

REGISTERED NO.
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Keadby Developments Limited

Accounts for the year ended 31 March 2005

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Keadby Developments Limited

Report of the Directors

The Director presents his report together with the audited Accounts for the year ended 31 March 2005.

1. Principal Activities and Future Developments

The Company's principal activity during the year continued to be the exploration of various alternatives for the future development and use of the land owned by the Company at Keadby, South Humberside. The Director does not anticipate any changes in activities in the forthcoming period.

2. Share Capital

The Company's authorised share capital is £2,000,000 divided into 1,000,000 A ordinary shares of £1 each and 1,000,000 B ordinary shares of £1 each.

3. Results and Dividends

The loss for the financial year amounted to £8,000 (2004 - £9,000 loss). The Director does not recommend the payment of a dividend (2004 - nil).

4. Directors

The Directors who served during the year were as follows:-

Gregor Alexander

David Sigsworth

(resigned 31 March 2005)

5. Director's Interests in Ultimate Holding Company

The interests of Gregor Alexander in the shares of the Company's ultimate holding company, Scottish and Southern Energy plc, are noted in the Accounts of Scottish and Southern Energy plc.

ON BEHALF OF THE BOARD



Vincent Donnelly

Secretary

31 August 2005

Keadby Developments Limited

Director's Responsibilities for Preparation of the Accounts

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the auditors' report on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the director and of the auditors in relation to the Accounts.

The director is required by the Companies Act 1985 to prepare accounts for each financial year which 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 for the financial year. The director is required to use a going concern basis in preparing the Accounts unless this is inappropriate.

The director considers that, in preparing the Accounts on pages 4 to 8, the Company has used *appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates*, and that all accounting standards which he considers to be applicable have been followed.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable him to ensure that the Accounts comply with the Companies Act 1985. He has a general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Keadby Developments Limited

Independent Auditors' Report to the Members of Keadby Developments Limited

We have audited the Accounts on pages 4 to 8.

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 Auditors

The director is responsible for preparing the director's report and, as described on page 2, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the accounts have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the accounts, 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 director's remuneration and transactions with the Company is not disclosed.

Basis of Audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 2005 and of the loss for the year then ended and the accounts have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
31 August 2005

Keadby Developments Limited

Profit and Loss Account for the year ended 31 March 2005

	Note	2005 £000	2004 £000
Cost of sales		(2)	(3)
Gross loss		<u>(2)</u>	<u>(3)</u>
Administration costs		-	(1)
Operating loss	2	<u>(2)</u>	<u>(4)</u>
Interest payable	4	(9)	(7)
Loss on ordinary activities before taxation		<u>(11)</u>	<u>(11)</u>
Taxation	5	3	2
Retained loss for the financial year	11	<u>(8)</u>	<u>(9)</u>

Other than the retained loss for the financial year, there are no other recognised gains or losses - such loss represents the only movement in equity shareholders' funds.

Keadby Developments Limited**Balance Sheet as at 31 March 2005**

	Note	2005 £000	2004 £000
Fixed assets			
Tangible assets	6	<u>5,446</u>	<u>5,446</u>
Current assets			
Debtors	7	5	2
Cash at bank and in hand		<u>4</u>	<u>5</u>
		9	7
Creditors: amounts falling due within one year	8	<u>(198)</u>	<u>(188)</u>
Net current liabilities		<u>(189)</u>	<u>(181)</u>
Total assets less current liabilities		<u>5,257</u>	<u>5,265</u>
Creditors: amounts falling due after one year	9	<u>(4,219)</u>	<u>(4,219)</u>
Net assets		<u>1,038</u>	<u>1,046</u>
Capital and reserves			
Called up share capital	10	1,890	1,890
Profit and loss account	11	(852)	(844)
Equity shareholders' funds		<u>1,038</u>	<u>1,046</u>

These Accounts were approved by the Directors on 31 August 2005 and signed on their behalf by



Gregor Alexander, Director

Keadby Developments Limited

Notes on the Accounts for the year ended 31 March 2005

1. Principal accounting policies

Basis of accounting

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Scottish and Southern Energy plc, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group.

Depreciation

Freehold land is not depreciated.

2. Operating loss

The operating loss is arrived at after charging:

	2005 £000	2004 £000
Auditors' remuneration	-	1

3. Director's remuneration

No Director received remuneration in respect of their service to the Company (2004 - nil).
There were no staff employed during the year (2004 - nil).

4. Interest payable

	2005 £000	2004 £000
Interest payable: To group undertakings	(9)	(7)

Keadby Developments Limited

Notes on the Accounts for the year ended 31 March 2005

5. Taxation

	2005 £000	2004 £000
Current tax:		
United Kingdom corporation tax	(3)	(2)
Deferred tax	-	-
Total tax credit on loss on ordinary activities	(3)	(2)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2005 £000	2004 £000
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004 – 30%)	(3)	(3)
Effects of:		
Expenses not deductible for tax purposes	-	1
Current tax credit for year	(3)	(2)

6. Tangible fixed assets

	Freehold Land £000
Cost:	
At 1 April 2004 and 31 March 2005	5,446

7. Debtors

	2005 £000	2004 £000
Corporation tax	5	2

8. Creditors: amounts falling due within one year

	2005 £000	2004 £000
Accruals	-	1
Amounts owed to group undertakings	198	187
	198	188

Keadby Developments Limited

Notes on the Accounts for the year ended 31 March 2005

9. Creditors: amounts falling due after one year

	2005	2004
	£000	£000
Amounts owed to group undertakings	<u>4,219</u>	<u>4,219</u>

10. Share capital

The authorised and called up share capital was:

	2005	2004
	£000	£000
Authorised:		
1,000,000 - A ordinary shares of £1 each	1,000	1,000
1,000,000 - B ordinary shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
945,000 - A ordinary shares of £1 each	945	945
945,000 - B ordinary shares of £1 each	945	945
	<u>1,890</u>	<u>1,890</u>

11. Profit and loss account

	£000
Balance at 1 April 2004	(844)
Retained loss for the financial year	(8)
Balance at 31 March 2005	<u>(852)</u>

12. Ultimate holding company

The Company's ultimate parent undertaking is Scottish and Southern Energy plc, registered in Scotland. Copies of the Group Accounts, which include the Company, are available from Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.