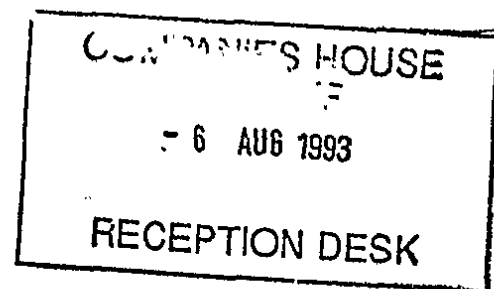


Company No. 2579323

SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1993



K.J. Howard,
Company Secretary,
South Wales Electricity plc,
Newport Road,
St. Mellons,
Cardiff.
CF3 9XW

SOUTH WALES TPL INVESTMENTS LIMITED

C O N T E N T S

| | <u>PAGE NO.</u> |
|-----------------------------------|------------------------|
| REPORT OF THE DIRECTORS | 1 |
| REPORT OF THE AUDITORS | 3 |
| PROFIT AND LOSS ACCOUNT | 4 |
| BALANCE SHEET | 5 |
| NOTES TO THE FINANCIAL STATEMENTS | 6 |

SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31st March 1993.

Activities

The company is a subsidiary of South Wales Electricity Generating Limited and was set up to participate in a project for the generation of electricity by Teesside Power Limited using a 1725 MW combined cycle gas turbine power station at Wilton, Teesside, in Cleveland. The company has a 7.7% interest in the project and is a member of Teesside Power Limited. The company has fulfilled its commitment to invest £16.4 million in the project; the new power station came into full commercial operation in April 1993.

The ultimate holding company, South Wales Electricity plc, has indicated to the directors its intention of continuing to provide financial support, as required, for the foreseeable future.

Results for the year

The results for the year are disclosed in the profit and loss account on page 4, and are in accordance with the directors' expectations. No dividend is recommended.

Fixed assets

Details of fixed assets are shown in note 5 of the attached financial statements.

Directors and their interests

The interest of the directors, as defined by Section 324 of the Companies Act 1985, in the ultimate holding company South Wales Electricity plc are as follows:-

| | <u>Fully Paid Ordinary Shares of 50p</u> | <u>Sharesave Options over Ordinary Shares of 50p (Note 1)</u> | <u>Executive Options over Ordinary Shares of 50p (Note 2)</u> |
|-------------|--|---|---|
| Mike Mackey | 1,618 | 498 (a) 1,491 (b) | 9,500 (i) |

Note 1

Options granted under the SAYE Sharesave Scheme as follows:-

| | <u>Date of Grant</u> | <u>Exercise Period</u> | <u>Exercise Price</u> |
|-----|----------------------|------------------------|-----------------------|
| (a) | October 1992 | January - July 1998 | 361p |
| (b) | February 1993 | May - November 1998 | 418p |

The present directors of the Company are David Gibbard, David Jones and Michael Mackey, all of whom held office throughout the year.

Note 2

Options granted under the senior management Executive Option Scheme as follows:-

| | <u>Date of Grant</u> | <u>Exercise Period</u> | <u>Exercise Price</u> |
|-----|----------------------|----------------------------|-----------------------|
| (i) | January 1992 | January 1995- January 2002 | 378p |

Mr. Gibbards' and Mr. Jones' interests in the shares of South Wales Electricity plc, of which they are directors, are disclosed in the annual report of that company.

No options have been granted between 31 March 1993 and 2 June 1993, and no options have been exercised by any of the directors during the year.

There were no significant contracts subsisting during or at the end of the financial period with the company in which any director is or was materially interested.

The directors have insurance cover under a Directors and Officers liability insurance policy purchased by the holding company, South Wales Electricity plc.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the company's next Annual General Meeting.

By Order of The Board

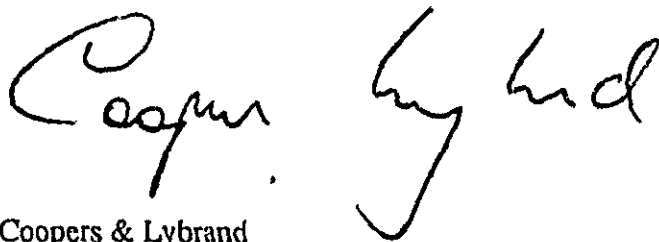


K.J. Howard
Company Secretary
21 June 1993

REPORT OF THE AUDITORS TO THE MEMBERS
OF SOUTH WALES TPL INVESTMENTS LIMITED

We have audited the financial statements on pages 4 to 8 in accordance with Auditing Standards.

In our opinion the financial statements on pages 4 to 8 give a true and fair view of the state of affairs of the company at 31 March 1993 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Coopers Lybrand', is written in black ink.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff
21 June 1993

SOUTH WALES TPL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1993

| | <u>Notes</u> | <u>1993</u> <u>£000</u> | <u>1992</u> <u>£000</u> |
|---|--------------|----------------------------|----------------------------|
| Administrative expenses | 2 | (2) | (1) |
| Interest payable | 3 | (95) | (102) |
| | | <hr/> | <hr/> |
| Loss on operating activities before tax | | (97) | (103) |
| Amount receivable from parent company in respect of group tax relief | 4 | 97 | - |
| | | <hr/> | <hr/> |
| Profit/(loss) for the financial year | 8 | - | (103) |
| | | <hr/> | <hr/> |

The notes on pages 6 to 8 form part of these financial statements.

