

**EDF ENERGY (UK) LIMITED
(FORMERLY EDF (UK) LIMITED)**

Registered number 2622406

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



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Directors

V de Rivaz
M Crémieux

Secretary

R 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. The Company changed its name from EDF (UK) Limited to EDF Energy (UK) Limited on 30 June 2003.

Principal activity and review of the business

The Company is a holding company for Electricité de France's interest in power generation, distribution and supply in 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 £53,725,000 (2001: profit of £40,321,599). Dividends paid during the year amounted to £47,430,000 (2001: £40,000,000).

Directors and their interests

Directors who held office during the year were as follows:

L L Caperan	Resigned 7 May 2003
J M Chauvin	Resigned 6 December 2002
V de Rivaz	
Y D'Escatha	Resigned 14 February 2003
B J Lescoeur	Resigned 7 May 2003
M Francony	Resigned 7 May 2003
G G Wolf	Resigned 7 May 2003
M G P Boudier	Resigned 7 February 2002
M Crémieux	Appointed 7 May 2003

No contract or arrangement has been entered into at any time during the year or subsisted at the end of the period in which any director had a material interest which was significant in relation to the Company's business.

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.

DIRECTORS' REPORT Continued

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;
- 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.

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 I Higson

Secretary

Date 16 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; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDF ENERGY (UK) LIMITED

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

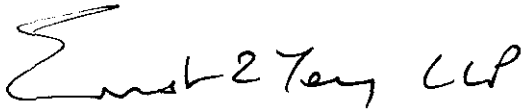
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 EDF ENERGY (UK) 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 16 OCT 2003

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

	<i>Note</i>	2002 £000	2001 £000
Operating expenses		(1,202)	(63)
Operating loss	2	(1,202)	(63)
Loss on ordinary activities before investment income, interest and taxation		(1,202)	(63)
Income from other fixed asset investments	3	67,000	40,450
Interest receivable	4	102	80
Interest payable	5	(17,864)	(145)
Profit on ordinary activities before taxation		48,036	40,322
Tax on profit on ordinary activities	6	5,689	-
Profit on ordinary activities after taxation		53,725	40,322
Dividends	7	(47,430)	(40,000)
Profit retained for the financial year		6,295	322

There were no recognised gains or losses other than the profit after tax of £53,725,000 for the year ended 31 December 2002 (2001: profit of £40,321,599).

BALANCE SHEET
AT 31 DECEMBER 2002

	<i>Note</i>	2002 £000	2001 £000
Fixed assets			
Investments in subsidiary undertakings	8	2,540,101	1,620,101
Current assets			
Debtors	9	5,690	-
Cash		4,666	3,434
		10,356	3,434
Creditors (amounts falling due within one year)	10	(892)	(230,265)
Net current assets		9,464	(226,831)
Creditors (amounts falling due after more than one year)	11	(200,000)	-
Net assets		2,349,565	1,393,270
Capital and reserves			
Called up share capital	12	2,342,679	1,392,679
Profit and loss account	13	6,886	591
Equity shareholder's funds		2,349,565	1,393,270

The accounts on pages 7 to 14 were approved by the Board of Directors on
signed on its behalf by:

2003 and were

Vincent de Rivaz
Director



Date 16 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.

Cash flow statement

The Company is exempt for 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.

Consolidation

Consolidated financial statements 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 as consolidated financial statements are prepared by its ultimate parent company, Electricité de France.

Fixed asset investments including subsidiary undertaking and joint ventures

Fixed asset investments are shown at cost less any provision for permanent diminution in value.

