

Company Number 2352390

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 MARCH 1997



REGIONAL POWER GENERATORS LIMITED

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

REPORT OF THE DIRECTORS

The Directors submit their report and accounts for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the operation of a power station at Brigg, South Humberside.

REVIEW OF THE BUSINESS

The station operated successfully in the year. The future prospects of the Company are satisfactory.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 6. The Directors recommend payment of a dividend of £595 per share (1996 £1,195).

DIRECTORS

The Directors who served during the year were :

J M Chatwin	(Chairman - Appointed 8 November 1996)
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K Eddington	(Appointed 18 June 1996)
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M Mannion	(Appointed 19 September 1996)
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T G Townsend	(Appointed 14 October 1996)
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P B Morgan	(Chairman - Resigned 8 November 1996)
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W J Wilkinson	(Resigned 17 June 1996)
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A Palmgren	(Resigned 19 September 1996)
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D R Scolah	(Resigned 14 October 1996)
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On 1 April 1997 J M Chatwin resigned as a director of the company and G J Hall was appointed as a director.

The Alternate Directors who served during the year were :

J A Deane

A S Reed

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

DIRECTORS' INTERESTS

No Director had any interest in the shares of the Company at the beginning or the end of this year.

The interests of J M Chatwin as Chief Executive of Yorkshire Electricity Group plc., the ultimate parent company, are disclosed in the financial statements of that company.

The interests of K Eddington and A S Reed as Directors of the immediate parent company, are disclosed in the financial statements of Yorkshire Electric Power Limited.

The interests of the Directors of the Company, other than the Directors of the ultimate parent or parent company, in shares of the ultimate parent company were :

	<u>Yorkshire Electricity Group plc</u>	
	Number of Ordinary Shares of 68.2p each	
	(31 March 1996 68.2p) held at :-	
	<u>31 March 1997</u>	<u>31 March 1996 *</u>
M Mannion	0	0
T G Townsend	6,283	20,564

* or date of appointment if later

The share options granted to the Directors of the Company, other than Directors of the ultimate parent or parent company, for shares in the ultimate parent company were:

	<u>Yorkshire Electricity Group plc</u>			
	Number of Ordinary Shares of 68.2p each			
	(31 March 1996 68.2p) held at :-			
	<u>31 March 1997</u>		<u>31 March 1996 *</u>	
	Executive Option Scheme	Sharesave Scheme	Executive Option Scheme	Sharesave Scheme
M Mannion	0	0	0	0
T G Townsend	0	1,206	0	629

* or date of appointment if later

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

Sharesave Schemes

Price per share	£5.48 granted 16 February 1996
Price per share	£5.97 granted 7 January 1997
Period of option	At the end of 5 years

CHARITABLE GIFTS

During the year the Company made charitable gifts with a total value £4,620.

POST BALANCE SHEET EVENTS

On 24 February 1997 the boards of American Power ("AEP") and Public Service Company of Colorado ("PS Colorado") announced the terms of a cash offer for Yorkshire Electricity Group plc, the ultimate parent company, to be made by Merrill Lynch on behalf of Yorkshire Holdings plc, a company owned equally by AEP and PS Colorado. The offer, which was recommended for acceptance by the Yorkshire Electricity Group board, valued each Yorkshire Electricity share at 927p in cash and valued Yorkshire Electricity at £1.5 billion.

The offer was declared wholly unconditional on 1 April 1997. On 16 April 1997 notices were issued by Yorkshire Holdings plc in accordance with section 429 of the Companies Act 1985 to acquire all those Yorkshire Electricity shares still outstanding at the end of the notice period.

AUDITORS

A resolution for the re-appointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



A N Burton

Secretary

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The following statement which should be read in conjunction with the auditor's statement of auditors' responsibilities is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 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 end and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on a going concern basis on pages 6 to 16, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

AUDITORS' REPORT TO MEMBERS

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 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 as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
East Parade
Leeds
LS1 2AJ

9 July 1997

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

PROFIT & LOSS ACCOUNT for the Year ended 31 March 1997 (£'000s)

	<u>Note</u>	<u>1997</u>	<u>1996</u>
Turnover	3	59,962	58,721
Cost of Sales		<u>(29,083)</u>	<u>(28,032)</u>
Gross Profit		30,879	30,689
Administrative Expenses		(16,250)	(16,229)
Other Operating Income	4	<u>132</u>	<u>121</u>
Operating Profit		14,761	14,581
Interest Receivable	5	1,986	2,371
Interest Payable and similar charges	6	<u>(8,128)</u>	<u>(9,359)</u>
Profit on Ordinary Activities Before Taxation	8	8,619	7,593
Taxation	9	<u>(2,879)</u>	<u>(2,613)</u>
Profit on Ordinary Activities After Taxation		5,740	4,980
Equity Dividends	10	<u>5,950</u>	<u>11,950</u>
Retained Loss for Year	19	<u>(210)</u>	<u>(6,970)</u>

The notes on pages 9 to 16 form an integral part of these accounts.

