
Viridian Energy Supply Limited

Report and Accounts

31 March 2001

Registered No. NI 35800



Viridian Energy Supply Limited

Registered No : NI 35800

DIRECTORS

Nigel Wilson
Harry McCracken
Peter Baillie

SECRETARY

James McDonnell

AUDITORS

Ernst & Young
Bedford House
16 Bedford Street
Belfast
BT2 7DT

REGISTERED OFFICE

120 Malone Road
Belfast
BT9 5HT

BANKERS

Bank of Ireland
54 Donegall place
Belfast
BT1 5BS

SOLICITORS

Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Viridian Energy Supply Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the period ended 31 March 2001.

RESULTS

The Loss for the year, after taxation, amounted to £391,000. The directors do not recommend a final ordinary dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period is the competitive supply of electricity to industrial and commercial customers in Northern Ireland and in the Republic of Ireland.

FUTURE DEVELOPMENTS

The company expects to see continued significant growth in its second full year in the Republic of Ireland, and anticipates increased competition in Northern Ireland.

DIRECTORS

Resignations and Appointments

The directors of the company during the period are those listed on page 2. Their respective dates of appointment were as follows:

| | Date Resigned |
|-----------------|-----------------------|
| Alan Gaston | 23/08/2000 |
| | Date Appointed |
| Harry McCracken | 23/08/2000 |
| Peter Baillie | 23/08/2000 |
| Nigel Wilson | 27/07/1999 |

None of the directors who held office at 31 March 2001 had any beneficial interest in the shares of the company.

The directors interests at 31 March 2001 (including those of their family) in the share capital of the ultimate parent undertaking, Viridian Group PLC

Viridian Energy Supply Limited

(including options to subscribe for shares under employee share schemes) were as follows:


| | Ordinary Shares | Sharesave Option | Executive Share Option Scheme |
|---------------|--------------------|---------------------|--|
| Peter Baillie | 358 | 419 | 8,265 |

During the period Peter Baillie was granted options to acquire 2,422 shares under the Viridian Group Executive Share Option Scheme. 407 options were exercised to acquire shares under the Viridian Group Sharesave Scheme. Details of the relevant share schemes are disclosed in the consolidated group accounts of Viridian Group PLC. Harry McCracken and Nigel Wilson, who are also executive directors of the ultimate holding company Viridian Group PLC, have interests in the shares of the parent company, which are disclosed in the consolidated group accounts.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By the order of the board



Secretary

2 July 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies (Northern Ireland) Order 1986. 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.

AUDITORS' REPORT

REPORT OF THE AUDITORS to the shareholders of Viridian Energy Supply Limited

We have audited the accounts on pages 7 to 15, which have been prepared under the historical cost convention and the accounting policies, set out on pages 9 to 10.

Respective responsibilities of the directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

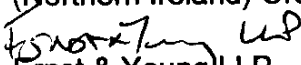
Basis of opinion

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 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.


Ernst & Young LLP
Registered Auditor
Belfast

5 July 2001

Viridian Energy Supply Limited

PROFIT AND LOSS ACCOUNT for the period ended 31 March 2001

| | Note | 2001 (12 months) £'000 | 2000 (13 months) £'000 |
|--|------|------------------------------|------------------------------|
| Turnover | 2 | 70,496 | 44,833 |
| Cost of sales | | (68,790) | (39,885) |
| GROSS PROFIT | | 1,706 | 4,948 |
| Administrative expenses | | (2,155) | (2,350) |
| OPERATING (LOSS) / PROFIT | 3 | (449) | 2,598 |
| Interest payable and similar charges | 6 | (205) | (83) |
| (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (654) | 2,515 |
| Tax on profit on ordinary activities | 7 | 263 | (1,017) |
| RETAINED (LOSS) / PROFIT FOR THE PERIOD | | (391) | 1,498 |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no other recognised gains and losses other than the loss of the company of £391,000 for the 12 months ending 31 March 2001, (13 months 2000 – profit of £1,498,000).

