

COMPANY NO: 906936

# **DALKIA ENERGY & TECHNICAL SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

*Year ended 31 December 2003*



## Contents

	<b>Page</b>
Company Information	1
Report of the Directors	2
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

## Company Information

Directors	L Bermejo D Gill M Holt I Howarth T Morton J Roberts C Turner J Winterbottom R Wood
Secretary	P Stevens
Registered office	Elizabeth House 56 – 60 London Road Staines Middlesex TW18 4BQ
Registered number	906936
Auditors	RSM Robson Rhodes LLP Chartered Accountants 186 City Road London EC1V 2NU
Bankers	National Westminster Bank Plc 130 Commercial Road Portsmouth Hampshire PO1 1ES
Solicitors	Bristows Cooke & Carpmael 10 Lincoln's Inn Fields London WC2A 3BP

## Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2003.

### Principal activities

The principal activity of the company is to provide financial, organisational and environmental benefits for owners, managers and occupiers of commercial and public buildings.

The company delivers these benefits through an integrated service management approach uniquely combining energy management, mechanical and electrical services and a range of related services including fire protection, environment management and energy bureau.

### Review of business developments

Revenues in 2003 improved by 1.7%. One-off project activity volumes are 7% down on prior year due to the phasing of a number of projects. More importantly the turnover of core service contracts has grown by 5% over 2002, with much of the growth being generated from contracts commencing in the final quarter of the financial year.

Gross margins are consistent with prior year, in a highly competitive market place. However, operating profit was impacted by investments relating to market development and the improvement of the business' information systems infrastructure. These items resulted in a 5.8% increase in administrative expenses.

In 2004 we anticipate continued growth in the core service revenue resulting from continued development of our strategic relationships, maximising the return on investments in business information systems, driving continual improvement through business operations and focussed market initiatives.

### Directors and their interests

The present membership of the board is set out on page 1. All Directors served throughout the period except as follows:

Mr I Howarth	- appointed 14 April 2003
Ms T Morton	- appointed 14 April 2003
Mr C Turner	- appointed 17 March 2003
Mr J Winterbottom	- appointed 14 April 2003
Mr T Hill	- appointed 5 August 2003 and resigned 10 October 2003
Mrs G Carter	- resigned 5 August 2003
Mr K Roberts	- resigned 4 April 2003
Mr A Wade	- resigned 5 August 2003
Mr T Clément	- resigned 31 December 2003

In addition, Mrs E Gosden resigned as company secretary on 31 January 2004 and Mr P Stevens was appointed company secretary on 12 February 2004.

None of the directors have any notifiable interests in the shares of the company or any other group undertaking.

### Results and dividend

The profit for the period after taxation amounted to £3,701,000 (2002: £3,974,000). An interim dividend of £3.9m was paid in June 2003. No additional dividend is proposed. The directors anticipate that an interim dividend for 2004 will be declared and paid in June 2004.

### Environment

The company has an active commitment to manage the environmental aspects of its business in accordance with current best practice in the industry.

## Report of the Directors (Continued)

### Health and safety

The company regards the promotion of health and safety to be of paramount importance. All relevant measures are taken to ensure as far as practicable the health, safety and welfare of all employees. These measures are also aimed at protecting others who may be affected by our work.

### Disabled personnel

Full and fair consideration is given to the skills and aptitudes of disabled people in recruitment and career development. In pursuit of this policy all practicable measures are taken to place disabled people in jobs suited to their individual circumstances and to enable them to share equally with other employees in the opportunities available for training and promotion in the company.

### Employee involvement and equal opportunities

Employee involvement and consultation is developed through regular formal meetings and informal channels. The company is an equal opportunity employer, and makes no discrimination on the grounds of race, sex or religion in recruitment or career development.

### Credit payment policy

For payment to trade creditors, the company's policy is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of the payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

Creditor days at 31 December 2003 were 29 days (2002: 27 days).

### Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom 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:

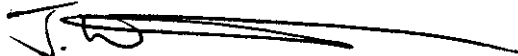
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

### Auditors

On 3 May 2003, RSM Robson Rhodes, the company's auditors, transferred their business to RSM Robson Rhodes LLP. The directors have consented to treating the appointment of RSM Robson Rhodes as extending to RSM Robson Rhodes LLP and a resolution to reappoint RSM Robson Rhodes LLP as auditors to the company will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 10 May 2004 and signed on its behalf by:



Jeff Winterbottom  
Managing Director

## Independent Auditors' Report to the Shareholders of Dalkia Energy & Technical Services Limited

We have audited the financial statements on pages 5 to 17.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Accounting 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*RSM Robson Rhodes LLP*

RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

London, England  
10 May 2004

**Profit and Loss Account**  
for the year ended 31 December 2003

	Note	2003 £ '000	2002 £ '000
<b>Turnover – continuing operations</b>	2	129,722	127,554
Cost of sales		<u>(105,217)</u>	<u>(103,572)</u>
<b>Gross profit</b>		24,505	23,982
Administrative expenses		<u>(19,144)</u>	<u>(18,080)</u>
<b>Operating profit – continuing operations</b>	5	5,361	5,902
Interest receivable and similar income	6	<u>95</u>	<u>83</u>
<b>Profit on ordinary activities before taxation</b>		5,456	5,985
Tax on profit on ordinary activities	7	<u>(1,755)</u>	<u>(2,011)</u>
<b>Profit for the financial period</b>		3,701	3,974
Dividends	8	<u>(3,900)</u>	<u>92</u>
<b>Retained (loss)/ profit for the financial period</b>		(199)	4,066
Retained profit brought forward		<u>4,923</u>	<u>857</u>
<b>Retained profit carried forward</b>	18	<u>4,724</u>	<u>4,923</u>

There were no recognised gains or losses other than as stated above.

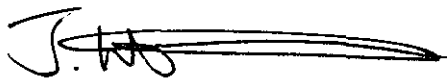
## Balance Sheet

at 31 December 2003

	Note	2003 £ '000	2002 £ '000
<b>Fixed assets</b>			
Intangible assets	9	610	744
Tangible assets	10	3,098	3,345
Investments	11	<u>3,158</u>	<u>3,027</u>
		<u>6,866</u>	<u>7,116</u>
<b>Current assets</b>			
Stocks and work in progress	12	1,366	1,755
Debtors: amounts falling due after one year	13	367	497
Debtors: amounts falling due within one year	13	30,775	26,828
Cash at bank and in hand	14	<u>1,033</u>	<u>2,251</u>
		<u>33,541</u>	<u>31,331</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(28,350)</u>	<u>(25,734)</u>
<b>Net current assets</b>		<u>5,191</u>	<u>5,597</u>
<b>Total assets less current liabilities</b>		12,057	12,713
<b>Provision for liabilities and charges</b>	16	<u>(633)</u>	<u>(1,090)</u>
<b>Total net assets</b>		<u>11,424</u>	<u>11,623</u>
<b>Capital and reserves</b>			
Called up equity share capital	17	6,700	6,700
Profit and loss account	18	<u>4,724</u>	<u>4,923</u>
<b>Total equity shareholders' funds</b>	18	<u>11,424</u>	<u>11,623</u>

These financial statements were approved by the Board of Directors on 10 May 2004.

Signed on behalf of the Board of Directors:



Jeff Winterbottom  
Managing Director



## Notes to the Financial Statements

31 December 2003

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are prepared under the historic cost convention in accordance with applicable accounting standards. Consolidated financial statements have not been prepared, as the company is a wholly owned subsidiary of Dalkia Plc, for which consolidated financial statements are prepared. The particular accounting policies adopted by the directors are described below.

#### Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

#### Tangible fixed assets and depreciation

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Plant at clients' premises	Duration of the contract
Leasehold improvements	10% - 33% per annum
Plant and equipment	10% - 33% per annum
Computer and office equipment	20% - 33% per annum

Where there is evidence of impairment to carrying values, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit.

#### Intangible fixed assets

Goodwill arising represents any difference between the cost of acquisition and the fair value of the net assets acquired. The difference is capitalised as goodwill and written off on a straight-line basis over the shorter of estimated useful economic life or 20 years.

#### Investments

Investments are included at cost less any provision for impairment.

#### Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

#### Leases

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

#### Assets leased to third parties

For assets leased to third parties under finance leases, the income from finance charges is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. The net investment in finance leases included in debtors represents total lease payments receivable, net of finance charges relating to future accounting periods.

