

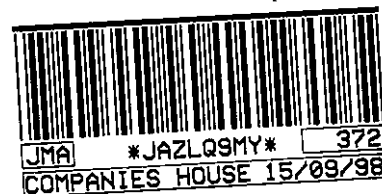
Company Number 2352390

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 MARCH 1998

REGIONAL POWER GENERATORS LIM



# **REGIONAL POWER GENERATORS LIMITED**

## **ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998**

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### **REPORT OF THE DIRECTORS**

The Directors submit their report and accounts for the year ended 31 March 1998.

### **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 5. The Directors recommend payment of a dividend of £600 per share (1997 £595).

### **DIRECTORS**

The Directors who served during the year were:

J M Chatwin (Resigned 1 April 1997)

K Eddington

M C Mannion

T G Townsend

G J Hall (Appointed 1 April 1997)

The Alternate Directors who served during the year were:

J A Deane

A S Reed

Messrs Eddington and Reed resigned from the Board on 29th May 1998 and 30th June respectively and Mr S D Guy was appointed as a director on 8 June 1998.

# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

### DIRECTORS' INTERESTS

The Directors hold no beneficial interest in the ordinary share capital of the Company. The interests of Directors as at 1 April 1997 and 31 March 1998 in the 68 2/11p ordinary shares of Yorkshire Electricity Group Plc a company in the same group, were as follows:

	Ordinary Shares	Executive Shares	Sharesave Shares
T A Townsend			
01/04/97	6,283	0	1,206
31/03/98	0	0	0
K Eddington			
01/04/97	61	7,684	1,206
31/08/98	0	0	0
A S Reed			
01/04/97	10,035	4,659	1,206
31/03/98	0	0	0

The interests of Mr G J Hall in the ordinary share capital of Yorkshire Electricity Group Plc are disclosed in the Financial statements of that company

### YEAR 2000 ISSUES

The company is currently evaluating its business systems and processes to determine the extent to which modifications are required to prevent problems related to the year 2000, and the resources which will be required to make such modifications. The company estimates that the costs associated with year 2000 modifications will be approximately £100,000, which will be expensed as incurred.

### CHARITABLE GIFTS

During the year the Company made charitable gifts with a total value £2,685 (1997: £4,620).

### 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

*Graham R. H. Moss*  
G R H Moss  
Secretary

## **REGIONAL POWER GENERATORS LIMITED**

### **ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998**

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#### **STATEMENT OF DIRECTORS' 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 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 5 to 15, 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 1998

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#### AUDITORS' REPORT TO MEMBERS

We have audited the financial statements on pages 5 to 15, which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 3 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.

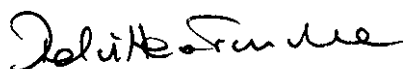
#### Basis of opinion

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
201 Deansgate  
Manchester  
M60 2AT

14 September 1998

**REGIONAL POWER GENERATORS LIMITED**

**ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998**

**PROFIT & LOSS ACCOUNT for the Year ended 31 March 1998 (£'000s)**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<b>Turnover</b>	3	62,423	59,962
<b>Cost Of Sales</b>		(31,521)	(29,083)
<b>Gross Profit</b>		<u>30,902</u>	<u>30,879</u>
<b>Administrative Expenses</b>		(16,409)	(16,250)
<b>Other Operating Income</b>	4	234	132
<b>Operating Profit</b>		<u>14,727</u>	<u>14,761</u>
<b>Interest Receivable</b>	5	2,422	1,986
<b>Interest Payable and similar charges</b>	6	<u>(8,084)</u>	<u>(8,128)</u>
<b>Profit on Ordinary Activities Before Taxation</b>	8	<b>9,065</b>	<b>8,619</b>
<b>Taxation</b>	9	<u>1,442</u>	<u>2,879</u>
<b>Profit on Ordinary Activities After Taxation</b>		7,623	5,740
<b>Equity Dividends</b>	10	<u>6,000</u>	<u>5,950</u>
<b>Retained Profit/(Loss) for Year</b>	19	<u><u>1,623</u></u>	<u><u>(210)</u></u>