Movements on reserves are shown in note 8 of the financial statements.

SOUTH WALES TPL INVESTMENTS LIMITED

BALANCE SHEET

AT 31 MARCH 1993

| | <u>Notes</u> | <u>1993</u> <u>£000</u> | <u>1992</u> <u>£000</u> |
|---|--------------|----------------------------|----------------------------|
| Fixed assets | | | |
| Fixed asset investments | 5 | <u>16,449</u> | <u>15,077</u> |
| Creditors: amounts falling due within one year | | | |
| Amounts owed to group undertakings | 6 | (16,550) | (911) |
| Other creditors | | - | (14,269) |
| Accruals and deferred income | | (2) | - |
| | | <u> </u> | <u> </u> |
| Net current liabilities | | (16,552) | (15,180) |
| | | <u> </u> | <u> </u> |
| Total assets less current liabilities | | <u>(103)</u> | <u>(103)</u> |
| | | <u> </u> | <u> </u> |
| Capital and reserves | | | |
| Called up share capital | 7 | - | - |
| Profit and loss account | 8 | (103) | (103) |
| | | <u> </u> | <u> </u> |
| | | (103) | (103) |
| | | <u> </u> | <u> </u> |

The financial statements on pages 4 to 8 were approved by the directors on 21 June 1993 and signed on their behalf by:

D.H. JONES - Director

D. H. Jones

M.D. MACKEY - Director

M. D. Mackey

The notes on pages 6 and 8 form part of these financial statements.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1993

1. ACCOUNTING POLICIES

Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and with applicable United Kingdom accounting and financial reporting standards.

Corresponding Amounts

Corresponding amounts cover a fourteen month period which represented the first period of trading by the company.

Investments

The company was established to purchase an investment stake in a project associated with the generation of electricity. The investment is carried at cost, less provisions for any permanent diminution in value. Fees and associated costs are amortised over the estimated useful life of the project commencing with commissioning.

Income from investments, including dividends declared but not paid in respect of the year ended 31 March, is accrued in the relevant year's financial statements.

Deferred tax

Deferred tax arises on items where there is a timing difference between the accounting and tax treatment. Provision for deferred tax is made, using the liability method and the expected rates of corporation tax that will apply, where it is probable that a liability or asset will crystallise in the foreseeable future.

2. ADMINISTRATIVE EXPENSES

The remuneration of the auditors was £1,500 (1992: £1000,) and is borne by the ultimate holding company. No fees were payable in respect of non-audit work (1992: nil).

There were no emoluments paid or payable to directors in respect of the year ended 31 March 1993. The company had no employees during the period.

3. INTEREST PAYABLE

Interest was payable to the ultimate holding company in respect of the utilisation of corporate funding during the year.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

As a loss was incurred for the year ended 31 March 1993 and the corresponding period there is no corporation tax liability. The tax losses for the year will be surrendered to the ultimate holding company on payment of £1 for each £1 surrendered.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1993

(Continued)

5. FIXED ASSET INVESTMENTS

| | <u>1993</u> <u>£000</u> | <u>1992</u> <u>£000</u> |
|-----------------------------------|----------------------------|----------------------------|
| Teesside Power Limited (note (a)) | 16,444 | 15,077 |
| 7¼% Treasury Stock (note (b)) | 5 | - |
| | <u>16,449</u> | <u>15,077</u> |

(a) The company's investment in Teesside Power Limited (TPL), a company registered and operating in England and Wales, whose principal activity is to operate a power station, is carried at cost. The company owns 7.7% of the issued ordinary share capital of TPL, carried at a cost of £2,288,000 (1992 £2,288,000). The balance of the investment consists of subordinated loan capital of £14,156,000 (1992 £12,789,000)

(b) £5,000 7¼% Treasury Stock 1998 was acquired at a cost of £4,840. The market value of this investment was £5,113 at 31 March 1993.

6. AMOUNTS OWED TO GROUP UNDERTAKINGS DUE WITHIN ONE YEAR

This consists of amounts due to South Wales Electricity plc in respect of advances and administrative expenses. South Wales Electricity plc has indicated to the company its intention of continuing to provide financial support for the foreseeable future.

7. CALLED UP SHARE CAPITAL

The share capital of the company consists of:

| | <u>1993</u> | <u>1992</u> |
|----------------------------|-------------|-------------|
| Authorised | £ | £ |
| Ordinary shares of £1 each | 100 | 100 |
| Issued and fully paid | <u>2</u> | <u>2</u> |
| Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

| | |
|-----------------------------------|-------------|
| 8. PROFIT AND LOSS ACCOUNT | £000 |
| At beginning of year | (103) |
| Profit/(loss) for the year | - |
| | <hr/> |
| At end of year | (103) |
| | <hr/> |

9. CASH FLOW STATEMENT

A cash flow statement is not presented since South Wales Electricity plc, the ultimate holding company, has prepared a consolidated cash flow statement, including the cash flows of the company, for the year ended 31 March 1993, in accordance with Financial Reporting Standard No. 1.

10. ULTIMATE HOLDING COMPANY

The ultimate holding company is South Wales Electricity plc, a company incorporated and registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, South Wales Electricity plc, Newport Road, St. Mellons, Cardiff CF3 9XW.