All results relate to continuing operations. The results above represent all of the gains and losses recognised by the company during the year and the preceding year. Consequently a statement of recognised gains and losses is not required. In addition, there is no difference between the results presented above and the result on an unmodified historical cost basis, therefore a note of historical cost profits and losses is not required.

REGIONAL POWER GENERATORS LIMITED


ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

BALANCE SHEET as at 31 March 1997 (£'000s)

	<u>Note</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible Assets	11	102,330	108,571
CURRENT ASSETS			
Stocks	12	1,707	1,650
Debtors	13	8,565	8,440
Investments	14	17,431	24,971
Cash at Bank and in Hand		459	145
		<u>28,162</u>	<u>35,206</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(25,291)	(34,682)
NET CURRENT ASSETS		<u>2,871</u>	<u>524</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(82,621)	(87,270)
Provisions for Liabilities and Charges	17	(22,567)	(21,602)
NET ASSETS		<u>13</u>	<u>223</u>
FINANCED BY :-			
Called up Share Capital	18	10	10
Profit and loss account	19	3	213
EQUITY SHAREHOLDERS' FUNDS		<u>13</u>	<u>223</u>

These financial statements were approved by the Board of Directors on 7 July 1997

Signed on behalf of Board of Directors



 Director _____ Date 7/7/97

The notes on pages 9 to 16 form an integral part of these accounts.

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

CASHFLOW STATEMENT for the Year ended 31 March 1997 (£'000s)

	<u>Note</u>	<u>1997</u>	<u>1996</u>
			Restated (note 20(d))
Net Cashflow from Operating Activities	20a	21,991	20,565
Returns on Investment and Servicing of Finance			
Interest Received		1,949	2,508
Interest Paid		(7,561)	(11,106)
Net Cashflow from Returns on Investment and Servicing of Finance		(5,612)	(8,598)
Taxation			
Payment for Tax Losses		50	1,089
ACT Paid		(747)	-
		(697)	1,089
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		(6,701)	(156)
Net Cash Outflow from Investing Activities		(6,701)	(156)
Equity Dividends Paid		(11,950)	-
Net Cashflow before use of Liquid Resources and Financing		(2,969)	12,900
Management of Liquid Resources			
Sale/ (Purchase) of Liquid Resources		7,540	(8,175)
Financing			
Loan Repayment		(4,257)	(10,129)
Net Cashflow from Financing		(4,257)	(10,129)
Increase / (Decrease) in Cash	20b & 20c	<u>314</u>	<u>(5,404)</u>

The notes on pages 9 to 16 form an integral part of these accounts.

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS for the Year ended 31 March 1997

1. ACCOUNTING POLICIES

These financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies which the Directors have adopted are set out below.

(a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

(b) TANGIBLE FIXED ASSETS AND DEPRECIATION

No depreciation is provided on freehold land. Additions during the year are depreciated in the month following acquisition. The following assets lives have been applied:-

Generating Plant	20 years
Computer hardware and software	5 years
Capital spares	6 years

(c) STOCK

Stocks are stated at the lower of cost and net realisable value.

(d) DEFERRED TAXATION

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision for deferred taxation, using the liability method is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

(e) MAINTENANCE COSTS

Maintenance costs are charged to the profit & loss account based on the projected average annual charge, assuming a six year planned maintenance cycle.

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

2. RELATED PARTY TRANSACTIONS

These financial statements include transactions with the following related companies, being related for the reasons disclosed below.