The notes on pages 8 to 15 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 1998

### BALANCE SHEET as at 31 March 1998 (£'000s)

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<b>FIXED ASSETS</b>			
Tangible Assets	11	96,073	102,330
<b>CURRENT ASSETS</b>			
Stocks	12	2,837	1,707
Debtors	13	11,141	8,565
Investments	14	22,430	17,431
Cash at Bank and in hand		328	459
		<u>36,736</u>	<u>28,162</u>
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	32,037	25,291
<b>NET CURRENT ASSETS</b>		<u>4,699</u>	<u>2,871</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>100,772</b>	<b>105,201</b>
<b>CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Provisions for Liabilities and Charges	16	77,544	82,621
	17	21,592	22,567
<b>NET ASSETS</b>		<u><u>1,636</u></u>	<u><u>13</u></u>
<b>CAPITAL &amp; RESERVES</b>			
Called up Share Capital	18	10	10
Profit & Loss Account	19	1,626	3
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><u>1,636</u></u>	<u><u>13</u></u>

These financial statements were approved by the Board of Directors on

Signed on behalf of Board of Directors

Director

Date

11/ 9/ 98.

The notes on pages 8 to 15 form an integral part of these accounts.

**REGIONAL POWER GENERATORS LIMITED**

**ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998**

**CASHFLOW STATEMENT for the Year ended 31 March 1998 (£'000s)**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<b>Net Cashflow from Operating Activities</b>	<b>20a</b>	22,392	21,991
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		2,425	1,949
Interest Paid		( 8,118)	(7,561)
<b>Net Cashflow from Returns on Investment and Servicing of Finance</b>		<u>( 5,693)</u>	<u>(5,612)</u>
<b>Taxation</b>			
Payment for Tax Losses		-	50
ACT Paid		( 372)	(747)
Corporation Tax Paid		<u>( 817)</u>	<u>-</u>
		( 1,189)	(697)
<b>Capital Expenditure</b>			
Payments to Acquire Tangible Fixed Assets		<u>( 43)</u>	<u>(6,701)</u>
<b>Net Cash Outflow from Investing Activities</b>		<u>( 43)</u>	<u>(6,701)</u>
<b>Equity Dividends Paid</b>		( 5,950)	(11,950)
<b>Net Cashflow before use of Liquid Resources and Financing</b>		<u>9,517</u>	<u>(2,969)</u>
<b>Management of Liquid Resources</b>			
(Purchase)/ Sale of Liquid Resources		(4,999)	7,540
<b>Financing</b>			
Loan Repayment		<u>( 4,649)</u>	<u>(4,257)</u>
<b>Net Cashflow from Financing</b>		<u>( 4,649)</u>	<u>(4,257)</u>
<b>(Decrease)/ Increase in Cash</b>	<b>20b &amp; 20c</b>	<u><u>(131)</u></u>	<u><u>314</u></u>

The notes on pages 8 to 15 form an integral part of these accounts.



# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

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### NOTES TO THE ACCOUNTS for the Year ended 31 March 1998

#### 1. ACCOUNTING POLICIES

These financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies that 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	15 - 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 1998

### 2. RELATED PARTY TRANSACTIONS

These financial statements include transactions with the following related companies.

