

31 March 2003

**Poolserco Limited Report and
Financial Statements**

Company Registration Number 3646729



I Contents Table

I	Contents Table.....	2
1	OFFICERS AND PROFESSIONAL ADVISORS	3
2	DIRECTORS' REPORT.....	4
3	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	5
4	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POOLSERCO LIMITED	6
5	PROFIT AND LOSS ACCOUNT	8
6	BALANCE SHEET	9
7	NOTES TO THE ACCOUNTS	10
7.1	ACCOUNTING POLICY	10
7.2	TURNOVER.....	10
7.3	INFORMATION REGARDING DIRECTORS AND EMPLOYEES	10
7.4	OPERATING RESULT	10
7.5	TAX ON RESULT ON ORDINARY ACTIVITIES	10
7.6	DEBTORS	11
7.7	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.....	11
7.8	CALLED UP SHARE CAPITAL	11
7.9	ULTIMATE PARENT COMPANY.....	12
7.10	RELATED PARTY TRANSACTIONS.....	12
7.11	CASH FLOW STATEMENT	12

1 OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Nicholas Durlacher	(Non-executive Chairman)
Clay Brendish	(Non-executive)
Scott Nelson	(Non-executive)
Graham Thomas	(Non-executive)
Barbara Vest	(Non-executive)

COMPANY SECRETARY

Claire Williams

REGISTERED OFFICE

Fourth Floor
350 Euston Road
London NW1 3AW

BANKERS

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

SOLICITORS

Slaughter and May
35 Basinghall Street
London EC2V 5DB

Denton Wilde Sapte
5 Chancery Lane
Clifford's Inn
London EC4A 1BU

AUDITORS

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

2 DIRECTORS' REPORT

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

This report is prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

Principal activity

The Company's principal activity during the year was to act as a contractual vehicle for ELEXON Limited. The Company holds contracts with various service providers for activities required under the Balancing and Settlement Code relating to the wholesale electricity market in England and Wales. These contracts are being novated to the Company's parent entity, ELEXON Limited, and once this is complete, Poolserco Limited will cease to trade.

Directors

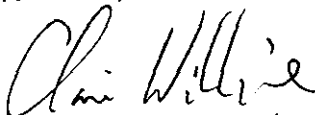
The membership of the Board throughout the year is set out below. None of the Directors had any interests in the share capital of the Company or any other Group companies.

Director
Nicholas Durlacher
Clay Brendish
Scott Nelson
Graham Thomas
Barbara Vest

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting. Deloitte & Touche have informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

Approved by the Board of Directors and signed on behalf of the Board.



Claire Williams
Company Secretary
30 July 2003

3 STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; 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 that 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. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

4 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POOLSERCO LIMITED

We have audited the financial statements of Poolserco Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes 7.1 to 7.11. 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 auditor's 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 United Kingdom legal and regulatory requirements and 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 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.

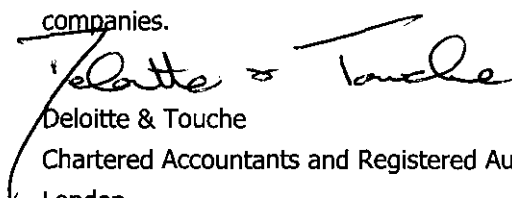
Basis of opinion

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 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A handwritten signature in cursive script, appearing to read 'Deloitte & Touche', is written over the printed name of the firm.

Deloitte & Touche

Chartered Accountants and Registered Auditors

London

30 July 2003

5 PROFIT AND LOSS ACCOUNT

Year ended 31 March 2003

	Note	Year ended 31 March 2003 £	Year ended 31 March 2002 £
TURNOVER —continuing operations		13,000,491	20,490,521
Cost of sales		(13,000,491)	(20,490,521)
GROSS PROFIT		0	0
Other operating income		0	0
OPERATING RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION	7.4	0	0
Tax on result on ordinary activities	7.5	0	0
RESULT FOR THE FINANCIAL YEAR		0	0
Retained profit brought forward		0	0
Retained profit carried forward		0	0

There are no movements in reserves or gains and losses for the year or preceding year.

