

AMENDED

Company Registration No: 3684054

TS4I (POWER RESOURCES 1) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2004

Group Secretariat  
The Royal Bank of Scotland Group plc  
3 Princess Way  
Redhill  
Surrey  
RH1 1NP



## **TS4I (POWER RESOURCES 1) LIMITED**

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**TS4I (POWER RESOURCES 1) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:** T W J Longstaff  
L McCormack  
M C Moss

**SECRETARY:** M L Thomas

**REGISTERED OFFICE:** The Quadrangle  
The Promenade  
Cheltenham  
Gloucestershire GL50 QPX

**AUDITORS:** Deloitte & Touche LLP  
Bristol

**Registered in England and Wales**

## **TS4I (POWER RESOURCES 1) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2004.

### **ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company is the provision of energy and power related asset finance and management products. This is likely to continue in the foreseeable future.

It was decided by the shareholders on 10 May 2004 that Total Solutions for Industry Limited should be wound up, and that the management fees due by TS4I (Power Resources 1) Limited should be waived. This has been reflected in the financial statements for the year ending 31 December 2004.

The retained loss for the period was £10,588 (2003: retained profit £37,658) and this was transferred to reserves. The directors do not recommend the payment of a dividend of £nil be paid (2003: £nil).

The directors do not anticipate any material change in either the type or level of activities of the company.

### **DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2004 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
N Pearce		2 February 2004
M C Moss	2 February 2004	
I D Catto		1 October 2004
T W J Longstaff	1 October 2004	
M Moseling		4 October 2004
R M Priestman		4 October 2004
I J Isaac	4 October 2004	1 March 2005
L McCormack	4 October 2004	
<b>Secretary</b>		
A M Cunningham		4 October 2004
M L Thomas	4 October 2004	

## **TS4I (POWER RESOURCES 1) LIMITED**

### **DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements 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 of the company for that period. In preparing the 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

### **DIRECTORS' INTERESTS**

No director had an interest in the shares of the company on 31 December 2004 or on their date of appointment to the Board.

### **POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The Company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the Company to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract.

Trade creditors at 31 December 2004 represented 5 days of purchases (2003: 5 days).

### **ELECTIVE RESOLUTIONS**

The company has passed Elective Resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

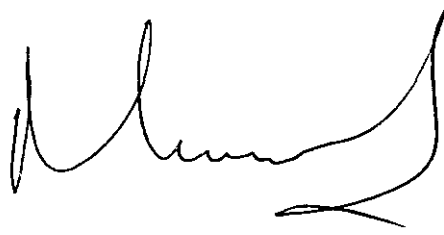
**TS4I (POWER RESOURCES 1) LIMITED**

**AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

Approved by the Board of Directors  
and signed on behalf of the Board

M Moss

A handwritten signature in black ink, appearing to be 'M Moss', with a stylized, flowing script.

Director

Date: 19<sup>th</sup> October 2005

## **TS4I (POWER RESOURCES 1) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TS4I (POWER RESOURCES 1) LIMITED**

We have audited the financial statements of TS4I (Power Resources 1) Limited for the year ended 31 December 2004 which comprises the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 19 which have been prepared under 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 the auditors' 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**

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements; 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 directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

**TS4I (POWER RESOURCES 1) LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Bristol  
Date:

*26 October 2005*

# TS4i (POWER RESOURCES 1) LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

CONTINUING OPERATIONS			
		Year ended 31 December 2004 £	Year ended 31 December 2003 £
	Note		
Turnover	3	2,532,221	2,446,667
Cost of Sales		(2,293,904)	(2,073,933)
Gross Profit		<u>238,317</u>	<u>372,734</u>
Administrative income / (expenses)		25,427	(57,786)
OPERATING PROFIT	4	<u>263,744</u>	<u>314,948</u>
Bank interest payable	6	(290,849)	(266,881)
Bank interest receivable	7	12,558	6,714
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(14,547)</u>	<u>54,781</u>
Taxation credit/(charge) on (loss)/profit on ordinary activities	8	3,959	(17,123)
ACCUMULATED (LOSS)/PROFIT FOR THE PERIOD		<u><u>(10,588)</u></u>	<u><u>37,658</u></u>

There is no difference between the (loss)/profit on ordinary activities before taxation and the accumulated (loss)/profit for the period as stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those included in the (losses)/profits shown above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 17 form part of these financial statements.