<u>Name of Related Party</u>	<u>Description of Relationship</u>	<u>Description of Transaction</u>	<u>Amounts Involved</u>	
			1998 £000's	1997 £000's
Yorkshire Electricity Group plc	Parent Company	Sale of power	15,720	14,277
		Management Services Charge	408	388
		Long Term Finance Charge	3,703	3,603
		Dividends	4,500	4,463
Yorkshire Energy Limited	Subsidiary of Yorkshire Electricity Group plc	Gas Supply Charges	14,409	21,958
		Management Charge	0	40
Scarcroft Insurance Limited	Subsidiary of Yorkshire Electricity Group plc	Provision of Insurance	286	287
IVO Energy Limited	Equity Shareholder	Dividends	1,500	1,487
IVO Generation Services (UK) Limited	Subsidiary of IVO Energy Limited	Operation and Maintenance Contract	3,491	3,404

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>
	1998 £000's	1997 £000's	
Yorkshire Electricity Group plc	4,484	2,888	Amounts owed by parent company
	(10,830)	(9,851)	Amounts owed to parent company
Yorkshire Energy Limited	(1,786)	(2,369)	Amounts owed to fellow subsidiary undertakings
IVO Energy Limited	(2,487)	(2,410)	Amounts owed to other related party

**REGIONAL POWER GENERATORS LIMITED**

**ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998**

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**3. TURNOVER**

Turnover represents sales of electricity, net of difference payments.

**4. OTHER OPERATING INCOME**

	1998 £000's	1997 £000's
Ancillary Services Income	<u>234</u>	<u>132</u>

**5. INTEREST RECEIVABLE**

	1998 £000's	1997 £000's
Interest Receivable	<u>2,422</u>	<u>1,986</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £000's	1997 £000's
Interest payable on bank loans and overdrafts	4,381	4,525
Interest payable on Group loan	<u>3,703</u>	<u>3,603</u>
Loan Interest	<u>8,084</u>	<u>8,128</u>

**7. DIRECTORS AND EMPLOYEES**

The directors received no emoluments during 1997-98. There are no employees other than directors (1997 same).

**8. PROFIT ON ORDINARY ACTIVITIES**

Profit on ordinary activities is arrived at after charging:

	1998 £000's	1997 £000's
Depreciation	6,300	6,234
Auditors' Remuneration	<u>10</u>	<u>10</u>

# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £000's	1997 £000's
Corporation Tax Payable on Profits at 31% (1997: 33%)	2,411	1,914
(Decrease)/ Increase in Provision for Deferred Tax	(975)	1,260
	<u>1,436</u>	<u>3,174</u>
Adjustment in Respect of Prior Years	6	(295)
	<u>1,442</u>	<u>2,879</u>

The low tax charge in 1998 results from the reduction in the UK tax rate from 33% to 31% applied to the opening deferred tax balance.

### 10. DIVIDENDS

	1998 £000's	1997 £000's
Equity Dividends 1998 £600 per share (1997 £595)	<u>6,000</u>	<u>5,950</u>

### 11. TANGIBLE ASSETS

	Freehold Land £000's	Capital Spares £000's	Information Technology £000's	Generating Station £000's	Total £000's
<u>Gross Capital Cost</u>					
As at 1 April 1997	364	489	852	119,282	120,987
Additions	-	-	-	43	43
<b>As at 31 March 1998</b>	<b>364</b>	<b>489</b>	<b>852</b>	<b>119,325</b>	<b>121,030</b>
<u>Depreciation</u>					
As at 1 April 1997	-	231	504	17,922	18,657
Charge for Year	-	82	172	6,046	6,300
<b>As at 31 March 1998</b>	<b>-</b>	<b>313</b>	<b>676</b>	<b>23,968</b>	<b>24,957</b>
<u>Net Book Value</u>					
<b>As at 31 March 1998</b>	<b>364</b>	<b>176</b>	<b>176</b>	<b>95,357</b>	<b>96,073</b>
As at 31 March 1997	364	258	348	101,360	102,330

Capitalised interest of £10,921k (1997 £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 1998

### 12. STOCKS

	1998 £000's	1997 £000's
Raw Materials and Consumables	2,837	1,707

### 13. DEBTORS

	1998 £000's	1997 £000's
Trade Debtors	5,302	3,978
Amounts Owed by group undertakings :		
Amounts owed by parent company	4,484	2,888
Accrued Income	134	145
Prepayments	846	1,182
ACT Recoverable	375	372
	11,141	8,565

