

SEEBOARD TRADING LIMITED

REPORT AND ACCOUNTS
31 DECEMBER 2002

Registered Number: 3267621

Registered Office:
40 Grosvenor Place
Victoria
London
SW1X 7EN



SEEBOARD TRADING LIMITED

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activity and review of business

The principal activity of the Company is the supply of electrical contracting services. On 1 February 2002, the Company purchased 100% of the share capital of SEEBOARD Contracting Services Limited and transferred its contracting business to that company.

It is the Directors' intention that the company becomes an investment holding company.

Results and dividends

The profit on ordinary activities before taxation was £713,000 (2001 £3,259,000) on a turnover of £4,976,000 (2001 £57,865,000).

The directors do not propose the payment of a dividend (2001 £nil).

Ultimate holding company

On 29 July 2002, American Electric Power Company Inc. sold its interest in the Company to EDF Energy plc (formerly London Electricity Group plc). The ultimate UK holding company for which consolidated accounts are available is EDF Energy plc (formerly London Electricity Group plc). At 31 December 2002, the ultimate holding company was Electricité de France, a French state owned company.

Share capital

Details of the authorised and issued share capital of SEEBOARD Trading Limited are set out in note 11 to the accounts.

Directors

The directors who served throughout the year, except as noted, none of whom received any emoluments for their services as directors of SEEBOARD Trading Limited, were as follows:

V de Rivaz (appointed 29 July 2002)
M J Pavia (resigned 31 July 2003)
H A E Cadoux-Hudson
T J Ellis CBE (Chairman) (resigned 29 July 2002)
J Weight (resigned 29 July 2002)

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

Statement of directors' responsibilities

United Kingdom 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 at the end of the period 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

SEEBOARD TRADING LIMITED

Directors' Report (continued)

Directors' responsibilities (continued)

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 the system of internal control, 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.

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

By Order of the Board



Robert Ian Higson
Company Secretary

8 August 2003

SEEBOARD TRADING LIMITED

Independent Auditors' Report to the Members of SEEBOARD Trading Limited

We have audited the financial statements of SEEBOARD Trading Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 15. These financial statements have been prepared under 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 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 United Kingdom legal and regulatory requirements and auditing standards.

We report to you 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 the Company's affairs 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.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
8 August 2003

SEEBORD TRADING LIMITED

Profit and Loss Account for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover		4,976	57,865
Cost of sales		(3,242)	(44,423)
Gross profit		1,734	13,442
Distribution costs		(1,142)	(8,319)
Administrative expenses		(452)	(2,499)
Operating profit	1	140	2,624
Net interest receivable	2	573	635
Profit on ordinary activities before taxation		713	3,259
Tax on profit on ordinary activities	3	(214)	(1,002)
Profit for the financial year	12	499	2,257

There were no recognised gains or losses in either year other than the profit for the financial year.

All results were derived from discontinued operations within the UK in both years.

SEEBOARD TRADING LIMITED

Balance Sheet as at 31 December 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible assets	5	-	2,264
Investments	6	15,371	-
		15,371	2,264
Current assets			
Stock	7	-	5,771
Debtors	8	627	12,988
Cash at bank and in hand		9,934	14,291
		10,561	33,050
Current liabilities			
Creditors (amounts falling due within one year)	9	577	8,381
Net current assets		9,984	24,669
Total assets less current liabilities		25,355	26,933
Creditors (amounts falling due after more than one year)	9	-	2,000
Provisions for liabilities and charges	10	-	77
Net assets		25,355	24,856
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account	12	15,355	14,856
Equity shareholder's funds	12	25,355	24,856

The financial statements on pages 4 to 11 were approved by the Board of Directors on 8 August 2003 and were signed on its behalf by:



Humphrey Cadoux-Hudson
Director

SEEBOARD TRADING LIMITED

Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. In preparing the financial statements for the current year, the Company has adopted FRS 19 'Deferred taxation'. The adoption of FRS 19 has had no impact on the net assets or profits of the Company in either 2002 or 2001. Except for the implementation of FRS 19, the accounting policies of the Company remain unchanged from last year and have been consistently applied.