2. Operating loss

	2002 £000	2001 £000
This is stated after charging:		
Auditors' remuneration	4.0	3.3

3. Investment Income

	2002 £000	2001 £000
Dividends from subsidiary undertakings	67,000	40,000
Dividends from associated undertakings	-	450
	67,000	40,450

4. Interest receivable

	2002 £000	2001 £000
Bank interest received	102	80

NOTES TO THE FINANCIAL STATEMENTS Continued

5. Interest payable

	2002 £000	2001 £000
Interest paid on loan from EDF International	17,864	145

6. Tax on profit on ordinary activities

(a) Analysis of tax credit in the year

UK current tax

	2002 £000	2001 £000
UK corporation tax credit on profits of the year	5,689	-
Total current tax credit (Note (b))	5,689	-

(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	48,036	40,322
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(14,411)	(12,096)
Effect of:		
Tax losses incurred	-	(39)
Dividends received from UK companies	20,100	12,000
Other	-	135
Current tax credit for the period	5,689	-

7. Dividends

	2002 £000	2001 £000
Equity dividends on ordinary shares:		
Paid	47,430	40,000

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Investments in subsidiary undertakings

	2002 £000
Cost:	
At 1 January 2002	1,620,101
Additions	920,000
At 31 December 2002	2,540,101

The principal undertakings at 31 December 2002, which are incorporated in Great Britain and are registered and operate in England and Wales (unless otherwise stated), are as follows:

	Percentage of ordinary shares held	Principal activity
51 Degrees Limited*	100%	Telecommunication networks
Associated Electricity Supplies Limited	100%	Non trading
CSW Investments*	100%	Holding company
Deltabrand Limited*	100%	Holding company
ECS Data Services Limited*	100%	Meter reading and related services
ECS Metering Services Limited*	100%	Meter operations and related services
EDF Energy (Asset Management) Limited (formerly SEEBOARD Asset Management Limited)*	100%	Investment company
EDF Energy (Contract Services) Limited (formerly 24seven Contract Services Limited)*	100%	Maintenance of distribution networks
EDF Energy (Cottam Power) Limited (formerly Cottam Power Limited)*	100%	Provision and supply of electricity generation
EDF Energy (Energy Branch) plc (formerly The London Power Company plc)*	100%	Investment in electricity generation
EDF Energy (Enterprises) Limited (formerly London Electricity Enterprises Limited)*	100%	Investments in commercial projects
EDF Energy (London Heat & Power) Limited (formerly London Heat & Power Limited)*	100%	Generation and supply of electricity and heat
EDF Energy (Metro Holdings) Limited (formerly SEEBOARD Metro Holdings Limited)*	100%	Investment company
EDF Energy (Norfolk Offshore Wind) Limited (formerly Norfolk Offshore Wind Limited)*	80%	Development of generation and supply
EDF Energy (Powerlink Holdings) Limited (formerly SEEBOARD Powerlink Holdings Limited)*	100%	Investment company
EDF Energy (Projects) Limited (formerly SEEBOARD Projects Limited)*	100%	Investment company
EDF Energy (Services) Limited (formerly London Electricity Services Limited)*	100%	Electricity distribution project
EDF Energy (South East Generation) Limited (formerly SEEBOARD (Generation) Limited)*	100%	Holding company
EDF Energy (South East) plc (formerly SEEBOARD plc)*	100%	Holding company