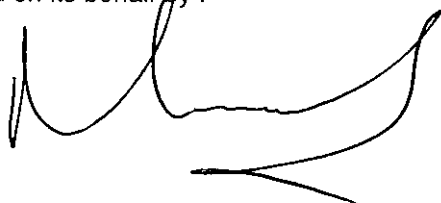
# TS4i (POWER RESOURCES 1) LIMITED

## BALANCE SHEET at 31 December 2004

	Note	31 December 2004 £	31 December 2003 £
<b>FIXED ASSETS</b>			
Tangible assets	9	4,024,832	4,271,580
<b>CURRENT ASSETS</b>			
Debtors	10	776,287	768,938
Cash at Bank		<u>374,377</u>	<u>445,275</u>
		1,150,664	1,214,213
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(486,723)	(646,470)
<b>NET CURRENT ASSETS</b>		<u>663,941</u>	<u>567,742</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,688,773</u>	<u>4,839,322</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	(4,147,095)	(4,369,759)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(724,729)	(642,027)
<b>NET LIABILITIES</b>		<u>(183,051)</u>	<u>(172,463)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2	2
Profit and loss account	15	(183,053)	(172,465)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	16	<u>(183,051)</u>	<u>(172,463)</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors on 19<sup>th</sup> October 2005 and were signed on its behalf by :-

M Moss  
Director



The notes on pages 10 to 17 form part of these financial statements.

# TS4i (POWER RESOURCES 1) LIMITED

## CASH FLOW STATEMENT for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	258,942	614,670
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Bank interest paid		(290,849)	(266,881)
Bank interest received		12,558	6,714
		<u>(278,291)</u>	<u>(260,167)</u>
TAXATION		140,337	145,835
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		-	(33,244)
NET CASH FLOW BEFORE FINANCING		<u>120,988</u>	<u>467,094</u>
FINANCING			
Repayment of bank loans		(191,886)	(161,109)
		<u>(191,886)</u>	<u>(161,109)</u>
(DECREASE) / INCREASE IN CASH	18	<u><u>(70,898)</u></u>	<u><u>305,985</u></u>
Cash at beginning of year		445,275	139,290
Cash at end of year		374,377	445,275

## **TS4i (POWER RESOURCES 1) LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **1 ACCOUNTING POLICIES**

The financial statements on pages 7 to 17 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable United Kingdom Accounting Standards. Accounting policies have been applied consistently.

##### **a ACCOUNTING CONVENTION**

The financial statements of the Company are prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **b FIXED ASSETS**

Fixed assets are initially recorded at cost. Cost is defined in accordance with FRS15 and consists of directly attributable costs. Attributable costs include capitalised interest.

##### **c DEPRECIATION**

Depreciation is calculated to write off the cost or valuation less estimated residual value of all tangible fixed assets on a straight line basis over their estimated useful lives.

Generating plant and machinery is depreciated over 15 years.

##### **d DEFERRED TAXATION**

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes than for taxation purposes. Deferred taxation is provided on the full liability method in respect of timing differences which have originated but not reversed at the balance sheet date. Deferred taxation is calculated on a non-discounted basis.

#### **2 OWNERSHIP AND ULTIMATE HOLDING COMPANIES**

The Company is a joint venture acquired from the Viridian Group on a 50:50 basis by Royal Bank Leasing Limited and Atkins Investments Limited on 21st February 2001.

Royal Bank Leasing Limited is a member of The Royal Bank of Scotland Group plc which is a company registered in Scotland. Copies of the group financial statements of The Royal Bank of Scotland Group plc may be obtained from the Company Secretary's office, 42 St Andrew Square, Edinburgh EH2 2YE. Copies of the financial statements of Royal Bank Leasing Limited may be obtained from The Quadrangle, The Promenade, Cheltenham, Gloucestershire GL50 1PX.

Atkins Investments Limited is a member of the WS Atkins plc group of companies which is a company registered in England and Wales. Copies of the group financial statements of WS Atkins plc may be obtained from the Company Secretary's office, Woodcote Grove, Ashley Road, Epsom, Surrey KT18 5BW.

## TS4i (POWER RESOURCES 1) LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 3 TURNOVER

All the company's activities, consisting of the provision of energy and power related products, are in the United Kingdom.