<u>Name of Related Party</u>	<u>Description of Relationship</u>	<u>Description of Transaction</u>	<u>Amounts Involved</u>	
			1997 £000's	1996 £000's
Yorkshire Electricity Group plc	Ultimate Parent Company	Power Purchaser	14,277	14,320
		Management Services Charge	388	344
		Long Term Finance Charge	3,603	488
		Dividends	4,463	8,963
Yorkshire Energy Limited	Subsidiary of Yorkshire Electricity Group plc	Gas Supply Charges	21,958	3,083
		Management Charge	40	30
Scarcroft Insurance Limited	Subsidiary of Yorkshire Electricity Group plc	Provision of Insurance	287	360
IVO Energy Limited (IVO)	Equity Shareholder	Dividends	1,487	2,987
IVO Generation Services (UK) Limited	Subsidiary of IVO Energy Limited	Operation and Maintenance Contract	3,404	3,193

At the financial year end the following amounts were owed by /(to) the above related parties.

<u>Related Party</u>	<u>Amount</u>		<u>Disclosed within the notes to the accounts</u>
	1997 £000's	1996 £000's	
Yorkshire Electricity Group plc	2,639	3,049	Amounts owed by ultimate parent company
	(7,557)	(10,043)	Amounts owed to ultimate parent company
Yorkshire Energy Limited	(2,369)	-	Amounts owed to fellow subsidiary undertakings
IVO Energy Limited (IVO)	(2,410)	(3,934)	Amounts owed to other related party

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

3. TURNOVER

Turnover represents sales of electricity, net of difference payments.

4. OTHER OPERATING INCOME

	1997 £000's	1996 £000's
Ancillary Services Income	132	121

5. INTEREST RECEIVABLE

	1997 £000's	1996 £000's
Interest Receivable	1,986	2,371

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000's	1996 £000's
Loan Interest	8,128	9,359

7. DIRECTORS AND EMPLOYEES

The directors received no emoluments during 1996-97. There are no employees other than directors (1996 same).

8. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is arrived at after charging :

	1997 £000's	1996 £000's
Depreciation	6,234	6,232
Auditors' Remuneration	10	10

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £000's	1996 £000's
Corporation Tax Payable on Profits	1,914	-
Group Relief Receivable from Parent Company	-	(299)
Increase in Provision for Deferred Tax	1,260	2,879
	<u>3,174</u>	<u>2,580</u>
Adjustment in Respect of Prior Years	(295)	33
	<u>2,879</u>	<u>2,613</u>

10. DIVIDENDS

	1997 £000's	1996 £000's
Equity Dividends 1997 £595 per share (1996 £1,195)	<u>5,950</u>	<u>11,950</u>

11. TANGIBLE ASSETS

	Freehold Land £000's	Capital Spares £000's	Information Technology £000's	Generating Station £000's	Total £000's
Gross Capital Cost					
As at 1 April 1996	364	489	844	119,297	120,994
Additions	-	-	8	7	15
Disposals	-	-	-	(22)	(22)
As at 31 March 1997	<u>364</u>	<u>489</u>	<u>852</u>	<u>119,282</u>	<u>120,987</u>
Depreciation					
As at 1 April 1996	-	149	334	11,940	12,423
Charge for Year	-	82	170	5,982	6,234
Disposals	-	-	-	-	-
As at 31 March 1997	<u>-</u>	<u>231</u>	<u>504</u>	<u>17,922</u>	<u>18,657</u>
Net Book Value					
As at 31 March 1997	<u>364</u>	<u>258</u>	<u>348</u>	<u>101,360</u>	<u>102,330</u>
As at 31 March 1996	<u>364</u>	<u>340</u>	<u>510</u>	<u>107,357</u>	<u>108,571</u>

Capitalised interest of £10,921k (1996 £10,921k) is included in the cost of the generating station.

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

12. STOCKS

	1997 £000's	1996 £000's
Raw Materials and Consumables	1,707	1,650

13. DEBTORS

	1997 £000's	1996 £000's
Trade Debtors	3,978	2,896
<u>Amounts Owed by group undertakings :</u>		
Amounts owed by ultimate parent company	2,639	3,049
Taxation	249	-
Accrued Income	145	100
Prepayments	1,182	1,648
ACT Recoverable	372	747
	<u>8,565</u>	<u>8,440</u>

14. INVESTMENTS

	1997 £000's	1996 £000's
Money Market Deposits	17,431	24,971

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £000's	1996 £000's
Trade Creditors	73	66
<u>Amounts Owed to group undertakings :</u>		
Amounts owed to ultimate parent company	7,557	10,043
Amounts owed to fellow subsidiary undertakings	2,369	-
Amounts owed to other related party	2,410	3,934
Loans - due to Yorkshire Electricity Group plc	2,294	2,101
Loans - other	2,355	2,156
Taxation	1,452	-
VAT	1,082	1,894
Accruals	3,990	12,276
Deferred Income	1,337	1,465
ACT Payable	372	747
	<u>25,291</u>	<u>34,682</u>

