

UTILITY GRID INSTALLATIONS LIMITED  
DIRECTORS REPORT AND FINANCIAL STATEMENTS

For The Year Ended

31<sup>st</sup> DECEMBER 2002



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DIRECTORS AND ADVISORS

BOARD OF DIRECTORS AT 31st DECEMBER 2002

G.Geoghegan

A.Kenna

R.G.Walsh

E.Nicholson (resigned on 28<sup>th</sup> June 2002)

C.Purcell (resigned on 3<sup>rd</sup> September 2002)

SECRETARY AND REGISTERED OFFICE

W.O'Riordan

200 Aldersgate Street

London EC1A 4JJ

Company Registration Number: 3958461

AUDITORS

Ernst & Young

Registered Auditors

Stapleton House

89 South Mall

Cork

Ireland

BANKERS

Allied Irish Bank (GB)

31-33 Newport Road

Cardiff

CF240AB

SOLICITORS

Clifford Chance LLP

200 Aldersgate Street

London

EC1A 4JJ

## DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the period from 1st January 2002 to 31st December 2002.

### PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company commenced trading during 2002. The principal activity of the business, a public gas transporter, is the construction and operation of gas distribution networks throughout the U.K., primarily focused on the new housing market.

### RESULTS AND DIVIDENDS

The loss for the financial year amounted to £328,000.

The directors do not propose the payment of a dividend.

### DIRECTORS' RESPONSIBILITIES

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;
- 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 applicable accounting standards and 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.

DIRECTORS' REPORT CONTINUED

DIRECTORS

None of the directors had any interest in the shares of the company nor in any company in the Bord Gais Eireann Group.

CREDITOR PAYMENT POLICY

It is the company's policy in respect of all suppliers to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are aware of the terms of payment and to abide by the terms of payment. At the year end, there were no trade creditors outstanding.

AUDITORS

A resolution to reappoint Ernst & Young as auditors to the company will be proposed at the annual general meeting.

On behalf of the board

William O'Riordan

Company Secretary

A handwritten signature in black ink, appearing to read 'W O'Riordan', written in a cursive style.

20<sup>th</sup> October 2003

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF UTILITY GRID INSTALLATIONS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. 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.

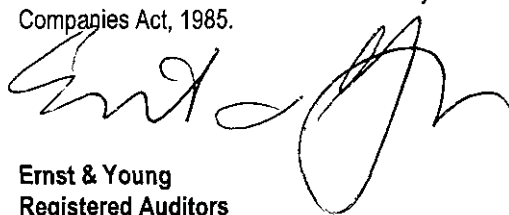
**Basis of audit opinion**

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.



Ernst & Young  
Registered Auditors  
Stapleton House  
89 South Mall  
Cork

21 Oct 2003

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

		2002
	<i>Note</i>	£
<b>Turnover</b>		3,456
Cost of sales		(-)
<b>Gross Profit</b>		3,456
Administrative Costs		<u>(326,582)</u>
<b>Operating Loss</b>	2	<u>(323,126)</u>
Interest Payable & Similar Charges	4	<u>(5,084)</u>
<b>Loss On Ordinary Activities Before Taxation</b>		<u>(328,210)</u>
Tax on loss on ordinary activities	5	-
<b>Loss for the Financial Year After Taxation</b>	11	<u>(328,210)</u>
Profit and Loss Account Brought Forward		=
Profit and Loss Account Carried Forward		<u>(328,210)</u>

The results above arose solely from continuing operations. There were no recognised gains or losses other than those dealt with in the Profit and Loss Account.

Approved By The Board on 20<sup>th</sup> October 2003.

BALANCE SHEET AS AT 31st DECEMBER 2002

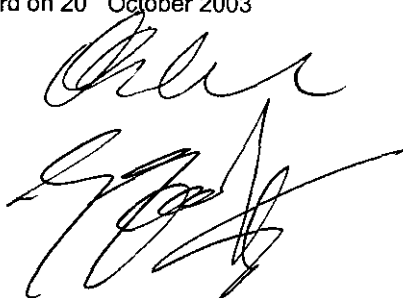
	<i>Note</i>	2002 £
<b>Fixed Assets</b>		
Tangible assets	6	85,009
<b>Current Assets</b>		
Debtors - Receivable within one year	7	9,005
Cash at Bank		<u>8,330</u>
		17,335
<b>Creditors - Amounts Falling Due Within One Year</b>	8	<u>(91,607)</u>
<b>Net Current Liabilities</b>		<u>(74,272)</u>
<b>Total Assets Less Current Liabilities</b>		<u>10,737</u>
<b>Creditors - Amounts Falling Due After More Than One Year</b>	9	<u>(338,946)</u>
<b>Net Liabilities</b>		<u>(328,209)</u>
<b>Share Capital And Reserves</b>		
Called up share capital	10	1
Profit and loss account		<u>(328,210)</u>
<b>Equity Shareholders' Funds</b>	11	<u>(328,209)</u>

The notes on page 8 to 13 form part of these financial statements.