Turnover includes £151,756 (2003: nil) of income recoverable from insurers due to a business interruption claim during the year to 31 December 2004.

#### 4 OPERATING PROFIT

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Operating profit is charged after charging: Depreciation of owned assets	<u>246,748</u>	<u>246,331</u>

The audit fee is paid by Total Solutions for Industry Limited and is not recharged to the Company.

#### 5 EMPLOYEE INFORMATION AND DIRECTOR'S EMOLUMENTS

The Company has no employees.

The directors' emoluments for Michael Moseling, Peter Nelson, David Clements and Ivor Catto were paid by Atkins Limited. All other directors were paid by The Royal Bank of Scotland Group plc. No recharge is being made to the Company in respect of any directors. It is not possible to allocate directors' emoluments between the companies of which they are director.

#### 6 BANK INTEREST PAYABLE

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Bank interest payable	<u>290,849</u>	<u>266,881</u>

#### 7 BANK INTEREST RECEIVABLE

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Bank interest receivable	<u>12,558</u>	<u>6,714</u>

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

8	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	Year ended 31 December 2004 £	Year ended 31 December 2003 £
	A) ANALYSIS OF (CREDIT)/CHARGE IN THE YEAR		
	Current tax credit/(charge):		
	- Group relief receivable on (losses)/profits for the year	(86,791)	(118,126)
	- Adjustment in respect of prior periods	130	(1,903)
		<u>(86,661)</u>	<u>(120,029)</u>
	Deferred tax - origination and reversal of timing differences:		
	- Current year	82,772	134,903
	- Adjustment in respect of prior periods	(70)	2,249
		<u>(3,959)</u>	<u>17,123</u>
	B) FACTORS AFFECTING THE CURRENT TAX (CREDIT)/CHARGE FOR THE YEAR		
	(Loss)/profit on ordinary activities before tax	<u>(14,547)</u>	<u>54,781</u>
	Tax on (loss)/profit on ordinary activities at the standard rate of 30% (2003: 30%)	(4,364)	16,434
	Capital allowances for period more than depreciation	(82,772)	(134,903)
	Permanent difference - assets not qualifying for capital allowances	345	343
	Adjustment to tax charge in respect of previous periods	130	(1,903)
		<u>(86,661)</u>	<u>(120,029)</u>
	Current tax charge	<u>(86,661)</u>	<u>(120,029)</u>

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 9 TANGIBLE FIXED ASSETS

Generating  
Plant &  
Machinery  
£

#### Cost

At 1 January 2004 and 31 December 2004

4,938,530

#### Depreciation

At 1 January 2004

666,950

Charge for year

246,748

At 31 December 2004

913,698

#### Net Book Value

At 31 December 2003

4,271,580

At 31 December 2004

4,024,832

The amount of finance costs capitalised to 31 December 2004 is £193,982 (2003: £193,982).

The average rate of interest charged was 7.45% (2003: 7.45%).

### 10 DEBTORS

31 December  
2004  
£

31 December  
2003  
£

Amounts falling due within one year:

Trade debtors

653,668

594,146

Corporation tax - group relief receivable

113,308

166,984

Other debtors and prepayments

9,311

7,808

776,287

768,938

Trade debtors includes £151,756 (2003: nil) recoverable from insurers due to a business interruption claim during the year to 31 December 2004.

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

11	CREDITORS: Amounts falling due within one year	31 December 2004 £	31 December 2003 £
	Bank loan (note 12 )	222,664	191,886
	Trade creditors	119,418	31,915
	Amounts owed to group undertakings	-	97,315
	Other taxes and social security	4,477	24,497
	Accruals and deferred income	140,164	300,857
		<u>486,723</u>	<u>646,470</u>

12	CREDITORS: Amounts falling due after more than one year	31 December 2004 £	31 December 2003 £
	Bank loan		
	Between one and two years	253,441	222,664
	Between two and five years	944,986	852,654
	After more than five years	2,948,668	3,294,441
		<u>4,147,095</u>	<u>4,369,759</u>

The bank loan is secured by a fixed and floating charge over the assets of the Company. The bank loan carries interest at LIBOR plus 2% and is repayable in monthly instalments until its maturity on 31 May 2016.