Viridian Energy Supply Limited

BALANCE SHEET at 31 March 2001

| | Notes | 2001 £'000 | 2000 £000 |
|---|-------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 2,991 | 2,555 |
| | | <u>2,991</u> | <u>2,555</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 13,439 | 9,753 |
| Bank and Deposits | | 633 | 52 |
| | | <u>14,072</u> | <u>9,805</u> |
| CREDITORS: amounts falling due within one year | 10 | (15,956) | (10,862) |
| | | <u>(1,884)</u> | <u>(1,057)</u> |
| NET CURRENT ASSETS | | | |
| NET ASSETS | | <u>1,107</u> | <u>1,498</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | - | - |
| Profit and Loss Account | 12 | 1,107 | 1,498 |
| | | <u>1,107</u> | <u>1,498</u> |

Directors

Mr. Crocker
Mr. G. G. G. G.

Date

2 July 2001

NOTES TO THE ACCOUNTS at 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash Flow Statement

The ultimate holding company of Viridian Energy Supply Limited is Viridian Group PLC. As Viridian Group PLC prepares consolidated accounts, which include the company, the company is exempt from the requirement to prepare a cash flow statement.

Fixed Assets

All fixed assets are initially recorded at cost. Cost is defined in accordance with FRS15 and consists of directly attributable costs.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation of each asset over its expected useful life, as follows:

| | |
|----------------------------|-----------|
| Mobile plant and machinery | 2-5 years |
| Fixtures and Equipment | 2-5 years |

Depreciation on mobile plant is charged from the date of operation of plant, and is calculated on a full year in the year operational commencement.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS at 31 March 2001

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Pension Costs

Pension costs in respect of employees who are members of the Viridian Group Pension Scheme (formerly Northern Ireland Electricity Pension Scheme) are assessed by qualified actuaries and are charged to the profit and loss account so as to recognise the expected cost of benefits over members' working lives with the employer.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

2. SEGMENTAL ANALYSIS - TURNOVER AND PROFIT BEFORE INTEREST AND TAX (PBIT)

| | Northern Ireland (UK) | | Republic of Ireland (RoI) | |
|------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 2001 (12 Months) £000's | 2000 (13 Months) £000's | 2001 (12 Months) £000's | 2000 (13 Months) £000's |
| Turnover | 62,638 | 44,833 | 7,858 | - |
| PBIT | (329) | 2598 | (120) | - |
| Net Assets | 1227 | 1498 | (120) | - |

Turnover, which is stated net of value added tax, is attributable to one continuing activity, the supply of electricity.

Viridian Energy Supply Limited

NOTES TO THE ACCOUNTS at 31 March 2001

3. OPERATING LOSS

This is stated after charging

| | 2001 (12 Months) £'000 | 2000 (13 Months) £'000 |
|---|------------------------------|------------------------------|
| Depreciation of owned fixed assets | 917 | 564 |
| Auditor's remuneration:- Audit Services | 5 | 5 |
| Non Audit Services | 5 | - |
| Operating lease rentals - Buildings | 9 | - |
| Foreign exchange (Loss) / Gain | 79 | - |

4. DIRECTOR'S EMOLUMENTS

None of the directors were remunerated by the company during the year.

5. STAFF COSTS

| | 2001 (12 months) £'000 | 2000 (13 months) £'000 |
|--|------------------------------|------------------------------|
| Wages and salaries | 554 | 257 |
| Social Security costs | 45 | 26 |
| Other pension costs | 4 | - |
| Charged to the Profit and Loss account | <u>603</u> | <u>283</u> |

Number of employees at 31 March 2001 19 13

The monthly average number of employees during the period was 15. (13 months to 31 Mar 2000: 8)

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2001 (12 months) £'000 | 2000 (13 months) £'000 |
|--------------------------------|------------------------------|------------------------------|
| Interest Income – Bank Deposit | 6 | - |
| Interest Payable – Group loans | <u>(211)</u> | <u>(83)</u> |
| Net Interest Payable | <u>(205)</u> | <u>(83)</u> |

Viridian Energy Supply Limited

NOTES TO THE ACCOUNTS at 31 March 2001

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2001 (12 months) £'000 | 2000 (13 months) £'000 |
|-----------------------------------|------------------------------|------------------------------|
| UK Corporation tax payable at 30% | - | (1,017) |
| Group relief | 263 | - |
| | <u>263</u> | <u>(1,017)</u> |

It is considered that no provision for deferred tax is required at 31 March 2001.

