

# **SEEBOARD Powerlink Limited**

**REPORT AND ACCOUNTS  
31 DECEMBER 2000**

**Registered Number: 3221818**

Registered Office:  
Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9BH



# SEEBOARD POWERLINK LIMITED

## Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2000.

### Principal Activity

The principal activity of the Company is the maintenance, operation and renewal of electrical distribution and power generation equipment.

### Trading Results and Dividends

The Company made a profit on ordinary activities before taxation for the year of £5,900,000 (1999 £4,622,000) on a turnover of £41,896,000 (1999 £37,016,000).

The directors do not propose the payment of a dividend (1999 £nil).

### Ultimate Holding Company

CSW UK Holdings is the ultimate UK holding company. The ultimate holding company is American Electric Power Inc ("AEP").

On 22 December 1997, it was announced that AEP had made an agreed share for share offer to acquire the whole of the share capital in Central and South West Corporation subject to, inter alia, regulatory and shareholder approval. This acquisition was completed on 15 June 2000.

### Share Capital

Details of the authorised and issued share capital of SEEBOARD Powerlink Limited are set out in note 10 to the accounts on page 10.

### Directors

The directors who served during the year, none of whom received any emoluments for their services as directors of SEEBOARD Powerlink Limited, were as follows:

J Weight  
T J Gregory  
H Cadoux-Hudson (appointed 30 May 2000)  
A L P Rabin  
M J Pavia (resigned 30 May 2000)

### Alternate Directors

A J Dalton  
P D Northwood  
J C Fox  
S K Leadill  
B J Chudley (appointed 17 January 2000)  
S J Gardner (resigned 17 January 2000)

The directors and their families have no beneficial interests in either the share capital of the Company or any company within the AEP Group of UK companies. The directors are not aware of any contract of significance, other than service contracts with SEEBOARD plc, in relation to the Company, in which any director has, or has had, a material interest.

# SEEBOARD POWERLINK LIMITED

## Directors' Report

### Payments to Suppliers

It is the Company's policy in respect of its suppliers to:

- agree the terms of payment with suppliers when confirming the terms of each transaction;
- ensure that suppliers are made aware of such terms;
- abide by such terms.

Otherwise the Company's policy is to make payment within 30 days from the date of receipt of the supplier's invoice.

Statutory Instrument 1997/571 requires that qualifying companies disclose the number of days supplier invoices remain outstanding based on the year end trade creditor balance divided by the average value of daily invoices received by the Company. In accordance with the method of calculation prescribed, the creditor days for the year ended 31 December 2000 totalled 31 days (1999 43 days).

### Donations

During the year, the Company made charitable donations of £4,000.

### Equal Opportunities

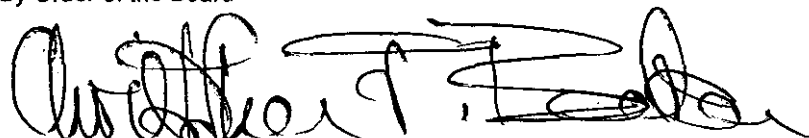
The Company aims to treat all current and potential future employees fairly and equally, regardless of their age, gender, marital status, disability, race, colour, nationality or ethnic origin. The Company provides equal opportunities for employment, training and development, having regard to particular 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.

### Auditor

KPMG Audit Plc is willing to continue as auditor and a resolution proposing the firm's re-appointment will be made at the General Meeting before which the accounts are presented.

By Order of the Board



Christopher J Baker  
Company Secretary

15 May 2001

# SEEBOARD POWERLINK LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each accounting reference period, which give a true and fair view of the state of affairs of the Company and of the profit or loss 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 financial statements on a 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## AUDITOR'S REPORT TO THE MEMBERS OF SEEBOARD POWERLINK LIMITED

We have audited the financial statements on pages 4 to 12.

### Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### Basis of audit opinion

We conducted our audit in accordance with 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 2000 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

20 June 2001  
8 Salisbury Sq  
London  
EC4Y 8BB

# SEEBOARD POWERLINK LIMITED

## Profit and Loss Account for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover		41,896	37,016
Cost of sales		(32,385)	(28,773)
<b>Gross profit</b>		<u>9,511</u>	<u>8,243</u>
Administrative expenses		(4,977)	(4,066)
<b>Operating profit</b>	<b>1</b>	<u>4,534</u>	<u>4,177</u>
Net interest receivable	<b>4</b>	1,366	445
<b>Profit on ordinary activities before taxation</b>		<u>5,900</u>	<u>4,622</u>
Tax on profit on ordinary activities	<b>5</b>	(1,728)	(1,365)
<b>Profit for the financial year</b>	<b>11</b>	<u>4,172</u>	<u>3,257</u>

### Recognised gains or losses

There were no recognised gains or losses other than the profit for the financial year (1999 £nil).

Turnover and profit were derived from continuing operations.

# SEEBOARD POWERLINK LIMITED

## Balance Sheet as at 31 December 2000

	Note	2000 £000	1999 £000
<b>Fixed assets</b>	<b>6</b>	<b><u>759</u></b>	<b><u>312</u></b>
<b>Current assets</b>			
Stock	7	1,399	1,786
Debtors	8	9,818	10,148
Cash at bank and in hand		<u>30,958</u>	<u>16,742</u>
		<b>42,175</b>	<b>28,676</b>
<b>Current liabilities</b>			
Creditors (amounts falling due within one year)	9	33,668	23,894
<b>Net current assets</b>		<b><u>8,507</u></b>	<b><u>4,782</u></b>
<b>Net assets</b>		<b><u>9,266</u></b>	<b><u>5,094</u></b>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	8,266	4,094
<b>Shareholders' funds</b>		<b><u>9,266</u></b>	<b><u>5,094</u></b>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 15 May 2001 and were signed on its behalf by:



John Weight  
Director



Director

# SEEBOARD POWERLINK LIMITED

## Cash Flow Statement for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Net cash inflow from operating activities	14(a)	15,012	14,166
Returns on investments and servicing of finance	14(b)	1,304	580
Taxation	14(c)	(1,355)	(406)
Capital expenditure and financial investment	14(d)	(745)	(238)
Cash inflow before use of liquid resources and financing		<u>14,216</u>	<u>14,102</u>
Financing	14(e)	-	(3,750)
Increase in cash in the year		<u>14,216</u>	<u>10,352</u>
Reconciliation of net cash flow to movement in net cash			
Net cash at 1 January		16,742	2,640
Net cash at 31 December	14(f)	<u>30,958</u>	<u>16,742</u>
Movement in net cash in the year		<u>14,216</u>	<u>14,102</u>
Repayment of debt		-	(3,750)
Increase in cash in the year		<u>14,216</u>	<u>10,352</u>

# SEEBOARD POWERLINK LIMITED

## Notes to the accounts

### Accounting Policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards.

#### Long term contract

The contract between SEEBOARD Powerlink Limited and London Underground Limited for the operation, maintenance and upgrade of the electricity supply network for the London Underground railway is being accounted for as a long term contract, with turnover and profits being recognised in proportion to progress on defined segments of the contract.

The amounts of expenditure on long term contracts net of amounts transferred to cost of sales and payments on account are separately included within stock. To the extent invoices raised exceed turnover and long term contract balances they are included as payments received on account within creditors.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is calculated on a straight line basis to write off fixtures and equipment over their estimated useful lives ranging from 4 to 10 years.

#### Stocks and work in progress

Work in progress and stocks are stated at the lower of cost and net realisable value.

#### Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Pensions costs

Pension contributions are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the Company. The capital cost of ex-gratia and supplementary pensions is charged to the profit and loss account in the accounting period in which they are granted.

#### Deferred taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. A provision or asset for deferred taxation, using the liability method, is established to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.



# SEEBOARD POWERLINK LIMITED

## Notes to the accounts (continued)

### 1. Operating profit

	2000	1999
	£000	£000
Operating profit is stated after charging:		
Depreciation	298	114
Remuneration of auditor for audit work	20	20
Operating lease charges	<u>5,522</u>	<u>2,541</u>

### 2. Directors and employees

	2000	1999
	£000	£000
a) Employment costs		
Wages and salaries	11,883	11,322
Social security costs	990	845
Pension costs	<u>1,086</u>	<u>1,075</u>
Charged to profit and loss account	<u>13,959</u>	<u>13,242</u>
Average number of employees in the Company during the period was:	<u>389</u>	<u>342</u>

There are a number of Seeboard plc employees on secondment to SEEBOARD Powerlink Limited whose salary costs are borne by Seeboard plc and recharged to SEEBOARD Powerlink Limited via an interbusiness arrangement.