The notes on pages 10 to 12 form part of these accounts.

6 BALANCE SHEET

31 March 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	7.6	1,114,222	782,031
Cash at bank and in hand		0	0
		<hr/> 1,114,222	<hr/> 782,031
CREDITORS: amounts falling due within one year			
	7.7	(1,114,134)	(781,943)
		<hr/> 88	<hr/> 88
NET CURRENT ASSETS			
CAPITAL AND RESERVES			
Called up share capital	7.8	88	88
		<hr/> 88	<hr/> 88
EQUITY SHAREHOLDERS' FUNDS			
		<hr/> 88	<hr/> 88

The notes on pages 10 to 12 form part of these accounts.

These financial statements have been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

These financial statements were approved by the Board of Directors on 30 July 2003.

Signed on behalf of the Board of Directors



Nicholas Durlacher
Director

7 NOTES TO THE ACCOUNTS

7.1 ACCOUNTING POLICY

The financial statements are prepared in accordance with United Kingdom law and applicable accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

7.2 TURNOVER

Turnover in the year represents amounts due from Poolserco's parent company ELEXON Limited, and other entities in connection with the wholesale electricity market in England and Wales. All costs incurred by the Company are recovered from ELEXON Limited and other entities such that the Company makes neither a profit nor a loss.

All turnover arises from activities in the UK.

7.3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors received no remuneration for services to the Company during the year (2002: £nil).

The Company had no employees during the year (2002: none).

7.4 OPERATING RESULT

	Year ended 31 March 2003 £	Year ended 31 March 2002 £
Operating result is stated after charging:		
Auditors' remuneration		
- Company audit fee	1,000	1,000
	<hr/>	<hr/>

7.5 TAX ON RESULT ON ORDINARY ACTIVITIES

	Year ended 31 March 2003 £	Year ended 31 March 2002 £
United Kingdom corporation tax at 30% (2002 – 30%) based on the result for the year	0	0
	<hr/>	<hr/>

7.6 DEBTORS

	2003 £	2002 £
Trade debtors	131,263	12,394
Prepayments and accrued income	31,890	171,756
Amounts due from parent undertaking	950,983	597,795
Others	86	86
	<hr/> 1,114,222	<hr/> 782,031

7.7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	128,010	7,383
Accruals and deferred income	777,861	715,208
Other creditors	208,263	59,352
	<hr/> 1,114,134	<hr/> 781,943

7.8 CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Called up, allotted and fully paid:		
Ordinary shares of £1 each	88	88
	<hr/>	<hr/>

7.9 ULTIMATE PARENT COMPANY

Poolserco Limited is wholly owned and controlled by ELEXON Limited incorporated in Great Britain. The accounts of Poolserco Limited are consolidated within the financial statements of ELEXON Limited.

ELEXON Limited is owned but not controlled by The National Grid Company plc. The ultimate parent entity of The National Grid Company plc is National Grid Transco plc.

The Directors of ELEXON Limited are of the opinion that under Financial Reporting Standard 2 (Accounting for Subsidiary Undertakings) the financial statements of ELEXON Limited do not require consolidation within the National Grid Transco group. Under Section C of the BSC, National Grid Transco plc is prohibited from consolidating the financial results of ELEXON Limited or its subsidiaries with its own or with any of its affiliated entities.

The Group financial statements of ELEXON Limited may be obtained from the Company Secretary at 350 Euston Road, London NW1 3AW.

7.10 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of ELEXON Limited and, as permitted by Financial Reporting Standard 8, "Related Party Disclosures", transactions with other entities in the Group are not disclosed.

7.11 CASH FLOW STATEMENT

The company is classified as a small entity. Consequently, in accordance with Financial Reporting Standard 1 (Revised) the company is exempt from preparing a cash flow as part of these financial statements.