8. TANGIBLE FIXED ASSETS

| | Mobile Plant & Machinery £'000 | Fixtures & Equipment £'000 | Total £'000 |
|--------------------------|--------------------------------------|----------------------------------|----------------|
| Cost: | | | |
| At 1 April 2000 | 3,119 | - | 3,119 |
| Additions | 1,107 | 246 | 1,353 |
| At 31 March 2001 | <u>4,226</u> | <u>246</u> | <u>4,472</u> |
| Depreciation: | | | |
| At 1 April 2000 | 564 | - | 564 |
| Provided during the year | 876 | 41 | 917 |
| At 31 March 2001 | <u>1,440</u> | <u>41</u> | <u>1,481</u> |
| Net book value: | | | |
| At 31 March 2001 | <u>2,786</u> | <u>205</u> | <u>2,991</u> |
| At 1 April 2000 | <u>2,555</u> | <u>-</u> | <u>2,555</u> |

Viridian Energy Supply Limited

NOTES TO THE ACCOUNTS at 31 March 2001

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT OF RESERVES

| | Share capital £000 | Profit and loss account £000 | Total shareholders' funds £000 |
|-------------------------------|-----------------------|------------------------------------|---|
| At 1 April 2000 | - | 1,498 | 1,498 |
| Proceeds from issue of shares | - | (391) | (391) |
| Profit for the period | - | (391) | (391) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2001 | - | 1,107 | 1,107 |
| | <hr/> | <hr/> | <hr/> |

13. LAND AND BUILDINGS

The annual commitments under non-cancellable operating leases are as follows:

| | Land & Buildings 2001 £000 | Land & Buildings 2000 £000 |
|----------------------|-------------------------------------|-------------------------------------|
| Due within 1 year | 7 | - |
| Due within 2-5 years | 53 | - |
| | <hr/> | <hr/> |
| | 60 | - |
| | <hr/> | <hr/> |

14. CONTRACTUAL COMMITMENTS

At 31 March 2001 the company had contractual commitments as set out below:

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| Energy and availability payments (Due within 1 year) | 11,831 | 20,833 |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS at 31 March 2001

15. RELATED PARTIES

The company has taken advantage of the exemption within FRS8 'Related Party Disclosures' from disclosing transactions with its ultimate parent undertaking, Viridian Group PLC, and its group companies. Consolidated accounts of Viridian Group PLC, which include the company, can be obtained as described in note 16.

16. PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party of the company is Viridian Group PLC a company incorporated in Northern Ireland. Copies of the consolidated group accounts, which include the company are available from 120 Malone Road, Belfast BT9 5HT.

Viridian Energy Supply Limited

NOTES TO THE ACCOUNTS at 31 March 2001

9. DEBTORS

| | 2001 £'000 | 2000 £'000 |
|------------------------------------|---------------|---------------|
| Trade Debtors | 12,329 | 5,210 |
| Amounts owed by Group Undertakings | 610 | 4,533 |
| Prepayments – excluding interest | 237 | - |
| Group relief available | 263 | - |
| Other debtors | - | 10 |
| | <u>13,439</u> | <u>9,753</u> |

10. CREDITORS: amounts falling due within one year

| | 2001 £'000 | 2000 £'000 |
|---------------------------------------|-----------------|-----------------|
| Bank overdraft | - | - |
| Payments received on account | - | (106) |
| Trade creditors | (102) | - |
| Amounts owed to group undertakings | (8,930) | (7,765) |
| Corporation Tax | - | (779) |
| Other taxes and social security costs | (1,092) | (1,631) |
| Accruals | (5,832) | (581) |
| | <u>(15,956)</u> | <u>(10,862)</u> |

11. SHARE CAPITAL

| | Authorised 2001 £'000 | Authorised 2000 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Ordinary shares of £1 each | <u>10</u> | <u>10</u> |
| Allotted, called up and fully paid | | |
| | 2001 £ | 2000 £ |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |