

2228168

LONDON ELECTRICITY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1993



LONDON ELECTRICITY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

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Directors

Dr R J Urwin
Mr A V Towers
Mr J V Turner
Mr IR Beament
Mr R Barnes

Registered Number

2228168

Auditors

Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN

LONDON ELECTRICITY SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1993

The Directors submit their report and financial statements of the Company for the year ended 31 March 1993.

ULTIMATE HOLDING COMPANY

The Company is a 100% beneficially owned subsidiary of London Electricity plc, a company registered in England and Wales.

PRINCIPAL ACTIVITY

The Company's principal activity is to manage electricity distribution systems. It will continue in this activity for the foreseeable future.

RESULTS AND DIVIDEND

The profit for the year was £105,589 (1992 £20,793). Further information is contained in the financial statements appended to this report.

The Directors recommend that no dividend be paid this year.

FIXED ASSETS

Details of the movements in fixed assets during the year are shown in Notes 11 and 20 to the financial statements.

DIRECTORS

Directors who held office during the year were as follows:-

	appointed	resigned
Dr Roger John Urwin		
Mr Alan Victor Towers		
Mr Steven Ian Wallace		24/03/93
Mr John Victor Turner		
Mr Ian Roger Beament	24/03/93	
Mr Ronald Barnes	24/03/93	

The Articles do not provide for the rotational retirement of directors. Mr John Phillips is alternate director for Mr AV Towers.

Directors' interests

None of the Directors has a contract of service with the Company. They are all employed by the parent company, London Electricity plc, and have service contracts with that company.

There were no contracts of significance during or at the end of the financial year in which a director of the Company was materially interested.

There are no particulars or arrangements requiring disclosure pursuant to section 232 of the Companies Act 1985.

Directors' shareholdings:-

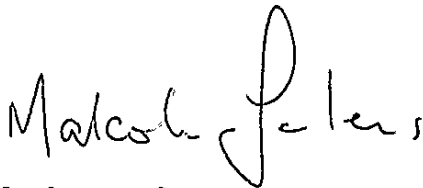
Dr R J Urwin holds one share in the company as nominee of London Electricity plc. No other director or any connected person has an interest in the shares of the Company. The directors have interests in the parent company London Electricity plc and those interests which are not disclosed in the accounts of that company are detailed below:-

	Ordinary shares of 50p	Share Options	Sharesave Options
Mr JV Turner	3129	16,500	6561
Mr IR Beament	879	54,000	5571
Mr R Barnes	268	17,000	1885

AUDITORS

In accordance with the elective resolution of the Company passed 23 June 1992 the Auditors Coopers & Lybrand will continue in office.

By Order of the Board



Malcolm Saunders
Company Secretary

1 July 1993

Registered office:
Templar House
81-87 High Holborn
LONDON
WC1V 6NU

Report of the Auditors
to the Members of
London Electricity Services Limited

We have audited the financial statements on pages 6 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1993 and of the profit, total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

1 July 1993

LONDON ELECTRICITY SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1993

	Notes	£	1992/93 £	£	1991/92 £
Turnover					
Continuing operations		372,083		437,241	
Acquisitions		<u>222,738</u>		<u>-</u>	
	2		<u>594,821</u>		<u>437,241</u>
Cost of Sales	3		(200,409)		(311,786)
Gross Profit			<u>394,412</u>		<u>125,455</u>
Administrative expenses	4		(99,403)		(85,500)
Operating profit					
Continuing operations		166,989		39,955	
Acquisitions		<u>128,020</u>		<u>-</u>	
Total Operating Profit	5		<u>295,009</u>		<u>39,955</u>
Interest receivable	8		6,781		-
Interest payable	9		(107,456)		(68)
Profit on ordinary activities before taxation			<u>194,334</u>		<u>39,887</u>
Tax on profit on ordinary activities	10		(88,745)		(19,094)
Profit for the year			<u><u>105,589</u></u>		<u><u>20,793</u></u>

STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1993

There are no recognised gains or losses other than the profit for the financial year.