Approved By The Board on 20<sup>th</sup> October 2003

R.G. Walsh

G. Geoghegan





NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES**

The significant accounting policies adopted by the company are as follows:

- i) **Historical cost convention**  
The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.
- ii) **Tangible fixed assets and depreciation**  
Tangible fixed assets are stated at historical cost less accumulated depreciation thereon. Depreciation is calculated to write off the original cost of tangible fixed assets other than freehold land over their expected useful lives by equal annual instalments calculated as a percentage of original cost, at the following rates:
- |                              |     |
|------------------------------|-----|
| Pipeline Systems             | 2%  |
| Computer Hardware & Software | 3%  |
| Plant & Equipment            | 14% |
- Assets under construction are transferred to appropriate fixed asset category on commissioning of the project and are depreciated from that date.  
The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the period in which they are identified.
- iii) **Turnover**  
Turnover comprises gas transportation sales receivable under service agreements with third parties and is exclusive of Value Added Tax.
- iv) **Foreign currencies**  
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Revenues, costs and non-monetary assets are translated at the exchange rates ruling at the dates of the transactions.  
  
Profits and losses arising from foreign currency transactions and on the settlement of amounts receivable and payable in foreign currency are dealt with through the profit and loss account.
- v) **Stock**  
Stocks are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS**2. OPERATING LOSS**

2002

£

Operating Loss is stated after charging:  
Depreciation

4,495**3. DIRECTORS FEES AND STAFF COSTS**

2002

£

The emoluments of the directors of the company in respect of duties wholly or mainly discharged in the UK were borne by the company's parent, Bord Gais Eireann.

The average number of employees (excluding directors) during the period is 7. Staff costs were as follows:

Wages and Salaries  
Social security costs

215,929

22,133238,062**4. INTEREST PAYABLE AND SIMILAR CHARGES**

2002

£

Interest on amount due to parent company.

5,084

NOTES TO THE FINANCIAL STATEMENTS**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2002
	£
The tax charge comprises:	
<u>U.K. Corporation Tax</u>	=
<u>Deferred Tax</u>	=
Total Tax on profit on ordinary activities	=

The differences between the total current tax shown above and the amount calculated by applying the standard rate of Irish corporation tax to the profit before tax is as follows:

	2002
<i>Corporation Tax</i>	£
Loss on Ordinary activities before tax	<u>(328,210)</u>
Current tax charge for the period	=

NOTES TO THE FINANCIAL STATEMENTS**6. TANGIBLE FIXED ASSETS**

At Cost	Freehold Land & Buildings	Assets under Construction	Pipeline Systems	Plant & Machinery	Furniture Fixtures & Fittings	Total
	£	£	£	£	£	£
At 1 <sup>st</sup> January 2002	-	-	-	-	-	-
Additions in year	-	<u>39,616</u>	<u>8,696</u>	-	<u>41,192</u>	<u>89,504</u>
At 31 <sup>st</sup> December 2002	-	<u>39,616</u>	<u>8,696</u>	-	<u>41,192</u>	<u>89,504</u>
Depreciation						
At 1 <sup>st</sup> January 2002	-	-	-	-	-	-
Charge in year	-	-	<u>127</u>	-	<u>4,368</u>	<u>4,495</u>
At 31 <sup>st</sup> December 2002	-	-	<u>127</u>	-	<u>4,368</u>	<u>4,495</u>
Net Book Amount						
At 31 <sup>st</sup> December 2002	-	39,616	8,569	-	36,824	85,009
At 31 <sup>st</sup> December 2001	-	-	-	-	-	-

**7. DEBTORS**

2002

£

Receivable within one year

Value Added Tax

5,745

Trade Debtors

3,2609,005

NOTES TO THE FINANCIAL STATEMENTS**8. CREDITORS – Amounts falling due within one year**

	2002
	£
Accruals	<u>91,607</u>

**9. CREDITORS – Amounts falling due after more than one year**

	2002
	£
Amount due to parent undertaking	<u>338,946</u>

**10. CALLED UP SHARE CAPITAL**

	2002
	£
Authorised 100 ordinary shares of £1 each	<u>100</u>
 Allotted and fully paid  1 ordinary shares of £1 each	   <u>1</u>

All share capital relates to equity interests.

NOTES TO THE FINANCIAL STATEMENTS**11. EQUITY SHAREHOLDERS FUNDS**

	Share Capital	Profit & Loss Account	Total
	£	£	£
At 1 <sup>st</sup> January 2002	1	(-)	1
Loss for the year	=	<u>(328,210)</u>	<u>(328,210)</u>
At 31 <sup>st</sup> December 2002	<u>1</u>	<u>(328,210)</u>	<u>(328,209)</u>

**12. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking, for which group financial statements are drawn up, is Bord Gais Eireann, established in the Republic of Ireland under the Gas Act, 1976.

Copies of the group accounts can be obtained from the corporate secretary of Bord Gais Eireann at PO Box 51 Gas Works Road, Cork, Ireland.

**13. CASH FLOW STATEMENT**

The company has not prepared a cash flow statement under FRS 1 (revised) since it is a 100% owned subsidiary of Bord Gais Eireann, and the consolidated accounts in which Utility Grid Installations Ltd. is included are publicly available.