Under FRS 1(Revised) 'Cash Flow statements', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Electricité de France which prepares a consolidated cash flow statement.

Under FRS 8 'Related Party Disclosures', the Company is exempt from the requirement to disclose related party transactions and balances on the grounds that it is a wholly owned subsidiary of EDF Energy (South East) plc (formerly SEEBOARD plc).

Under s228, Companies Act 1985, the Company is exempt from the requirements to prepare group accounts on the grounds that it is a wholly-owned subsidiary of EDF Energy plc, which prepares consolidated financial statements that are publicly available. These financial statements present information about the Company as an individual, not about its group.

Turnover and profit

Turnover on long-term contracts is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

Profit is recognised on long-term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

Other turnover represents the invoiced value of the goods and services provided, exclusive of value added tax.

Leases

Rental costs under operating leases are charged to the profit and loss account systematically over the period of the lease.

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 assets over their estimated useful lives as follows:

Fixtures and equipment	- 4 to 5 years
Motor vehicles and mobile plant	- 5 years

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 exception:

- 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.

Stock and long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to costs of sales, less provision for contingencies and anticipated future losses on contracts are included as long-term contract balances in stock.

Work in progress, which included electrical and contracting work, and stocks are stated at the lower of cost and net realisable value.

Pension costs

Contributions to the Company pension schemes are charged to the profit and loss account so as to spread the cost 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.

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Notes to the accounts

1. Operating profit

	2002 £000	2001 £000
Operating profit is stated after charging:		
Depreciation - owned assets	27	685
Operating lease rentals - Plant and Machinery	-	8

Auditors' remuneration of £2,000 (2001: £18,500) relating to SEEBOARD Trading Limited for the year was met by EDF Energy (South East) plc.

2. Net interest receivable

	2002 £000	2001 £000
Bank Interest receivable	573	741
Interest payable - on inter company loan wholly repayable within five years	-	(106)
	573	635

3. Tax on profit on ordinary activities

	2002 £000	2001 £000
(a) Analysis of tax charge for the year		
<i>Current tax</i>		
UK corporation tax on profits of the year	214	1,002
Tax on profit on ordinary activities	214	1,002

(b) Factors affecting current tax charge for the year

	£000	£000
Profit on ordinary activities before tax	713	3,259
Tax on profit on ordinary activities at standard UK rate of corporation tax of 30% (2001 - 30%)	214	978
<i>Effect of:</i>		
Disallowable costs	-	24
Current tax charge for the year	214	1,002

There were no unprovided deferred tax assets or liabilities in either year.

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Notes to the accounts (continued)

4. Directors and employees

a) Directors' emoluments

No directors received any remuneration during the year (2001 £nil) for their services as directors of SEEBOARD Trading Limited.

b) Employment costs

	2002 £000	2001 £000
Wages and salaries	1,201	14,295
Social security costs	90	1,162
Pension costs	81	913
Charged to profit and loss account	1,372	16,370

	Number	Number
Average number of employees in the Company during the period of trading was:	630	632

The Company employed staff through its parent company EDF Energy (South East) plc until 1 February 2002. On 1 February 2002, all employees were transferred to SEEBOARD Contracting Services Limited, a subsidiary of SEEBOARD Trading Limited.

5. Tangible fixed assets

	Fixtures & equipment £000	Vehicles & mobile plant £000	Total £000
Cost			
At 1 January 2002	1,919	3,205	5,124
Disposals	(1,872)	(3,205)	(5,077)
At 31 December 2002	47	-	47
Depreciation			
At 1 January 2002	1,177	1,683	2,860
Charge for period	27	-	27
Disposals	(1,157)	(1,683)	(2,840)
At 31 December 2002	47	-	47
Net book amount			
31 December 2002	-	-	-
31 December 2001	742	1,522	2,264

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Notes to the accounts (continued)

6. Fixed Assets - investments

The company purchased 100% of the issued share capital of SEEBOARD Contracting Services Limited, whose principal activity is the supply of electrical contracting services and which is incorporated in Great Britain, on 1 February 2002 for £15,370,733.