## Notes to the Financial Statements

31 December 2003

(Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

In accordance with FRS 19 deferred tax is not provided for:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over;
- c) fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

#### Pension

The expected costs of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme operated by the company in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

#### Plant replacement fund

Receipts from customers relating to contracts where the company is responsible for the repair or replacement of specified plant are classified as payments on account to the extent that they are not matched with work performed. Expenditure, when incurred, is charged to cost of sales and an appropriate level of income is recognised at this point, with the corresponding amount recoverable on the contract offsetting the payment on account. Provision is made for all foreseeable losses under these contracts.

#### Cash flow

Under the provisions of FRS 1, the Company is exempt from producing a cash flow statement since it is a wholly owned subsidiary of an EC company that produces a consolidated cash flow statement.

### 2. TURNOVER

The turnover and operating profit are derived entirely within the UK and are attributable to three main business activities: energy management services, outsourced managed services and multi-technical services.

The analysis of turnover by activity is as follows:

	2003 £ '000	2002 £ '000
Energy management services	16,399	15,832
Outsourced managed services	18,269	17,867
Multi-technical services	95,054	93,855
	<u>129,722</u>	<u>127,554</u>

**Notes to the Financial Statements****31 December 2003****(Continued)****3. DIRECTORS' REMUNERATION**

	2003 £ '000	2002 £ '000
Emoluments (excluding pension contributions)	<u>781</u>	<u>766</u>
	No.	No.
Number of directors who are members of a defined benefit scheme	<u>5</u>	<u>6</u>
	2003 £ '000	2002 £ '000
<b>Highest paid director's remuneration:</b>		
Emoluments (excluding pension contributions)	<u>124</u>	<u>143</u>

The amount of accrued pension of the highest paid director at 31 December 2003 was £23,737 (2002: £40,918) and no accrued lump sum (2002: £nil).

**4. STAFF COSTS**

	2003 £ '000	2002 £ '000
Wages and salaries	36,253	37,003
Social security costs	3,370	3,274
Other pension costs (note 21)	<u>1,475</u>	<u>930</u>
	<u>41,098</u>	<u>41,207</u>

The average number of employees during the year, including directors, was 1,401 (2002: 1,429). All employees were engaged in the principal activities of the business.

**5. OPERATING PROFIT**

	2003 £ '000	2002 £ '000
This is stated after charging:		
Depreciation of tangible fixed assets	985	806
Amortisation of intangible fixed assets	134	134
Auditor's remuneration		
- Audit fees	52	42
- Other services	-	-
Operating lease rentals		
- Land and buildings	544	503
- Plant and machinery	<u>3,192</u>	<u>3,374</u>

**Notes to the Financial Statements**

31 December 2003

(Continued)

**6. INTEREST RECEIVABLE**

	2003 £ '000	2002 £ '000
<i>Other interest receivable</i>	<u>95</u>	<u>83</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2003 £ '000	2002 £ '000
<b>Current Tax</b>		
UK Corporation Tax at 30% (2002: 30%)	<u>1,787</u>	<u>1,911</u>
<b>Total current tax</b>	1,787	1,911
<b>Deferred Tax</b>		
- origination and reversal of timing differences	<u>(32)</u>	<u>100</u>
<b>Taxation charge for the year</b>	<u>1,755</u>	<u>2,011</u>

	2003 £ '000	2002 £ '000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	<u>5,456</u>	<u>5,985</u>
Corporation tax at 30% (2002: 30%)	1,637	1,796
Effect of:		
Expenses not deductible for tax purposes	100	123
Capital allowances in excess of depreciation	<u>50</u>	<u>(8)</u>
<b>Current tax charge for the period</b>	<u>1,787</u>	<u>1,911</u>

**8. DIVIDENDS**

	2003 £ '000	2002 £ '000
Dividend adjustment re: previous year of £0.01 per share	-	(92)
Interim dividend paid of £0.58 (2002: £nil) per share	<u>3,900</u>	<u>-</u>
	<u>3,900</u>	<u>(92)</u>

**Notes to the Financial Statements**

**31 December 2003**

(Continued)