### 14. INVESTMENTS

	1998 £000's	1997 £000's
Money Market Deposits	22,430	17,431

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £000's	1997 £000's
Trade Creditors	1,417	73
Amounts Owed to group undertakings :		
Amounts owed to parent company	8,324	7,557
Amounts owed to fellow subsidiary undertakings	1,786	2,369
Amounts owed to other related party	2,487	2,410
Loans - due to Yorkshire Electricity Group plc	2,506	2,294
Loans - other	2,571	2,355
Taxation	2,680	1,452
VAT	1,515	1,082
Accruals	7,001	3,990
Deferred Income	1,375	1,337
ACT Payable	375	372
	32,037	25,291

# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

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

	1998 £000's	1997 £000's
Long Term Loans	77,544	82,621

#### Loans Outstanding are Repayable as Follows :-

	<b>Secured Loans</b>	
	1998 £000's	1997 £000's
Within one year, or on demand	5,077	4,649
Between one and two years	5,544	5,077
Between two and five years	19,884	18,209
After five years	52,116	59,335
	82,621	87,270

	1998 £000's	1997 £000's
<b>Secured Loans</b>		
Floating rate – LIBOR plus 0.85%-0.95%	36,981	39,275
Fixed rate – 8.05%	45,640	47,995
	82,621	87,270

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: -

	1998 £000's	1997 £000's
Accelerated Capital Allowances	21,592	22,567
	21,592	22,567
	£000's	
As at 1 April 1997		22,567
Provision in respect of :		
Current year		(975)
As at 31 March 1998		21,592

# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

### 18. SHARE CAPITAL

	1998 £000's	1997 £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 1997	3
Retained profit for year	1,623
As at 31 March 1998	1,626

### 20. CASHFLOW STATEMENT

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

	1998 £000's	1997 £000's
Operating Profit	14,727	14,761
Depreciation Charge	6,300	6,234
(Increase) / Decrease in Stock	(1,130)	(57)
(Increase) in Debtors	(2,576)	(512)
Increase in Creditors	5,071	1,565
<b>Net Cashflow from Operating Activities</b>	<b>22,392</b>	<b>21,991</b>

#### b) Analysis of changes in net debt: -

	31.03.97 £000's	Cashflow £000's	Other Charges £000's	31.03.98 £000's
Cash in hand and at bank	459	(131)	-	328
Debt due after 1 year	(82,621)	-	5,077	(77,544)
Debt due within 1 year	(4,649)	4,649	(5,077)	(5,077)
Money Market Investments	17,431	4,999	-	22,430
<b>Total</b>	<b>(69,380)</b>	<b>9,517</b>	<b>-</b>	<b>(59,863)</b>

# REGIONAL POWER GENERATORS LIMITED

## ANNUAL REPORT AND ACCOUNTS for the Year ended 31 March 1998

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

	1998 £000's	1998 £000's	1997 £000's	1997 £000's
(Decrease) / Increase in cash in year	(131)		314	
Loan Repayment	4,649		4,257	
Sale / (Purchase) of Liquid Resources	4,999		(7,540)	
Change in net debt		9,517		(2,969)
Net debt at 31 March		( 69,380)		(66,411)
Net debt at 31 March		<u>( 59,863)</u>		<u>(69,380)</u>

### 21. ULTIMATE PARENT COMPANY

The Parent company as at 31 March 1998 for whom group accounts are prepared is Yorkshire Power Group Ltd, being a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements for this company will be available from Companies House, Crown Way, Maindy, Cardiff CF1 3UZ.

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £000's	1997 £000's
Profit attributable to members of the company	7,623	5,740
Dividends	(6,000)	(5,950)
Net addition/ (reduction) to shareholders' funds	1,623	(210)
Opening shareholders' funds	13	223
Closing shareholder's funds	<u>1,636</u>	<u>13</u>