

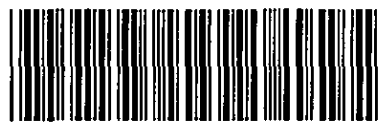
Chantrey Vellacott DFK LLP

DCUSA Limited

Financial statements

31 March 2007

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DCUSA Limited

Financial statements

Period from 10 May 2006 to 31 March 2007

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DCUSA Limited

Company information

Board of directors

C J Allanson
M Clark
F M Dixon
W F Gunshon
M J Harding
J M Hill
N J Menzies
C B Neill
G D Sheern
P J Waymont

Company secretary

B O'Shea

Registered office

3rd Floor
Marcol House
289-293 Regent Street
London
W1B 2HJ

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
Russell Square House
10 - 12 Russell Square
London
WC1B 5LF

Chantrey Vellacott DFK LLP

DCUSA Limited

Directors' report

Period from 10 May 2006 to 31 March 2007

The directors have pleasure in presenting their report and the audited financial statements of the company for the period from 10 May 2006 to 31 March 2007

Principal activities

The principal activity of the company during the period was to facilitate a robust governance arrangement for making changes to the contractual arrangements between electricity suppliers and electricity distribution network providers within the electricity industry

The company was created as the corporate vehicle for ensuring the proper, effective and efficient implementation and ongoing management of the Distribution Connection and Use of System Agreement (DCUSA) This responsibility extends to the provision of a change control mechanism

The company was established as a joint venture between the parties to the DCUSA agreement, and all parties to the agreement are entitled to apply for a share in the company

The objective of the company is to bear the costs of the management of the DCUSA including the operation of the Change Control Mechanism and for these costs to be fully recovered from the parties to the DCUSA on an equitable basis so that the company breaks even

The company commenced to trade on 22 May 2006

Directors

The directors who served the company during the period were as follows

G D Sheern	(Appointed 3 October 2006)
C J Allanson	(Appointed 3 October 2006)
N J Menzies	(Appointed 3 October 2006)
W F Gunshon	(Appointed 1 December 2006)
P J Waymont	(Appointed 3 October 2006)
M J Harding	(Appointed 3 October 2006)
M Clark	(Appointed 11 October 2006)
F M Dixon	(Appointed 11 October 2006)
J M Hill	(Appointed 11 October 2006)
C B Neill	(Appointed 11 October 2006)
R J Roberts	(Served from 10 May 2006 to 3 October 2006)

The directors have no interest in the share capital of the company

Auditor

Chantrey Vellacott DFK LLP were appointed as first auditors of the company by the directors and a resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by order of the directors



B O'Shea
Company Secretary

Approved by the directors on 20 June 2007

DCUSA Limited

Corporate governance statement

Period from 10 May 2006 to 31 March 2007

DCUSA Limited fully supports the report of the Committee on Corporate Governance and that Committee's Revised Combined Code of Best Practice. It welcomes the Committee's guidance on internal control and the going concern basis for preparing annual accounts.

The guidance is regarded as mandatory for listed companies registered in the UK. Whilst DCUSA Limited does not fall within the regulations of the London Stock Exchange, being a small company, the Board is committed to the highest standards of corporate governance.

Going Concern

The Board confirms that, after making appropriate enquiries, it is of the opinion that DCUSA Limited has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these accounts.

General

The Board comprises ten members, all of whom are non-executive. The directors are appointed automatically through their appointment as either Panel Members or Panel Reserves. The Board's principle focus is the ongoing strategic direction, development and operation of DCUSA Limited. The Board is also responsible for the company's overall system of internal controls.

The Board normally meets every month and has constituted a Finance and Audit Committee. All standing committees are formally constituted with terms of reference and are constituted from at least three members of the Board of directors.

Finance and Audit Committee

The Finance and Audit Committee assists the Board in the execution of its responsibilities on corporate governance and internal control. Its members are C J Allanson, M Clark and P J Waymont.

The Finance and Audit Committee reviews the company's internal controls structure, appoints the external auditors, approves the external audit programmes, approves the audit fees, and reviews reports from the external auditors on their work. It monitors the effectiveness of the company's internal controls function, and reviews the company's financial statements and proposed announcements, together with adopting the accounting policies and any subsequent changes, prior to approval by the Board.

The DCUSA Panel

The Panel is a body established under Clause 5 of the DCUSA Agreement. Clause 5 identifies the objectives, duties and powers of the Panel. The Panel is the representative body for the Parties to the Agreement and undertakes the detailed management and operation of the DCUSA Agreement on behalf of the Parties to the Agreement. The Panel as constituted at the balance sheet date comprises five members plus five reserves. All of the Panel Members and Reserves are Directors of DCUSA Ltd.

The Panel Members are elected to represent the following Party Categories, Distribution Network Operators, Independent Network Operators, Suppliers and Distributed Generators. The Panel normally meets every month.

Internal Controls

The Board acknowledges its responsibility for the systems of internal control within DCUSA Limited and for ensuring these systems maintain the integrity of accounting records and safeguard its assets. The purpose of these systems is to provide reasonable assurance as to the reliability of financial information and to maintain proper control over income, expenditure, assets and liabilities of DCUSA Limited. No system of control can, however, provide absolute assurance against material misstatement or loss. The Board's review of the effectiveness of DCUSA Limited's systems of internal control is an ongoing process, where controls are not in place the Board agrees and reviews a timetable for implementation.