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

16. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £000's	1996 £000's
Long Term Loan	82,621	87,270

Loans Outstanding are Repayable as Follows :-

	Secured Loans	
	1997 £000's	1996 £000's
Within one year, or on demand	4,649	4,257
Between one and two years	5,077	4,649
Between two and five years	18,209	16,674
After five years	59,335	65,947
	87,270	91,527

	1997 £000's	1996 £000's
Secured Loans		
Floating rate - LIBOR plus 0.85%-0.95%	39,275	41,376
Fixed rate - 8.05%	47,995	50,151
	87,270	91,527

The loans are secured on a fixed and floating charge on the assets of the company and are repayable in instalments up to 2009.

17. PROVISIONS FOR LIABILITIES AND CHARGES

Full provision has been made for deferred taxation as follows :-

	1997 £000's	1996 £000's
Short Term Timing Differences	-	295
Accelerated Capital Allowances	22,567	21,307
	22,567	21,602

	£000's
As at 1 April 1996	21,602
Provision in respect of :	
Current year	1,260
Prior year	(295)
As at 31 March 1997	22,567

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

18. SHARE CAPITAL

	1997 £000's	1996 £000's
Authorised :		
15,000,000 Ordinary Shares £1 each	15,000	15,000
Allotted and fully paid up :		
10,000 Ordinary Shares at £1 each	10	10
	10	10

19. PROFIT & LOSS ACCOUNT

	£000's
As at 1 April 1996	213
Retained loss for year	(210)
As at 31 March 1997	3

20. CASHFLOW STATEMENT

a) Reconciliation of Operating Profit to Net Cashflow from Operating Activities :-

	1997 £000's	1996 £000's
Operating Profit	14,761	14,581
Depreciation Charge	6,234	6,232
(Increase) / Decrease in Stock	(57)	254
(Increase) in Debtors	(512)	(504)
Increase in Creditors	1,565	2
Net Cashflow from Operating Activities	21,991	20,565

b) Analysis of changes in net debt :-

	31.03.96 £000's	Cashflows £000's	31.03.97 £000's
Cash in hand and at bank	145	314	459
Debt due after 1 year	(87,270)	4,649	(82,621)
Debt due within 1 year	(4,257)	(392)	(4,649)
Money Market Investments	24,971	(7,540)	17,431
Total	(66,411)	(2,969)	(69,380)

REGIONAL POWER GENERATORS LIMITED

ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1997

NOTES TO THE ACCOUNTS continued

c) Reconciliation of Net Cashflow to Movement in Net Debt :-

	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Increase / (Decrease) in cash in year	314		(5,404)	
Loan Repayment	4,257		10,129	
Sale / (Purchase) of Liquid Resources	(7,540)		8,175	
Change in net debt		(2,969)		12,900
Net debt at 31 March		(66,411)		(79,311)
Net debt at 31 March		(69,380)		(66,411)

d) Restatement of 1996 Cashflow :-

The 1996 cashflow has been restated to comply with FRS1 (revised).

21. ULTIMATE PARENT COMPANY

In the opinion of the Directors the ultimate parent company is Yorkshire Electricity Group plc, being a company registered in England and Wales. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF1 3UZ.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £000's	1996 £000's
Loss for year	(210)	(6,970)
Opening shareholders' funds	223	7,193
Closing shareholder's funds	13	223

23. POST BALANCE SHEET EVENTS

On 24 February 1997 the boards of American Power ("AEP") and Public Service Company of Colorado ("PS Colorado") announced the terms of a cash offer for Yorkshire Electricity Group plc, the ultimate parent company, to be made by Merrill Lynch on behalf of Yorkshire Holdings plc, a company owned equally by AEP and PS Colorado. The offer, which was recommended for acceptance by the Yorkshire Electricity Group board, valued each Yorkshire Electricity share at 927p in cash and valued Yorkshire Electricity at £1.5 billion.

The offer was declared wholly unconditional on 1 April 1997. On 16 April 1997 notices were issued by Yorkshire Holdings plc in accordance with section 429 of the Companies Act 1985 to acquire all those Yorkshire Electricity shares still outstanding at the end of the notice period.