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

Movements during the period:	Deferred taxation £
At 31 December 2003	642,027
Charge to profit and loss account	<u>82,702</u>
At 31 December 2004	<u>724,729</u>

Full provision has been made for the potential amount of deferred taxation shown below:

	31 December 2004 £	31 December 2003 £
Capital allowances on assets financed	<u>724,729</u>	<u>642,027</u>

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 14 SHARE CAPITAL

	31 December 2004	31 December 2003
<b>Authorised</b>		
"A" Ordinary shares of £1 each	1	1
"B" Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>
<b>Allotted, called up and fully paid</b>		
"A" Ordinary shares of £1 each	1	1
"B" Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

The "A" and "B" shares rank pari passu in all respects.

### 15 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2004	(172,465)
Accumulated profit for the year	<u>(10,588)</u>
At 31 December 2004	<u>(183,053)</u>

### 16 RECONCILIATION OF SHAREHOLDERS' DEFICIT

	31 December 2004 £	31 December 2003 £
(Loss)/profit for the financial year	(10,588)	37,658
Opening shareholders' deficit	<u>(172,463)</u>	<u>(210,121)</u>
Closing shareholders' deficit	<u>(183,051)</u>	<u>(172,463)</u>

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOWS

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Operating profit	263,744	314,948
Depreciation charge	246,748	246,331
Increase in debtors	(61,025)	(106,013)
(Decrease)/increase in creditors	(190,525)	159,404
	<u>258,942</u>	<u>614,670</u>
Net cash inflow from operating activities	<u>258,942</u>	<u>614,670</u>

### 18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT AND ANALYSIS OF NET DEBT

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
(Decrease)/increase in cash	(70,898)	305,985
Cash outflow from increase in loan finance	191,886	161,109
Decrease in net debt resulting from cash flows	<u>120,988</u>	<u>467,094</u>
Net debt brought forward	(4,116,370)	(4,583,464)
Net debt carried forward	<u>(3,995,382)</u>	<u>(4,116,370)</u>

#### Analysis of net debt:

	31 December 2003 £	Cash flow £	Other non-cash movements £	31 December 2004 £
Cash at bank and in hand	445,275	(70,898)	-	374,377
Debt due within one year	(191,886)	191,886	(222,664)	(222,664)
Debt due after one year	(4,369,759)	-	222,664	(4,147,095)
	<u>(4,116,370)</u>	<u>120,988</u>	<u>-</u>	<u>(3,995,382)</u>
Net debt	<u>(4,116,370)</u>	<u>120,988</u>	<u>-</u>	<u>(3,995,382)</u>

# TS4i (POWER RESOURCES 1) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 19 RELATED PARTY TRANSACTIONS

The Company is a joint venture by Royal Bank Leasing Limited and Atkins Investments Limited, as discussed in note 2, which are therefore related parties. The Company has entered into transactions with Atkins Consultants Limited, a member of the same group of companies as Atkins Investments Limited. These have also been classed as related party transactions.

During the year the Company entered into transactions with Total Solutions For Industry Limited and TS4i (Power Resources 2) Limited which are also joint venture companies owned on a 50:50 basis by Royal Bank Leasing Limited and Atkins Investments Limited. Because of common control these are classed as related party transactions.

The nature and value of transactions with related parties for the period and amounts outstanding at period end are shown below, with the exception of finance provided by a party in the course of its business.

	Year to 31 December 2004		Year to 31 December 2003	
	Value of transaction £	Receivable (payable) at year end £	Value of transaction £	Receivable (payable) at year end £
<u>Atkins Consultants Limited</u>				
The Company was charged operations and maintenance charges	374,615	(41,454)	311,300	(33,715)
The Company was charged administrative fees	46,802	(7,928)	6,750	(6,750)

#### Total Solutions for Industry Limited

The Company was (credited)/charged for management services received	(97,315)	-	47,486	(97,315)

During the year the management charge for the previous two years was written off, this has been reflected in the financial statements above.

Audit Fees paid by Total Solutions for Industry Limited during the year ending 31 December 2004 amounted to £4,250 (2003: £5,000).

#### TS4i (Power Resources 2) Limited

The Company received income that is included as an amount to be recharged	-	-	2,332	2,332

#### Royal Bank Leasing Limited

The Company was charged administrative fees	23,430	-	3,150	(3,150)