

Aztec Environmental Control Limited
Report and financial statements
for the year ended 31 March 2003

Registered number: 1361365



AZTEC ENVIRONMENTAL CONTROL LIMITED

To: Each member of the Company

NOTICE UNDER COMPANIES ACT 1985, S 253(1)

The members of the Company have passed an elective resolution in accordance with section 252 of the Companies Act 1985 (as amended) (the "Act") the effect of which is that the Company has dispensed with the laying of accounts and reports before the Company in general meeting.

This notice is accompanied by a copy of the accounts and reports of the Company for the year ended 31 March 2003, which are sent to you in accordance with sections 238 and 253 of the Act.

Section 253(2) of the Act gives to each member of the Company the right to require the laying of the accounts and reports before a general meeting. Such right is exercisable by a member giving notice in writing to that effect deposited at the registered office of the Company before the end of the period of 28 days commencing with the date below (being the date on which the accompanying accounts and reports were sent to members). The text of section 253, which sets out the detailed rights of members in this connection, is set out below for your information.

28 January 2004

By order of the Board



Secretary

Registered office: 2297 Coventry Road, Birmingham, B26 3PU.

Section 253 of the Companies Act 1985 (As amended)

- (1) Where an election under section 252 is in force, the copies of the accounts and reports sent out in accordance with section 238(1) –
 - (a) shall be sent not less than 28 days before the end of the period allowed for laying and delivering accounts and reports, and
 - (b) shall be accompanied, in the case of a member of the company, by a notice informing him of his right to require the laying of the accounts and reports before a general meeting;and section 238(5) (penalty for default) applies in relation to the above requirements as to the requirements contained in that section.
- (2) Before the end of the period of 28 days beginning with the day on which the accounts and reports are sent out in accordance with section 238(1), any member or auditor of the company may by notice in writing deposited at the registered office of the company require that a general meeting be held for the purpose of laying the accounts and reports before the company.
- (3) If the directors do not within 21 days from the date of the deposit of such a notice proceed duly to convene a meeting, the person who deposited the notice may do so himself.
- (4) A meeting so convened shall not be held more than three months from that date and shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.
- (5) Where the directors do not duly convene a meeting, any reasonable expenses incurred by reason of that failure by the person who deposited the notice shall be made good to him by the company, and shall be recouped by the company out of any fees, or other remuneration in respect of their services, due or to become due to such of the directors as were in default.
- (6) The directors shall be deemed not to have duly convened a meeting if they convene a meeting for a date more than 28 days after the date of the notice convening it.

Aztec Environmental Control Limited

Report and financial statements for the year ended 31 March 2003

Contents

Company information	1
Directors' report for the year ended 31 March 2003	2
Profit and loss account for the year ended 31 March 2003	5
Balance sheet at 31 March 2003	6
Notes to the financial statements for the year ended 31 March 2003	7

Aztec Environmental Control Limited

Company information

Directors

M J Ashley

(Appointed 22 May 2002)

P P Davies

R K Peace

(Resigned 1 June 2002)

Secretary and registered office

D Chettle

2297 Coventry Road

Birmingham

B26 3PU

Company registration number

1361365

Aztec Environmental Control Limited

Directors' report for the year ended 31 March 2003

The Directors present their report and the audited financial statements for the year ended 31 March 2003.

Principal activities

The Company is dormant.

Directors and their interests

The Directors of the Company are listed on page 1.

Neither of the Directors had any interest in the share capital of the Company.

Neither Director had, during the year or at the end of the year, a material interest in any contract of significance to the Company's affairs.

Mr Davies is also a Director of Severn Trent Services Holdings Plc, the Company's immediate parent undertaking. Details of his interests in the share capital of the ultimate parent undertaking Severn Trent Plc, can be found in the accounts of Severn Trent Services Holdings Plc.

The interests of Dr Ashley at the year-end in the ordinary share capital of the ultimate parent undertaking, Severn Trent Plc, by way of a beneficial holding or through options to subscribe for shares, according to the register maintained under the provisions of the Companies Act 1985 were as follows:

	<u>1 April 2002</u>	<u>31 March 2003</u>
	Ordinary shares of 65 ^{5/19} p each	
	Number	Number
M J Ashley	4,164*	4,213

* at date of appointment

<u>Share Options under Approved Schemes</u>				
				Number
	1 April 2002	Exercised during year	Cancelled during year	Granted during year
				31 March 2003
M J Ashley	2,158*	-	-	-
				2,158

Share options were granted in accordance with the rules of the Severn Trent Sharesave Scheme. Details of prices and periods within which options are exercisable are set out in the financial statements of Severn Trent Plc.