#### b) Directors' emoluments

No directors received any remuneration during the year for their services as directors of SEEBOARD Powerlink Limited.

### 3. Related party transactions

SEEBOARD Powerlink Limited is a subsidiary of SEEBOARD plc. During the year the Company was charged £4,714,000 (1999 £4,219,000) for materials, property and administration costs. At the year end, the Company owed SEEBOARD plc £4,026,000 (1999 £2,659,000) for these services.

A contract has been entered into with Power Asset Development Company Limited ("PADCo"), an associated company of SEEBOARD plc, for the design, construction, commissioning, maintenance and renewal of assets forming part of the electricity supply network for the London Underground railway. During the year, the Company was charged £4,603,000 (1999 £3,428,000) for the operating lease rental of network assets, including £919,000 transferred from deferred income (1999 £890,000 transferred to deferred income).

Under the terms of a contract with PADCo, the Company charged PADCo £1,313,000 (1999 £1,322,000) for maintaining the assets constructed by PADCo on its behalf, including £313,000 (1999 £971,000) which has been deferred and included in accruals and deferred income. In addition an administration fee of £101,000 (1999 £48,000) for administrative costs incurred on PADCo's behalf has been charged.

At the year end, the Company owed PADCo £2,598,000 (1999 £2,090,000), including £1,728,000 (1999 £1,365,000) in respect of losses to be surrendered for consortium relief.

### 4. Net interest receivable

	2000	1999
	£000	£000
Interest payable on bank loans and overdrafts wholly repayable within 5 years	(7)	(37)
Interest receivable	<u>1,373</u>	<u>482</u>
	<u>1,366</u>	<u>445</u>

# SEEBOARD POWERLINK LIMITED

## Notes to the accounts (continued)

### 5. Tax on profit on ordinary activities

	2000 £000	1999 £000
Consortium relief	<u>1,728</u>	<u>1,365</u>

The Company received consortium relief of £5,760,000 from a related company for consideration of £1,728,000.

### 6. Tangible fixed assets

	Fixtures and equipment £000
<b>Cost</b>	
At 1 January 2000	473
Additions	<u>745</u>
<b>As at 31 December 2000</b>	<u><b>1,218</b></u>
<b>Depreciation</b>	
At 1 January 2000	161
Charge for period	<u>298</u>
<b>As at 31 December 2000</b>	<u><b>459</b></u>
<b>Net book amount at 31 December 2000</b>	<u><b>759</b></u>
Net book amount at 31 December 1999	<u>312</u>

### 7. Stocks

	2000 £000	1999 £000
Raw materials and consumables	1,067	1,110
Work in progress	<u>332</u>	<u>676</u>
	<u><b>1,399</b></u>	<u><b>1,786</b></u>

### 8. Debtors

	2000 £000	1999 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	7,726	6,973
Other debtors	<u>406</u>	<u>573</u>
Prepayments and accrued income	<u>1,686</u>	<u>2,602</u>
	<u><b>9,818</b></u>	<u><b>10,148</b></u>

# SEEBOARD POWERLINK LIMITED

## Notes to the accounts (continued)

### 9. Creditors

	2000 £000	1999 £000
<b>Amounts falling due within one year:</b>		
Payments received on account	22,450	14,235
Trade creditors	422	765
Amounts owed to group companies	4,026	2,659
Amounts owed to related undertaking	486	1,947
Other taxation and social security	2,078	169
Other creditors	1,052	1,160
Accruals and deferred income	3,154	2,959
	<u>33,668</u>	<u>23,894</u>

### 10. Called up share capital

	Ordinary shares at £1 each	
	Number	£000
<b>Authorised:</b>		
At 1 January 2000 and 31 December 2000	<u>10,000,000</u>	<u>10,000</u>
<b>Issued, allotted and fully paid:</b>		
At 1 January 2000 and 31 December 2000	<u>1,000,000</u>	<u>1,000</u>
<b>Allotted and nil paid:</b>		
At 1 January 2000 and 31 December 2000	<u>9,000,000</u>	<u>9,000</u>

