware	Fixtures & equipment	Total tangible assets
	£000	£000	£000	£000
Cost				
At 1 January 2002	2,571	580	1	3,152
Additions	1,999	1	-	2,000
At 31 December 2002	4,570	581	1	5,152
Depreciation				
At 1 January 2002	894	529	1	1,424
Charge for the year	687	40	-	727
At 31 December 2002	1,581	569	1	2,151
Net book amount				
At 31 December 2002	2,989	12	-	3,001
At 31 December 2001	1,677	51	-	1,728

9. Debtors

	2002 £000	2001 £000
Trade debtors	514	661
Other debtors	10	162
Prepayments and accrued income	734	812
Amounts owed by other group companies	1,088	1,049
	2,346	2,684

10. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	21	1
Amounts owed to other group companies	1,866	820
Corporation tax	-	767
Other taxes and social security costs	80	45
Other creditors	-	178
Accruals	269	2,037
	2,236	3,848

NOTES TO THE FINANCIAL STATEMENTS Continued

11. Provisions for liabilities and charges

	At 1 January 2002	Arising during the year	At 31 December 2002
	£000	£000	£000
Liquidated damage payments	-	581	581
Deferred tax	41	61	102
	41	642	683

The Liquidated damage payments provisions relate to potential penalties incurred as a result of failure to achieve contractual performance targets.

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

	2002 £000
At 1 January 2002	-
Prior period adjustment on implementation of FRS 19 (note 17)	41
Charge for the year	61
At 31 December 2002	102

Deferred taxation provided in the financial statements is as follows:

	2002 £000	Provided 2001 £000 As restated
Accelerated capital allowances	78	22
Undiscounted provision for deferred tax	78	22
Discount	24	19
	102	41

12. Share capital

Authorised

	2002 £000	2001 £000
Ordinary shares of £1 each	500	500

Allotted, called up and fully paid

	2002 Number	2001 Number	2002 £000	2001 £000
Ordinary shares of £1 each	300,000	300,000	300	300

NOTES TO THE FINANCIAL STATEMENTS Continued

13. 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 2001	300	(1,054)	(754)
Prior year Adjustment	-	(41)	(41)
At 1 January 2001 restated	300	(1095)	(795)
Profit retained for the financial year	-	1591	1591
At 31 December 2001	300	496	796
Profit retained for the financial year	-	2,452	2,452
At 31 December 2002	300	2,948	3,248

14. Pension commitments

The principal pension scheme available to employees of ECS Data Services Limited prior to April 1994, was the Electricity Supply Pension Scheme (ESPS) operated by the EDF Energy Plc (formally London Electricity Group plc). The ESPS provides pensions and related benefits based on the final pensionable pay of employees. The assets of the scheme are held in a separate trustee administered fund.

The most recent formal actuarial valuation of the scheme was carried out at 31 March 1998 by Hewitt, Bacon & Woodrow, consulting actuaries.

In April 1994 the EDF Energy Plc (formally London Electricity Group Plc) set up a defined contribution pension scheme for new employees.

The pension charge for the period relating to the schemes was £307,000 (31 December 2001: £225,000).

15. Other financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Vehicles 2002 £000	Vehicles 2001 £000
Operating leases which expire:		
Within one year	67	54
In two to five years	449	53
	516	107

NOTES TO THE FINANCIAL STATEMENTS Continued

16. Related parties

In accordance with FRS 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 accounts.

17. Prior year adjustment

Deferred tax

The adoption of FRS 19 'Deferred tax' has resulted in a change in the method of accounting for deferred tax, from a partial to a full provision basis. This change in accounting policy has been reflected in the accounts as a prior year adjustment in accordance with FRS 3 'Reporting financial performance'.

The effect on the Company profit and loss account for the years ended 31 December 2002 and 31 December 2001 is shown below.

	2002 £000	2001 £000
Increase in tax charge	61	37
Total net profit decrease	(61)	(37)
As previously reported		1,591
As restated		1,554

The effect on the Company balance sheet at 31 December 2002 and 31 December 2001 is shown below.

	Under previous policy £000	2002 FRS 19 adjustment £000	Per accounts £000	As previously reported £000	2001 FRS 19 adjustment £000	Per accounts (Restated) £000
Provisions for liabilities and charges	581	102	683	-	41	41
Movement in equity shareholder's funds		102			41	

18. Parent undertaking and controlling party

ECS Metering Services Limited is considered to be the immediate parent undertaking of ECS Data Services Ltd.

At 31 December 2002, '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 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.