A brief description of the principal elements underlying DCUSA Limited's systems of internal control follows.

DCUSA Limited

Corporate governance statement (*continued*)

Period from 10 May 2006 to 31 March 2007

Financial Reporting

There is a comprehensive business planning system with an annual operating plan and annual budget reviewed and recommended to the Board by the Finance and Audit Committee. Monthly actual results are reported against budget and revised forecasts for the year are prepared. The Finance and Audit Committee meet at least twice every financial year and on an ad hoc basis as required to consider matters which are time critical. The Board has sight of the minutes of all Finance and Audit Committee meetings.

Risk Management

DCUSA Limited's Board examine on a continual basis the major strategic, business and operational risk which DCUSA Limited faces and have established a system that ensures that risks are reviewed and reported regularly, and that appropriate action is in place to mitigate the significant risks.

Controls and Procedures

Under the contract for Secretarial and Administrative Services, DCUSA Limited sets out authorities delegated from the Board to ElectraLink Limited. The DCUSA Limited Board has established a strong control framework within which ElectraLink Limited operates including clearly defined lines of responsibility, delegation of authority and reporting requirements and maintains a comprehensive set of financial regulations. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the auditors.

Monitoring of Controls

The Board continues to review DCUSA Limited's accounting and financial reporting practices, its internal financial controls, the work of the auditors and compliance with all relevant legislation and to take the appropriate action to deal with areas of improvement which come to the Board's attention.

DCUSA Limited

Statement of directors' responsibilities

Period from 10 May 2006 to 31 March 2007

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these 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,
- 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DCUSA Limited

**Independent auditor's report to the shareholders of
DCUSA Limited**

Period from 10 May 2006 to 31 March 2007

We have audited the financial statements of DCUSA Limited for the period from 10 May 2006 to 31 March 2007 which comprise the income and expenditure account, balance sheet and the related notes. These financial statements have been prepared on the basis of 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 auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and the corporate governance statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its surplus for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

London

21 June 2007

Chantrey Vellacott DFK LLP

DCUSA Limited

Income and expenditure account

Period from 10 May 2006 to 31 March 2007

	Note	Period from 10 May 06 to 31 Mar 07 £
Income		149,963
Administrative expenses		149,963
Surplus on ordinary activities before taxation		<u> -</u>
Tax on surplus on ordinary activities	3	-
Surplus for the financial period		<u><u> -</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The company commenced trading on 22 May 2006 and accordingly there are no comparative figures

There is no difference between the results shown above and their historical cost equivalents

DCUSA Limited

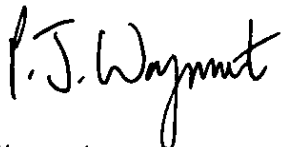
Balance sheet

As at 31 March 2007

	Note	31 Mar 07 £
Current assets		
Debtors	4	1,998
Cash at bank		191,587
		<u>193,585</u>
Creditors amounts falling due within one year	5	<u>193,537</u>
Net current assets		48
Total assets less current liabilities		<u>48</u>
Capital and reserves		
Called up equity share capital	6	48
Shareholders' funds	7	<u>48</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the Board and authorised for issue on 20 June 2007 and were signed on its behalf by



P J Waymont
Director

The notes on pages 9 and 10 form part of these financial statements

DCUSA Limited

Notes to the financial statements

Period from 10 May 2006 to 31 March 2007

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Income

This represents the value of recoverable costs borne by the company during the year under the Distribution Connection and Use of System Agreement (DCUSA) and recoverable from the parties to the agreement

Where a party to the agreement has been invoiced on account during the period for a sum greater than their share of the recoverable costs this amount is included in creditors as other creditors, and where a party's share of recoverable costs exceeds their payment on account the balance is included in debtors as accrued income

Amounts invoiced on account to parties for the following accounting period are not recognised as income in the financial statements and are included in creditors as deferred income

2 Operating surplus

Operating surplus is stated after charging

	Period from 10 May 06 to 31 Mar 07 £
Auditor's remuneration	
- audit	4,500
- other non-audit services	2,800
	<u>7,300</u>

The directors received no remuneration from the company during the year

3 Taxation

The company is a not for profit organisation and therefore no tax is provided on the results for the accounting period

4 Debtors

	31 Mar 07 £
Trade debtors	503
VAT recoverable	1,495
	<u>1,998</u>

DCUSA Limited

Notes to the financial statements

Period from 10 May 2006 to 31 March 2007

5. Creditors amounts falling due within one year

	31 Mar 07 £
Trade creditors	10,036
Other creditors	82,179
Accruals and deferred income	101,322
	<u>193,537</u>

6 Share capital

Authorised share capital

	31 Mar 07 £
1,000 Ordinary shares of £1 each	<u>1,000</u>

Allotted, called up and fully paid

	No	£
Ordinary shares of £1 each	<u>48</u>	<u>48</u>

During the year 48 ordinary shares of £1 each were allotted and fully paid at par for cash consideration. The shares were issued to parties to the DCUSA agreement in accordance with the terms of that agreement.

7 Reconciliation of movements in shareholders' funds

	31 Mar 07 £
New ordinary share capital subscribed	<u>48</u>
Net addition to shareholders' funds	<u>48</u>
Closing shareholders' funds	<u>48</u>

8. Control

No one party has ultimate control of the company by virtue of its shareholding