LONDON ELECTRICITY SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 1993

	Notes	1993 £	1993 £
Fixed Assets			
Tangible assets	11	<u>46,764,182</u>	<u>17,997</u>
Current Assets			
Stock	12	192,100	-
Debtors	13	16,258,693	59,688
Cash		5,424	69,886
		<u>16,456,217</u>	<u>129,574</u>
Current Liabilities			
Amounts falling due within one year	14	(17,573,982)	(26,778)
Net Current Assets		<u>(1,117,765)</u>	<u>102,796</u>
Total assets less current liabilities		<u>45,646,417</u>	<u>120,793</u>
Creditors amounts falling due after more than 1 year	15	(80,000,000)	-
Net assets		<u>(34,353,583)</u>	<u>120,793</u>
 Capital and Reserves			
Share capital	17	10,100,000	100,000
Reserves			
Profit and loss account	18	126,382	20,793
Goodwill write off reserve	18	(44,579,965)	-
Shareholders Funds	19	<u>(34,353,583)</u>	<u>120,793</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 1 July 1993 and signed on its behalf by:



A V Towers
Director

LONDON ELECTRICITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1993

1. ACCOUNTING POLICIES

Accounting conventions

The financial statements have been prepared under the historical cost convention, and comply with applicable United Kingdom accounting standards, including Financial Reporting Standard 3.

The cashflows of the company are included in the consolidated group cashflow statement of London Electricity plc. Consequently the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

Turnover

Turnover arises entirely in the United Kingdom from the management of various electricity distribution systems and is stated exclusive of value added tax.

Tangible fixed assets

Where the company acquires an existing distribution system assets are valued at their replacement cost. In other cases the cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Where employees participate directly in the construction of assets staff costs are capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful economic life. The straight line method is used.

Operational assets are depreciated from the year of commission.

Other assets are not depreciated in the year of acquisition.

Lives of depreciable assets are as follows:

Operational assets	40 years
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Non operational assets

Fixtures and equipment	5 years
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Vehicles	5 years
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Stock

Stocks are stated at the lower of cost or net realisable value. The valuation of work in progress is based on the cost of labour and materials.

Goodwill

Purchased goodwill is written off immediately against reserves. Goodwill represents the excess of purchase price over the replacement value of separable net assets acquired.

LONDON ELECTRICITY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1993

Deferred tax

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. Provision is made for deferred taxation using the liability method only where it is anticipated to crystallise within the foreseeable future.

Leases

Rental costs under operating leases are charged to the profit and loss account in the period in which they are incurred.

2. TURNOVER

Turnover arises entirely in the United Kingdom.

3. COST OF SALES

	1993	1992
	£	£
Continuing	183,725	311,786
Acquisitions (see note 20)	16,684	—
	<u>200,409</u>	<u>311,786</u>

4. ADMINISTRATIVE EXPENSES

	1993	1992
	£	£
Continuing	21,369	85,500
Acquisitions (see note 20)	78,034	—
	<u>99,403</u>	<u>85,500</u>

5 OPERATING PROFIT

	1993	1992
	£	£
Operating profit is stated after charging the following:		
Depreciation	3,599	—
Fees to auditors		
— statutory audit	1,550	500
— other services	14,250	—

LONDON ELECTRICITY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1993

6. DIRECTORS EMOLUMENTS

During the year no directors received any emoluments for work performed on behalf of London Electricity Services Ltd.

7. STAFF COSTS

No staff were employed by London Electricity Services Limited during the year.

8. INTEREST RECEIVABLE

	1993	1992
	£	£
Other interest receivable	<u>6,781</u>	<u>—</u>

9. INTEREST PAYABLE

	1993	1992
	£	£
Interest due on loan from parent company	107,397	—
Other interest	59	68
	<u>107,456</u>	<u>68</u>

10. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1993	1992
	£	£
United Kingdom corporation tax at 33 %	97,276	—
United Kingdom corporation tax after marginal relief	—	19,094
Over provision of taxation in respect of prior years	(8,531)	—
	<u>88,745</u>	<u>19,094</u>

