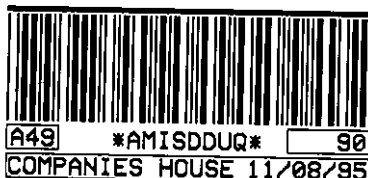


South Wales TPL Investments Limited

**Annual Report
for the year ended 31 March 1995**

Registered Company No : 2579323



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

South Wales TPL Investments Limited

Annual Report for the year ended 31 March 1995

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Directors' report for the year ended 31 March 1995

The directors present their report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The company is a subsidiary of South Wales Electricity Generating Limited. The company holds 7.7% of the equity of Teesside Power Limited (TPL), which owns and operates Europe's largest gas-fired power station next to the ICI chemicals site at Wilton. The £16.7 million stake in TPL produced income of £3.3 million in 1994/95, £0.8 million above the previous year.

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.

Review of business

The profit for the year is disclosed in the profit and loss account on page 4, and is 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 1995 which will, if approved by shareholders, be paid on 2 October 1995. After payment of the dividend the profit for the financial year will be transferred to reserves.

The directors consider that the company is soundly based for the future.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No 4, 'Capital Instruments', and Financial Reporting Standard No 5, 'Reporting the Substance of Transactions', the presentation of the financial statements has been amended to conform with the new requirements. Shareholders' funds have been analysed between equity interests and non-equity interests.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 7 to the financial statements.

Directors and their interests

David Gibbard, Michael Mackey and Andrew Walker (Chairman) served as directors throughout the year.

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.

Directors' responsibilities

The directors are required by UK 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 1995. 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

Pursuant to an elective resolution passed on 17 October 1994, the auditors, Coopers & Lybrand will continue in office.

By order of the Board



K J Howard
Company Secretary
14 June 1995

**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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'Coopers & Lybrand', is written over the printed name of the firm.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff
14 June 1995

**Profit and loss account
for the year ended 31 March 1995**

	Notes	1995 £'000	1994 £'000
Operating costs	2	(2)	(2)
Operating loss		<u>(2)</u>	<u>(2)</u>
Income from fixed asset investments		3,336	2,500
Interest payable	4	(1,202)	(1,182)
Profit on ordinary activities before taxation		<u>2,132</u>	<u>1,316</u>
Tax on profit on ordinary activities	5	(704)	359
Profit for the financial year		<u>1,428</u>	<u>1,675</u>
Dividends payable	6	(500)	(500)
Retained profit for the financial year	12	<u>928</u>	<u>1,175</u>

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

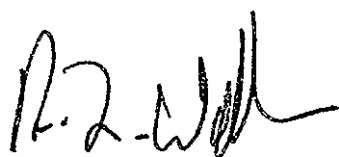
Continuing operations

All items dealt with in arriving at the operating loss for the year ended 31 March 1995 and 31 March 1994 respectively, relate to continuing operations.

**Balance sheet
at 31 March 1995**

	Notes	1995 £'000	1994 £'000
Fixed assets			
Investments	7	<u>16,686</u>	<u>16,449</u>
Current assets			
Debtors	8	3,431	2,500
Creditors: amounts falling due within one year	9	<u>(16,985)</u>	<u>(17,052)</u>
Net current liabilities		<u>(13,554)</u>	<u>(14,552)</u>
Total assets less current liabilities		3,132	1,897
Provisions for liabilities and charges	10	<u>(1,132)</u>	<u>(825)</u>
Net assets		<u><u>2,000</u></u>	<u><u>1,072</u></u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>2,000</u>	<u>1,072</u>
Equity shareholders' funds	13	<u><u>2,000</u></u>	<u><u>1,072</u></u>

The financial statements on pages 4 to 9 were approved by the board of directors on 14 June 1995 and were signed on its behalf by:



Director



Director

**Notes to the financial statements
for the year ended 31 March 1995**

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

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 (1994 : £1,500). No fees were payable in respect of non audit work (1994 : £Nil).

3. Employees and directors' emoluments

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 1995 or the corresponding year. The company had no other employees during the year, or the corresponding year.

4. Interest payable

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

5. Tax on profit on ordinary activities

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% (1994 : 33%)		
Current	397	-
Deferred	307	825
Group relief	-	(1,184)
	<u>704</u>	<u>(359)</u>

6. Dividend

	1995 £'000	1994 £'000
Proposed final dividend of £250,000 (1994 : £250,000) per ordinary share payable on 2 October 1995	<u>500</u>	<u>500</u>

7. Fixed asset investments

	£'000
Cost	
At 1 April 1994	16,449
Additions	237
At 31 March 1995	<u>16,686</u>
Net book value	
At 31 March 1995	<u>16,686</u>
Net book value	
At 31 March 1994	<u>16,449</u>

The company's investment in Teeside 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 (1994 : £2,288,000). The balance of the investment consists of subordinated loan capital of £14,393,000 (1994 : £14,156,000).

£5,000 7.25% Treasury Stock 1998 is carried at cost of £4,840. The market value of this investment was £4,875 at 31 March 1995 (1994 : £5,156).

8. Debtors

	1995 £'000	1994 £'000
Interest receivable from Teesside Power Limited	<u>3,431</u>	<u>2,500</u>

9. Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Amounts due to parent company and fellow subsidiary undertakings	16,088	16,552
Dividend payable	500	500
Corporation Tax	397	-
	<u>16,985</u>	<u>17,052</u>

10. Provisions for liabilities and charges

	Deferred taxation (see below) £'000
At 1 April 1994	825
Profit and loss account	307
At 31 March 1995	<u>1,132</u>

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

	Amount provided		Amount unprovided	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Tax effect of timing differences relating to interest receivable from Teesside Power Limited	<u>1132</u>	<u>825</u>	<u>-</u>	<u>-</u>

11. Called up share capital

	1995 £	1994 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. Profit and loss account

	£'000
At 1 April 1994	1,072
Retained profit for the year	<u>928</u>
At 31 March 1995	<u>2,000</u>

13. Reconciliation of movements in shareholders' funds

	1995 £'000	1994 £'000
Opening shareholders' funds	1,072	(103)
Profit for the financial year	1,428	1,675
Dividend	<u>(500)</u>	<u>(500)</u>
Closing shareholders' funds	<u>2,000</u>	<u>1,072</u>

14. 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 1995, in accordance with Financial Reporting Standard No1.

15. 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.