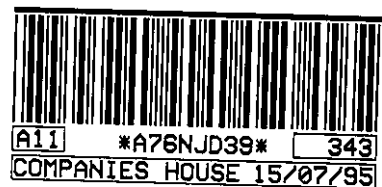


NORWEB PROPERTY AND ESTATE SERVICES LIMITED

Registered number 2373209

FINANCIAL STATEMENTS

For the year ended 31 March 1995



NORWEB PROPERTY AND ESTATE SERVICES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1995

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NORWEB PROPERTY AND ESTATE SERVICES LIMITED

DIRECTORS' REPORT

For the year ended 31 March 1995

The directors submit their report and financial statements for the year ended 31 March 1995.

Review of the business

The principal activity of the company is the pursuance of investment opportunities on behalf of NORWEB plc, the company's parent undertaking. The company currently holds shares in two companies:

Norweb Gas Limited which operates in the part of the gas supply market that is open to competition. During the year, turnover increased to £21m, and Norweb Gas Limited earned a profit of £0.5m.

Keadby Developments Limited which owns land at a site adjacent to a power station being constructed by a related company. During the year, Keadby Developments Limited incurred a loss of £22,000.

The directors have no present plans to make further investments.

The company has not traded during the year and consequently no profit and loss account has been prepared.

Directors and their interests

The directors who served during the year were :

| | |
|--------------|----------------------------|
| B Benson | (resigned 6 May 1994) |
| K Duffy | (resigned 31 October 1994) |
| M G Faulkner | |
| P J Rothwell | |
| B J Wilson | (appointed 13 May 1994) |

The directors serving at 31 March 1995 and their interests at 31 March 1995 in the share capital of NORWEB plc, the company's ultimate parent undertaking, were as follows :

| | Ordinary Shares | | Share Options | |
|--------------|-----------------|-------|---------------|---------|
| | 1995 | 1994 | 1995 | 1994 |
| B J Wilson | 6,000 * | - | 37,611 ** | - |
| M G Faulkner | 12,612 | 7,425 | 23,984 | 100,920 |
| P J Rothwell | 840 | 840 | 31,235 | 18,059 |

* pre-appointment holding of 4,200

** pre-appointment holding of 100,470

None of the directors serving at 31 March 1995 held any interest in the share capital of the company.

NORWEB plc maintains liability insurance on behalf of the directors and officers of the company.

Directors' responsibility for financial statements

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 and of the profit or loss of the company for that period. In preparing those 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 a 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 of fraud and other irregularities.

NORWEB PROPERTY AND ESTATE SERVICES LIMITED

DIRECTORS' REPORT (continued)
For the year ended 31 March 1995

Auditors

From 1 October our auditors BDO Binder Hamlyn practise in the name Binder Hamlyn and have signed their audit report in their new name.

A resolution proposing Price Waterhouse be appointed as the company's auditors will be put to an Extraordinary General Meeting of the company.

By order of the board

P B Strickland

P B Strickland
Secretary

Talbot Road
Manchester M16 0HQ

25 May 1995

**AUDITORS' REPORT
TO THE MEMBERS OF NORWEB PROPERTY AND ESTATE SERVICES LIMITED**

We have audited the financial statements on pages 4 to 6, which have been prepared on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, 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 financial statements, and to report our opinion to you.

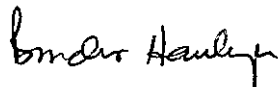
Basis of opinion

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 at 31 March 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn
Chartered Accountants
Registered Auditors

1 Norfolk Street
Manchester
M60 8BH

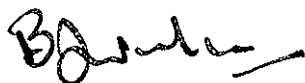
25 May 1995

NORWEB PROPERTY AND ESTATE SERVICES LIMITED

BALANCE SHEET As at 31 March 1995

| | note | 1995 £ | 1994 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Investments | 2 | 1,191,841 | 1,191,841 |
| | | <u>1,191,841</u> | <u>1,191,841</u> |
| Current Assets | | | |
| Debtors | 3 | 102 | 102 |
| | | <u>102</u> | <u>102</u> |
| Creditors: amounts falling due within one year | 4 | (1,216,166) | (1,216,166) |
| Net current liabilities | | <u>(1,216,064)</u> | <u>(1,216,064)</u> |
| Net liabilities | | <u>(24,223)</u> | <u>(24,223)</u> |
| | | | |
| | | £ | £ |
| Capital and reserves | | | |
| Share capital | 5 | 102 | 102 |
| Profit and loss account | | (24,325) | (24,325) |
| | | | |
| Shareholders' funds | | <u>(24,223)</u> | <u>(24,223)</u> |

The financial statements on pages 4 to 6 were approved by the board of directors on 25 May 1995 and signed on its behalf by:



B J Wilson

Director

NORWEB PROPERTY AND ESTATE SERVICES LIMITED

Notes to the financial statements
For the year ended 31 March 1995

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. Group accounts have not been prepared as the company is itself a wholly owned subsidiary undertaking of NORWEB plc, which is incorporated in Great Britain and registered in England and Wales and which prepares group accounts.

Investments

Investments are stated at cost including related costs of acquisition.

2 INVESTMENTS

| | proportion of issued share capital held | 1995 £ | 1994 £ |
|-----------------------------|---|------------------|------------------|
| Shares at cost: | | | |
| Norweb Gas Limited | 75% | 242,307 | 242,307 |
| Keadby Developments Limited | 50% | 949,534 | 949,534 |
| | | <u>1,191,841</u> | <u>1,191,841</u> |

The shares are all £1 ordinary shares.

The directors are of the opinion that the aggregate value of the investments is at least equal to the value at which they appear above.

The share of the net assets of Keadby Developments Limited attributable to the company's shareholding is £833,500. Keadby Developments Limited made a loss of £22,000 in the year ended 31 March 1995.

3 DEBTORS

| | 1995 £ | 1994 £ |
|------------------------|------------|------------|
| Share capital not paid | <u>102</u> | <u>102</u> |

4 CREDITORS

Amounts falling due within one year:

| | 1995 £ | 1994 £ |
|------------------------------|------------------|------------------|
| Loan from parent undertaking | <u>1,216,166</u> | <u>1,216,166</u> |

5 SHARE CAPITAL

| | 1995 £ | 1994 £ |
|-----------------------------|------------|------------|
| Ordinary shares of £1 each: | | |
| Issued | <u>102</u> | <u>102</u> |

The authorised share capital consists of 5,000,000 £1 ordinary shares (1994 5,000,000 £1 ordinary shares).

NORWEB PROPERTY AND ESTATE SERVICES LIMITED

Notes to the financial statements
For the year ended 31 March 1995

6 PARENT UNDERTAKING

The directors regard NORWEB plc, which is incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent undertaking.