LONDON ELECTRICITY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1993

11. FIXED ASSETS

	Network assets 1993 £	Assets in the course of construction 1993 £	Vehicles 1993 £	Fixtures and equipment 1993 £	Total 1993 £
Cost					
As at 1 April 1992	-	-	-	17,997	17,997
Additions (note 20)	46,400,537	230,093	20,000	99,154	46,749,784
At 31 March 1993	<u>46,400,537</u>	<u>230,093</u>	<u>20,000</u>	<u>117,151</u>	<u>46,767,781</u>
Depreciation					
As at 1 April 1992	-	-	-	-	-
Charge for the year	-	-	-	3,599	3,599
At 31 March 1993	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,599</u>	<u>3,599</u>
Net book value					
At 31 March 1992	-	-	-	17,997	17,997
At 31 March 1993	<u>46,400,537</u>	<u>230,093</u>	<u>20,000</u>	<u>113,552</u>	<u>46,764,182</u>

12. STOCK

	1993 £	1992 £
Raw materials and consumables	<u>192,100</u>	<u>-</u>

13. DEBTORS

	1993 £	1992 £
Trade debtors	327,144	23,137
Amount owed by parent company	15,930,412	-
VAT Recoverable	-	36,551
Prepayments and accrued income	1,137	-
	<u>16,258,693</u>	<u>59,688</u>

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993 £	1992 £
Trade creditors	18,084	2,500
Amounts owing to parent company	-	5,184
Corporation tax (see note 16)	97,839	19,094
Other creditors	15,778,145	-
Accruals and deferred income	1,679,914	-
	<u>17,573,982</u>	<u>26,778</u>

LONDON ELECTRICITY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1993

15. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993 £	1992 £
Loan from parent company at base rate plus 1%	<u>80,000,000</u>	<u>-</u>

16. CORPORATION TAX

	1993 £	1992 £
Movements in corporation tax were as follows:		
Balance at 1 April 1992	19,094	-
Taxation paid	(10,000)	-
Transferred from profit and loss account	88,745	19,094
Balance at 31 March 1993	<u>97,839</u>	<u>19,094</u>

17. SHARE CAPITAL

	1993 £	1992 £
Authorised		
15,000,000 (1992, 100,000) Ordinary shares of £1 each	<u>15,000,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
10,100,000 (1992, 100,000) Ordinary shares of £1 each	<u>10,100,000</u>	<u>100,000</u>

During the year the authorised share capital was increased to £15,000,000 by the creation of 14,900,000 ordinary shares of £1 each. 10 million ordinary shares of £1 each with an aggregate nominal value of £10,000,000 were issued at par fully paid for cash in order to help finance the acquisition of the electricity distribution systems of Heathrow, Gatwick and Stansted airports from the BAA plc group.

18. RESERVES

	PROFIT AND LOSS ACCOUNT £	GOODWILL WRITE OFF RESERVE £	TOTAL £
Balance at 1 April 1992	20,793	-	20,793
Retained profit for the year	105,589	-	105,589
Goodwill on acquisition written off (see note 20)	-	(44,579,965)	(44,579,965)
Balance at 31 March 1993	<u>126,382</u>	<u>(44,579,965)</u>	<u>(44,453,583)</u>

LONDON ELECTRICITY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1993

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1993 £	1992 £
Opening shareholders funds	120,793	—
Profit for the period	105,589	20,793
Issue of shares	10,000,000	100,000
Goodwill on acquisition written off (see note 20)	(44,579,965)	—
Closing shareholders funds	<u>(34,353,583)</u>	<u>120,793</u>

20. ACQUISITION OF THE DISTRIBUTION SYSTEMS OF HEATHROW, GATWICK AND STANSTED AIRPORTS.

On the 25th of March 1993 the company acquired the electricity distribution systems of the above airports from BAA plc for £90,000,000 cash. London Electricity Services Limited will maintain, operate, repair, replace and where necessary reinstate each Distribution system in return for an annual fee payable by the airport companies.

	£	£
Fair value of separable assets acquired		
Fixed assets at replacement cost	46,749,784	
Stock at valuation	<u>192,100</u>	
		46,941,884
Consideration including associated costs		91,521,849
Goodwill eliminated against reserves		<u>(44,579,965)</u>

21. PARENT COMPANY

London Electricity plc, a company registered in England and Wales, is the ultimate parent company. According to the register kept by the company, London Electricity plc has a 100% interest in the equity capital of London Electricity Services Limited at 31 March 1993. Copies of the parents' financial statements are available from Investor Relations, London Electricity plc, Templar House, 81-87 High Holborn, London WC1 6NU.