### 11. Reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Shareholders' funds
	£000	£000	£000
At 1 January 2000	1,000	4,094	5,094
Retained profit for the year	-	4,172	4,172
As at 31 December 2000	<u>1,000</u>	<u>8,266</u>	<u>9,266</u>

# SEEBOARD POWERLINK LIMITED

## Notes to the accounts (continued)

### 12. Pension costs

The majority of employees, who joined the Company from London Underground, participate in the LRT Pension Fund, a final salary scheme established under trust. The fund's trustee is the LRT Pension Fund Trustee Company Limited, a wholly owned subsidiary of London Transport. The Company pays contributions directly to the LRT Pension Fund and these costs are charged to the profit and loss account.

At regular intervals independent actuaries make valuations and recommend the level of contributions to be made to ensure the long term solvency of the fund. The latest actuarial valuation was carried out by Watson Wyatt as at 31 March 1997, using the projected unit method. The main actuarial assumptions were: interest 4.25% above inflation, pensionable pay increases at 1.75% above inflation and pension increases and share income increases equal to price inflation, except for members joining after 1 April 1989 whose pensions are not fully index linked and where assumptions are slightly lower. The value placed on the assets of the Fund was 102% of the total past service liabilities on that date, assuming no change in benefits. The market value of the assets of the fund at 31 March 2000 was £3,815m (1999 £3,500m). The Company contributes to the fund a fixed rate of 15.25% of the applicable salaries of those employees who are members of the fund. This contribution rate is not currently affected by valuation surpluses or deficits.

New employees have the option to join the SEEBOARD Final Salary Pension Plan or the SEEBOARD Pension Investment Plan, which were established on 1 July 1995. The first of these schemes is a final salary pension scheme and the second is a money purchase scheme. Assets for both schemes are held in separate trustee administered funds.

Pension costs arising from all the schemes charged to the profit and loss account for the year amounted to £1,086,000 (1999 £1,075,000). Contributions payable by the Company to the schemes during the year totalled £1,086,000 (1999 £1,075,000).

### 13. Lease commitments under operating leases

The following annual obligations under operating leases for plant and machinery expire:

	2000 £000	1999 £000
In more than 5 years	<u>7,714</u>	<u>4,598</u>

### 14. Notes to the cash flow statement

	2000 £000	1999 £000
(a) Reconciliation of operating profit to operating cash flows		
Operating profit	4,534	4,177
Add: depreciation	<u>298</u>	<u>114</u>
	4,832	4,291
Decrease/(increase) in stocks	387	(722)
Decrease/(increase) in debtors	392	(993)
Increase in creditors	<u>9,401</u>	<u>11,590</u>
	10,180	9,875
Net cash inflow from operations	<u>15,012</u>	<u>14,166</u>

# SEEBOARD POWERLINK LIMITED

## Notes to the accounts (continued)

### 14. Notes to the cash flow statement (continued)

	2000 £000	1999 £000
<b>(b) Returns on investments and servicing of finance</b>		
Interest received	1,311	617
Interest paid	(7)	(37)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,304</b>	<b>580</b>
<b>(c) Taxation</b>		
Consortium relief paid	(1,355)	(406)
<b>(d) Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(745)	(238)
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(745)</b>	<b>(238)</b>
<b>(e) Financing</b>		
Debt repayable within one year	-	(3,750)
<b>Net cash outflow from financing</b>	<b>-</b>	<b>(3,750)</b>
<b>(f) Analysis of net cash</b>		
	Balance 1 January 2000 £000	Cash flow £000
		Balance 31 December 2000 £000
Cash in hand and at bank	16,742	14,216
	<b>16,742</b>	<b>14,216</b>
		<b>30,958</b>

### 15. Capital commitments

There were no capital commitments authorised by the Board of Directors but not provided for as at 31 December 2000 (1999 £nil).

### 16. Ultimate holding company and ultimate controlling company

The ultimate UK holding company at 31 December 2000 is CSW UK Holdings registered in England and Wales. The ultimate holding company and ultimate controlling company is American Electric Power Company Inc. Financial statements may be obtained from Investor Services Division, American Electric Power, 1 Riverside Plaza, Columbus, Ohio, 43215-2373.