NOTES TO THE FINANCIAL STATEMENTS Continued

EDF Energy (South Eastern Services) Limited (formerly South Eastern Services Limited)*	100%	Property Management
EDF Energy (Sutton Bridge Holdings) Limited (formerly Sutton Bridge Holdings Limited)*	100%	Investment in power generation company
EDF Energy (Sutton Bridge Power) Limited (formerly Sutton Bridge Power Limited)*	100%	Provision and supply of electricity generation
EDF Energy (Transport Services) Limited (formerly London Electricity Transport Services Limited)*	100%	Provision and supply of transport services
EDF Energy (West Burton Power) Limited (formerly West Burton Power Limited)*	100%	Power generation
EDF Energy Networks (EPN) plc (formerly EPN Distribution Limited)*	100%	Contract management for distribution network
EDF Energy Networks (LPN) plc (formerly London Power Networks plc)*	100%	Contract management for distribution network
EDF Energy Networks (SPN) plc (formerly SEEBOARD Power Networks plc)*	100%	Electricity distribution
EDF Energy Networks Limited (formerly 24seven Utility Services Limited)*	100%	Maintenance of distribution networks
EDF Energy plc (formerly London Electricity Group plc)*	100%	Electricity supply, generation and distribution
EDF Energy Group Holdings plc (formerly London Electricity Group Holdings plc)	100%	Holding company
High Hedley Hope Wind Limited*	100%	Renewable power generation
Kirkheaton Wind Limited*	75%	Renewable power generation
Knight Debt Recovery Services Limited*	100%	Debt collection and tracing
London Electricity Projects Limited*	100%	Project management
London Electricity Share Scheme Trustees Limited*	100%	Trustees of employee share and benefits funds
London Energy plc (formerly London Electricity plc)*	100%	Electricity retailing
London Power Insurance Limited*	100%	Insurance
London Power Sutton Bridge Limited*	100%	Investment in power generation company
Longfield Insurance Company Limited* (Isle of Man)	100%	Insurance
Northern Offshore Wind Limited*	100%	Renewable power generation
SEEBOARD Contracting Services Limited*	100%	Electrical contracting
SEEBOARD Energy Gas Limited*	100%	Gas supply
SEEBOARD Energy Limited*	100%	Energy supply
SEEBOARD Group plc*	100%	Holding company
SEEBOARD Insurance Company Limited* (Isle of Man)	100%	Insurance
SEEBOARD Powerlink Limited*	80%	Asset management
SEEBOARD Trading Limited *	100%	Investment company
Sutton Bridge Financing Inc* (Cayman Islands)	100%	Financial activities
Sutton Bridge Investors Limited*	100%	Investment in power generation company
The Barkantine Heat & Power Company Limited*	100%	Generation and supply of electricity and heat
Virgin HomeEnergy Limited*	75%	Customer acquisition services
Virgin HomePhone Limited*	75%	Telecoms retailing
West Burton Limited*	100%	Power generation
West Burton Property Limited*	100%	Power generation

*Indirectly held

NOTES TO THE FINANCIAL STATEMENTS Continued

9. Debtors

	2002	2001
	£000	£000
Amounts owed by subsidiary undertakings	5,690	-

10. Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Other taxes and social security costs	38	42
Other creditors and accruals	854	223
Loan from parent company	-	230,000
	892	230,265

11. Creditors: amounts falling due after more than one year

	2002	2001
	£000	£000
Convertible bonds	200,000	-

On 5 December 2002, the Company issued the convertible notes. The Notes are convertible into shares in EDF Energy (UK) Limited on 5 December 2007.

12. Share capital

Authorised

	2002	2001
	£000	£000
Ordinary shares of £1 each	2,542,679	1,392,679

Allotted, called up and fully paid	2002	2001	2002	2001
	Number	Number	£000	£000
Ordinary shares of £1 each	2,342,678,753	1,392,678,753	2,342,679	1,392,679

During the year, the authorised share capital was increased by £950,000,000 by the creation of 950,000,000 ordinary shares of £1 each. At the same time, 950,000,000 ordinary shares of £1 each, with an aggregate nominal value of £950,000,000 were issued fully paid for cash of £950,000,000.

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	1,392,679	269	1,392,948
Profit for the year	-	40,322	40,322
Dividend	-	(40,000)	(40,000)
At 31 December 2001	1,392,679	591	1,393,270
Profit for the year	-	53,725	53,725
Additional share capital subscribed	950,000	-	950,000
Dividend paid	-	(47,430)	(47,430)
At 31 December 2002	2,342,679	6,886	2,349,565

14. Parent undertaking and controlling party

The immediate parent company of EDF Energy (UK) Limited is EDF International SA, a French company.

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.