

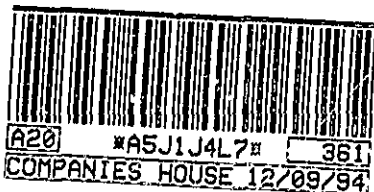


SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1994

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



SOUTH WALES TPL INVESTMENTS LIMITED

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SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and audited financial statements for the year ended 31 March 1994.

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, disclosed in the profit and loss account on page 4, are in accordance with the directors' expectations. The directors recommend a final dividend of £250,000 per ordinary share, in respect of the year ended 31 March 1994 and will, if approved by shareholders, be paid on 3 October 1994. After payment of the dividend the profit for the financial year will be transferred to reserves.

Fixed assets

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

Directors and their interests

David Gibbard and Michael Mackey served as directors throughout the year. David Jones resigned as a director on 17 December 1993. Andrew Walker was appointed as a director and chairman on 4 January 1994.

All of the present directors are also directors of the ultimate holding company, South Wales Electricity plc. Their interest in the shares of that company are disclosed in its annual report. None of the directors have any beneficial interest in the shares of the company or in the shares of any of its' fellow subsidiary companies within the SWALEC group.

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.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No. 3, 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements.

Directors' responsibilities

The directors are required by U/K company law to prepare financial statements for each financial year that 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.


The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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
20 June 1994

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

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

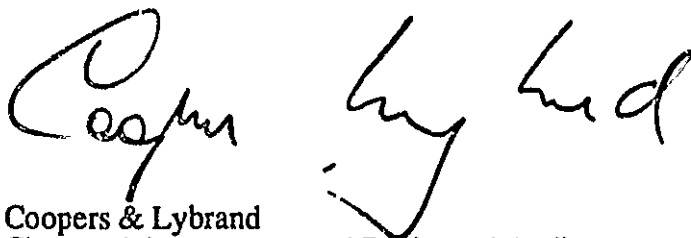
Basis of opinion

We conducted our audit in accordance with 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 at 31 March 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff
20 June 1994

SOUTH WALES TPL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1994

	<u>Notes</u>	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Operating costs	2	(2)	(2)
Operating loss		(2)	(2)
Income from fixed asset investments		2,500	-
Interest payable	3	(1,182)	(95)
Profit/(loss) on ordinary activities before tax		1,316	(97)
Tax on profit on ordinary activities	4	359	97
Profit for the financial year		1,675	-
Dividend payable	10	(500)	-
Retained profit for the financial year	11	1,175	-

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains & losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Continuing Operations

All items dealt with in arriving at profit/(loss) on ordinary activities before tax for the year ended 31 March 1994 and 31 March 1993 respectively, relate to continuing operations.

The notes on pages 6 to 9 form part of these financial statements.

Movements on reserves are shown in note 11 of the financial statements.

SOUTH WALES TPL INVESTMENTS LIMITED

BALANCE SHEET

AT 31 MARCH 1994

	<u>Notes</u>	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Fixed assets			
Investments	5	<u>16,449</u>	<u>16,449</u>
Current Assets			
Debtors	6	2,500	-
Creditors: amounts falling due within one year	7	(17,052)	(16,552)
Provisions for liabilities and charges	8	(825)	-
Net current liabilities		<u>(15,377)</u>	<u>(16,552)</u>
Total assets less current liabilities		<u>1,072</u>	<u>(103)</u>
 Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	11	<u>1,072</u>	<u>(103)</u>
Shareholders' funds	12	<u>1,072</u>	<u>(103)</u>

The financial statements on pages 4 to 9 were approved by the directors on 20 June 1994 and signed on their behalf by:

D. GIBBARD

- Director

D. Gibbard

M.D. MACKEY

- Director

M.D. Mackey

The notes on pages 6 to 9 form part of these financial statements.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1994

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.

Fixed Asset Investments

Investments which the company intends to hold to maturity are carried as fixed asset investments. These investments are carried at cost unless, in the opinion of the directors, there is a permanent diminution in their value, in which case appropriate provision against the carrying value is made.

Income from such investments, including dividends declared in respect of the period but not paid, is accrued up to the end of the relevant accounting period.

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. OPERATING COSTS

The remuneration of the auditors was £1,500 (1993: £1,500). No fees were payable in respect of non-audit work (1993: nil).

The emoluments of all of the directors are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly there were no emoluments paid or payable in respect of the year ended 31 March 1994 or the corresponding year. The company had no other employees during the year, or the corresponding year.

3. INTEREST PAYABLE

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

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1994

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax losses for the year will be surrendered to the ultimate holding company on payment of £1 for each £1 of tax loss surrendered.

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Deferred taxation (Note 8)	825	-
Received for Group relief	(1,184)	(97)
	<u>(359)</u>	<u>(97)</u>

5. FIXED ASSET INVESTMENTS

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Teesside Power Limited (note (a))	16,444	16,444
7¼% Treasury Stock (note (b))	5	5
	<u>16,449</u>	<u>16,449</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 (1993: £2,288,000). The balance of the investment consists of subordinated loan capital of £14,156,000 (1993: £14,156,000)

(b) £5,000 7¼% Treasury Stock 1998 was acquired at a cost of £4,840. The market value of this investment was £5,156 at 31 March 1994 (1993: £5,113).

6. DEBTORS

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Interest receivable from Teesside Power Limited	<u>2,500</u>	<u>-</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Amounts due to group undertakings	16,552	16,550
Dividend payable	500	-
Accruals	-	2
	<u>17,052</u>	<u>16,552</u>

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1994

8. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>£000</u>
At beginning of year	-
Charged to profit and loss account (note (a))	825
	<hr/>
At end of year	825
	<hr/> <hr/>

- (a) Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	<u>Amount provided</u>		<u>Amount unprovided</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	-	-	-	-
Other	825	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	825	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. CALLED UP SHARE CAPITAL

The share capital of the company consists of:

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Authorised		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Issued and fully paid		
Ordinary shares of £1 each	2	2
	<hr/> <hr/>	<hr/> <hr/>

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1994

10. DIVIDEND

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Proposed final dividend of £250,000 (1993: nil) per ordinary share payable on 3 October 1994.	500	-

11. PROFIT AND LOSS ACCOUNT

	<u>£000</u>
At beginning of year	(103)
Retained profit for the year	1,175
At end of year	1,072

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Opening shareholders' funds	(103)	(103)
Profit for the financial year	1,675	-
Dividend	(500)	-
Closing shareholders' funds	1,072	(103)

13. 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 1994, in accordance with Financial Reporting Standard No. 1.

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