**9. INTANGIBLE FIXED ASSETS**

	<b>Purchased Goodwill £ '000</b>
<b>Cost</b>	
At 1 January and 31 December 2003	<u>2,589</u>
<b>Amortisation</b>	
At 1 January 2003	(1,845)
Charge for the year	<u>(134)</u>
At 31 December 2003	<u>(1,979)</u>
<b>Net book value</b>	
At 31 December 2003	<u>610</u>
At 31 December 2002	<u>744</u>

**Notes to the Financial Statements**

31 December 2003  
(Continued)

**10. TANGIBLE FIXED ASSETS**

	Freehold property £ '000	Plant £ '000	Office equipment, fixtures and fittings £ '000	Plant at clients' premises £ '000	Leasehold improvements £ '000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2003	381	159	1,702	4,005	404	6,651
Additions	-	77	454	181	26	738
Disposals	-	-	(2)	(380)	-	(382)
At 31 December 2003	381	236	2,154	3,806	430	7,007
<b>Depreciation</b>						
At 1 January 2003	237	117	472	2,412	68	3,306
Charge in year	3	45	485	383	69	985
Disposals	-	-	(2)	(380)	-	(382)
At 31 December 2003	240	162	955	2,415	137	3,909
<b>Net book value</b>						
At 31 December 2003	141	74	1,199	1,391	293	3,098
At 31 December 2002	144	42	1,230	1,593	336	3,345

**Notes to the Financial Statements**

31 December 2003

(Continued)

**11. FIXED ASSET INVESTMENTS**

	2003 £ '000	2002 £ '000
<b>Cost and net book value</b>		
At 1 January	3,027	3,027
Additions	131	-
At 31 December	<u>3,158</u>	<u>3,027</u>

The opening investment relates to 100% of the issued ordinary share capital of Dalkia Technical Services Limited, a company incorporated in England and Wales.

On 2 December 2003 Dalkia Energy and Technical Services Limited acquired 100% of the issued share capital of Goldfield Electronics Limited, a company incorporated in England and Wales. The principal activity of this business is the design and installation of electronic security systems.

The consideration amounted to £131,000 cash of which £121,000 remains in an escrow account and can be recovered to the extent that Goldfield fails to achieve agreed profitability targets for 2004. For the financial year ending 31 March 2003, Goldfield Electronics Limited recorded a profit after tax of £11,920. For the period 1 April 2003 to 2 December 2003 the company recorded an estimated loss of £230,000 after tax.

**12. STOCKS AND WORK IN PROGRESS**

	2003 £ '000	2002 £ '000
Raw materials and consumables	264	95
Contract work in progress	1,102	1,660
	<u>1,366</u>	<u>1,755</u>

**13. DEBTORS**

	2003 £ '000	2002 £ '000
<b>Amounts falling due within one year</b>		
Trade debtors	21,359	18,245
Amounts recoverable on contracts	1,159	1,313
Amounts owed by group companies	490	134
Finance lease debtors	113	105
Other debtors	1,664	1,185
Prepayments and accrued income	5,990	5,846
	<u>30,775</u>	<u>26,828</u>
<b>Amounts falling due after more than one year</b>		
Finance lease debtors	324	437
Other debtors	43	60
	<u>367</u>	<u>497</u>

The aggregate rental income receivable during the year on finance leases was £41,090 (2002: £48,525). The original cost of assets existing for the purposes of letting under finance leases was £997,000 (2002: £997,000).

## Notes to the Financial Statements

31 December 2003

(Continued)

### 14. CASH AT BANK AND IN HAND

Cash at bank includes an amount of £37,179 (31 December 2002: £36,420) held in trust accounts. This amount is to be used in settling specific balances within the plant replacement fund.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £ '000	2002 £ '000
<b>Amounts falling due within one year</b>		
Trade creditors	5,174	1,644
Amounts due to group companies	4,978	6,472
Payments on account	1,528	1,410
Corporation tax	1,288	1,368
Other taxation and social security costs	4,066	1,298
Other creditors	177	162
Accruals and other deferred income	11,139	13,380
	<u>28,350</u>	<u>25,734</u>