7. Stock

	2002 £000	2001 £000
Raw materials and consumables	-	342
Work in progress	-	5,429
	-	5,771

8. Debtors

	2002 £000	2001 £000
Trade debtors	-	11,245
Amounts owed by group undertakings	-	245
Amounts owed by subsidiary undertaking	105	-
Other debtors	522	387
Prepayments and accrued income	-	1,111
	627	12,988

9. Creditors (amounts falling due within one year)

	2002	2001
Payments received on account	-	3,656
Trade creditors	-	2,424
Amounts owed to parent undertaking	216	305
Amounts owed to group undertakings	234	221
Other taxation and social security	-	388
Other creditors	2	319
Accruals and deferred income	125	1,068
	577	8,381

Amounts falling due after more than one year:

Amounts owed to parent undertakings	-	2,000
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Notes to the accounts (continued)

10. Provisions for liabilities and charges

	£000
At 1 January 2002	77
Transferred to SEEBOARD Contracting Services Ltd	(77)
At 31 December 2002	-

11. Called up share capital

	2002 £000	2001 £000
Authorised:		
50,000,000 ordinary shares at £1 each	50,000	50,000
Called up, allotted and fully paid:		
10,000,002 ordinary shares at £1 each	10,000	10,000

12. Reconciliation of movements in equity shareholder's funds

	Share capital £000	Profit and loss account £000	Equity shareholder's funds £000
At 1 January 2002	10,000	14,856	24,856
Retained profit for the year	-	499	499
At 31 December 2002	10,000	15,355	25,355

13. Lease obligations

The following annual obligations under operating leases for equipment expire:

	£000	£000
Within one year	-	8

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Notes to the accounts (continued)

14. Pension costs

The company participates in the Pension Scheme available to employees within the SEEBOARD group.

The Electricity Supply Pension Scheme ("ESPS"), which operates throughout the Electricity Supply Industry, provides pension and other related benefits based on final pensionable pay. This Scheme has not been offered to new employees joining the SEEBOARD group on or after 1 July 1995. As from that date two new pension plans were made available to new permanent employees, the SEEBOARD Final Salary Pension Plan and the SEEBOARD Pension Investment Plan. The first of these schemes is a final salary pension scheme and the second is a money purchase scheme. Assets for each scheme are held in separate trustee administered funds although currently, it is not possible to identify the Company's share of those assets.

The Company pays contributions to each scheme at a fixed contribution rate, which is charged directly to the profit and loss account.

Pension costs arising from all of the pension schemes, charged to the profit and loss account for the year, amounted to £81,000 (2001 £913,000).

The latest full actuarial valuation of SEEBOARD Group's section of the ESPS was carried out by Hewitt Bacon & Woodrow, consulting actuaries, as at 31 March 2001. This valuation was updated by Hewitt Bacon & Woodrow to 31 December 2002.

The 'projected unit' method was used for the SSAP 24 valuation. The principal financial assumptions used to assess the long-term funding target under SSAP 24 are set out below.

	31 March 2001 %
Post retirement discount rate	5.3
Pre retirement discount rate	6.3
Inflation rate	2.3
Increase to pensions	2.5
Increase to deferred benefits	2.5
Salary increases	3.8

Details of the principal assumptions used to calculate EDF Energy (South East) Group's section of the ESPS under FRS 17 and the results of the valuation are included in the accounts of EDF Energy (South East) plc. The total market value of the assets of EDF Energy (South East) Group's section of the ESPS at 31 December 2002 was £620.0m (2001 £721.2m) and the net present value of scheme liabilities was £735.7m (2001 asset £719.7m).

15. Ultimate holding company and ultimate controlling entity

At 31 December 2002, Electricité de France, a French state owned company, was 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.

The immediate parent company changed to EDF Energy (Asset Management) Ltd (formerly SEEBOARD Asset Management Limited) during the year following the transfer of all of the share capital in the Company from EDF Energy (South East) plc to EDF Energy (Asset Management) Ltd. EDF Energy (South East) plc heads the smallest group for which consolidated accounts are prepared.