Aztec Environmental Control Limited

Directors' report for the year ended 31 March 2003 (continued)

Directors and their interests (continued)

Dr Ashley has further interests in Severn Trent Plc ordinary shares of 65^{5/19}p each by virtue of having received a contingent award of shares under the Severn Trent Plc Long Term Incentive Plan (the 'LTIP') on 10 August 2000, 30 August 2001 and 24 September 2002. The LTIP operates on a three year rolling basis. The Severn Trent Employee Share Ownership Trust is operated in conjunction with the LTIP. Awards do not vest until they have been held in trust for three years and specific performance criteria have been satisfied. The performance criterion for the 2000 award is based on Severn Trent Plc's Total Shareholder Return ('TSR') compared to the TSR of a number of other privatised utility companies.

The performance criteria for the 2001 and 2002 awards are based on a combination of TSR and Economic Profit targets. The individual interests, which represent the maximum aggregate number of shares to which Dr Ashley could become entitled are as follows:

	1 April 2002			31 March 2003
	Number of ordinary shares of 65 ^{5/19} p each	Awards lapsed during the year	Awarded during the year	Number of ordinary shares of 65 ^{5/19} p each
M J Ashley	14,064*	(4,100)	5,201	15,165

* at date of appointment

No awards vested during the year so there has been no gain on vesting (2002 - £nil).

As at 28 January 2004 the following further awards have been made under the LTIP.

	Shares awarded
M J Ashley	4,847
P P Davies	15,140

The performance period for allocations of shares made in 2000 ended on 31 March 2003. Severn Trent Plc's Remuneration Committee has subsequently determined, based on that company's TSR over the three year period, that participants are entitled to 50% of the award. The 2000 contingent awards of shares are included in the table above and the actual number of shares to which Dr Ashley has become entitled from the 2000 award is as follows:

	Date of award	Market price on the date of vesting (p)	Number of ordinary shares of 65 ^{5/19} p each vested from the 2000 award	Gain on vesting (£'000)
M J Ashley	10 August 2000	699.25	2,805	19.6

Aztec Environmental Control Limited

Directors' report for the year ended 31 March 2003 (continued)

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period that 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. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgement and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

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.

Auditors

Following the conversion of the Company's auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will, therefore, remain as auditors until further notice.

By order of the Board



D Chetle
Secretary
28 January 2004

Aztec Environmental Control Limited

Profit and loss account for the year ended 31 March 2003

The Company has not traded in the previous two years.

The Company had no other recognised gains and losses during the year.

Aztec Environmental Control Limited

Balance sheet at 31 March 2003

	Notes	2003 £'000	2002 £'000
Creditors: amounts falling due within one year	3	(215)	(215)
Net liabilities		(215)	(215)
Capital and reserves			
Called up share capital	4	340	340
Share premium account		5	5
Profit and loss account		(560)	(560)
Equity shareholders' deficits	5	(215)	(215)

The Company was dormant throughout the year under review.

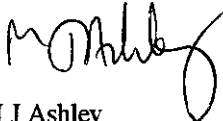
(a) For the year ended 31 March 2003 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

(b) Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

(c) The Directors acknowledge their responsibility for:

- i. ensuring the Company keeps accounting records which comply with section 221; and
- ii. preparing accounts 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 its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to the accounts, in so far as applicable to the Company.

The financial statements on pages 5 to 8 were approved by the Board of Directors on 28 January 2004 and were signed on its behalf by:


M J Ashley
Director

Aztec Environmental Control Limited

Notes to the financial statements for the year ended 31 March 2003

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts have been prepared under historical cost convention.

Cash flow statement

The Company has taken advantage of the exemption in the Financial Reporting Standard No 1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of Severn Trent Plc. The parent company has prepared a consolidated cash flow statement including that of the Company as part of its statutory accounts for the year ended 31 March 2003.

Related party transactions

The Company has taken advantage of the exemption under Financial reporting Standard 8 relating to 90% subsidiary undertakings and has not disclosed details of transactions with other undertakings within the Severn Trent Group.

2 Directors' emoluments

The Directors received no emoluments for their services as Directors of the Company (2002: £Nil)

3 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	215	215

Aztec Environmental Control Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

4 Called up share capital

	2003	2002
	£'000	£'000
<hr/>		
<i>Authorised</i>		
350,000 ordinary shares of £1 each	350	350
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<i>Allotted, called up and fully paid</i>		
340,120 ordinary shares of £1 each	340	340
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5 Reconciliation of movements in shareholders' deficits

	2003	2002
	£'000	£'000
<hr/>		
Opening and closing shareholders' deficits	215	215
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6 Ultimate parent company

The ultimate parent undertaking for which group accounts are prepared is Severn Trent Plc which is registered in England and Wales. The immediate parent undertaking is Severn Trent Services Holdings Plc which is registered in England and Wales. Copies of the group accounts may be obtained from the Company Secretary, Severn Trent Plc, 2297 Coventry Road, Birmingham, B26 3PU.