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £ '000	2002 £ '000
<b>Provisions for foreseeable losses on long term contracts</b>		
Opening balance at 1 January	665	634
(Released)/charged to the profit & loss account	<u>(250)</u>	<u>31</u>
Closing balance at 31 December	<u>415</u>	<u>665</u>
<b>Other specific provisions</b>		
Opening balance at 1 January	266	210
(Released)/charged to the profit & loss account	<u>(175)</u>	<u>56</u>
Closing balance at 31 December	<u>91</u>	<u>266</u>
<b>Deferred tax provision</b>		
Opening balance at 1 January	159	59
(Released)/charged to the profit & loss account	<u>(32)</u>	<u>100</u>
Closing balance at 31 December	<u>127</u>	<u>159</u>
	<u>633</u>	<u>1,090</u>

Deferred taxation is provided in the accounts as follows:

	2003 £ '000	2002 £ '000
<b>Amount provided</b>		
Accelerated capital allowances	<u>127</u>	<u>159</u>



**Notes to the Financial Statements****31 December 2003****(Continued)****17. CALLED UP SHARE CAPITAL**

	<b>2003</b> <b>£ '000</b>	<b>2002</b> <b>£ '000</b>
<b>Authorised</b>		
5,000,000 'A' ordinary shares at £1 each	5,000	5,000
5,000,000 'B' ordinary shares at £1 each	<u>5,000</u>	<u>5,000</u>
	<u>10,000</u>	<u>10,000</u>
<b>Allotted and fully paid</b>		
3,350,000 'A' ordinary shares at £1 each	3,350	3,350
3,350,000 'B' ordinary shares at £1 each	<u>3,350</u>	<u>3,350</u>
	<u>6,700</u>	<u>6,700</u>

There is no difference in the rights of 'A' and 'B' ordinary shares.

**18. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT OF RESERVES**

	<b>Share Capital £ '000</b>	<b>Profit and loss Account £ '000</b>	<b>Total £ '000</b>
At 1 January 2003	6,700	4,923	11,623
Profit for the year	-	3,701	3,701
Dividends	<u>-</u>	<u>(3,900)</u>	<u>(3,900)</u>
At 31 December 2003	<u>6,700</u>	<u>4,724</u>	<u>11,424</u>

**Notes to the Financial Statements****31 December 2003****(Continued)****19. FINANCIAL COMMITMENTS**

At 31 December 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	2003 £ '000	2002 £ '000
<b>Land and buildings</b>		
Leases which expire:		
Within one year	-	4
Within two to five years	189	144
After five years	472	352
	<u>661</u>	<u>500</u>
<b>Other</b>		
Leases which expire:		
Within one year	265	275
Within two to five years	2,442	2,352
After five years	-	-
	<u>2,707</u>	<u>2,627</u>

**20. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2003 or 31 December 2002.

**21. PENSION COSTS**

The company is a participating employer in the Dalkia Group Pension Scheme, a defined benefit scheme. The scheme is separately funded and provides defined benefits that are computed based on an employee's years of service and final pensionable salary. The total cost of retirement benefits for the company was £1,475,000 (2002: £930,000) of which £1,125,000 (2002: £930,000) relates to the defined benefit scheme.

Contributions are made to the scheme on the basis of advice from independent actuaries, using actuarial methods, the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund.

A full actuarial valuation was carried out at 31 March 2002 and updated at 1 January 2003. At the date of the valuation update, the market value of the scheme's assets was £66.3m and was sufficient to cover 76% of the benefits that had accrued to members. Particulars of the actuarial review are included within the annual report of Dalkia Plc. The assets of the scheme are held separately from those of the group, and the company is unable to separately identify the share of the underlying assets and liabilities related to its employees.

The scheme has been closed to all employees joining the group after 1 January 2002.

**22. RELATED PARTY DISCLOSURES**

The Company is a wholly owned subsidiary of Dalkia Plc which produces consolidated financial statements, and accordingly has taken advantage of the exemption provided in FRS 8 not to disclose certain intra-group transactions with related parties.

## Notes to the Financial Statements

31 December 2003

(Continued)

### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

The parent undertaking is Dalkia Plc, a company incorporated in Great Britain and registered in England and Wales. The largest ultimate controlling entity of Dalkia Plc is Veolia Environnement SA and the smallest is Dalkia International SA. Dalkia International is a joint venture between Veolia Environnement SA and Electricité de France. Veolia Environnement SA, Dalkia International SA and Electricité de France are incorporated in France.

Copies of the accounts can be obtained from:

Dalkia Plc  
Elizabeth House  
56-60 London Road  
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