

East Midlands Electricity Generation (Corby) Limited

Company Number: 2452735

Report and Financial Statements 28 December 1997

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East Midlands Electricity Generation (Corby) Limited

DIRECTOR'S REPORT

The director presents his report and the audited financial statements for the nine months ended 28 December 1997. On 11 August 1997 the company changed its accounting reference date from 31 March to 31 December, resulting in a nine month accounting period.

Principal Activities and Business Review

The principal activity of the company is to act as a holding company. At the beginning of the period it owned 40% of the ordinary share capital of Corby Power Limited and on 5 September 1997 it acquired a further 40% interest, from the BTR group, for a cash consideration of £32.9m.

Results and dividends

The results of the company for the period ended 28 December 1997 are shown in the attached financial statements. Both the level of business and the financial position at 28 December 1997 were satisfactory and the director expects the present level of activity will be sustained for the foreseeable future.

The director recommends a dividend of £6,400,000 be paid out of the profits for the year, leaving £3,103,000 to be transferred to reserves.

Directors and their interests

The present director of the company is M. A. Read. M. A. Read and S. V. Goalby served as directors of the company throughout the year. S.V. Goalby resigned on 29 May 1998. Neither of the directors nor their families had any beneficial interest in the share capital of the company or any other member of the DR Group Holdings group.

Auditors

Elective resolutions as provided under Section 379A of the Companies Act 1989 were proposed at an earlier General Meeting so that the Company dispensed with both obligations of holding Annual General Meetings for subsequent years and appointing auditors annually.

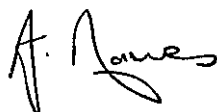
Statement of the director's responsibilities

The director is required to present for each accounting period financial statements which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the company as at the end of the accounting period and of its profit or loss for that period. In preparing the financial statements the director is required to select suitable accounting policies, supported by reasonable and prudent judgements and estimates and to ensure these are consistently applied and applicable accounting standards have been followed.

The director is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The director is also responsible for maintaining adequate accounting records and for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities and errors.

The director confirms his compliance with these requirements.

Approved by the Director
and signed on his behalf by:



J. V. Dawes
Secretary
18 June 1998

Auditors' report to the members of East Midlands Electricity Generation (Corby) Limited

We have audited the financial statements on pages 3 to 7 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of director and auditors

As described on page 1 the company's director is 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 28 December 1997 and of its profit for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

18 June 1998

East Midlands Electricity Generation (Corby) Limited

PROFIT AND LOSS ACCOUNT

Nine months ended 28 December 1997

Note		9 months to 28 December 1997 £'000	Year ended 31 March 1997 £'000
	Administrative expenses	(253)	-
	OPERATING LOSS	(253)	-
4	Income from fixed asset investments	10,595	-
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	10,342	-
5	Tax on profit on ordinary activities	(839)	-
	PROFIT FOR THE FINANCIAL PERIOD	9,503	-
6	Dividend proposed	(6,400)	-
13	PROFIT RETAINED	3,103	-

The company has no recognised gains or losses or movements in shareholders funds other than the result in either period.

All figures relate to continuing operations.

East Midlands Electricity Generation (Corby) Limited

BALANCE SHEET

As at 28 December 1997

Note	28 December 1997 £'000	31 March 1997 £'000
FIXED ASSETS		
7 Tangible fixed assets	-	-
8 Investments	38,967	5,902
	<hr/>	<hr/>
	38,967	5,902
CURRENT ASSETS		
9 Debtors	6,400	-
10 CREDITORS: amounts falling due within one year	(43,144)	(6,882)
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(36,744)	(6,882)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,223	(980)
11 PROVISIONS FOR LIABILITIES AND CHARGES	(100)	-
	<hr/>	<hr/>
NET ASSETS (LIABILITIES)	2,123	(980)
	<hr/>	<hr/>
CAPITAL AND RESERVES		
12 Called up share capital	1	1
13 Profit and loss account	2,122	(981)
	<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS (DEFICIT)	2,123	(980)
	<hr/>	<hr/>

The financial statements on pages 3 to 7 were approved by the director on 18 June 1998
and were signed by



M. A. Read
Director

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS

Nine months ended 28 December 1997

1. Parent undertaking and ultimate parent undertaking

The parent company of East Midlands Electricity Generation (Corby) Limited is DR Corby Limited, a company registered in England and Wales. Dominion Resources, Inc., which is incorporated in the United States of America and listed on the New York Stock Exchange, is considered by the directors to be the company's ultimate parent undertaking.

The largest group in which the results of the company are consolidated is that of which Dominion Resources, Inc. is the parent company. The consolidated accounts of Dominion Resources, Inc. can be obtained from:

Corporate Secretary
Dominion Resources, Inc.
P.O.Box 26532
Richmond
Virginia 23261-6532

The smallest such group is that of which the DR Group Holdings is the parent company. Copies of the group accounts of DR Group Holdings can be obtained from:

The Company Secretary and Solicitor
DR Group Holdings
P O Box 444
Woodyard Lane
Wollaton
Nottingham NG8 1EZ

These financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption, under section 228 of the Companies Act 1985, from the requirement to prepare and deliver group accounts, since it is a wholly owned subsidiary of D R Group Holdings.

2. Accounting policies

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below :

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets comprise land which is stated at cost, less lease premium received.

Fixed asset investments

Fixed asset investments are stated at cost, less provisions, if necessary, in respect of any permanent diminutions in value.

Cash flow

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking, registered in England, which prepares a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1(Revised) - Cash Flow Statements.

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS (continued)

Nine months ended 28 December 1997

3. Directors and auditors

The director, the former director and the auditors were remunerated by East Midlands Electricity plc, a fellow subsidiary of DR Group Holdings. The directors did not receive remuneration in respect of their services as directors of East Midlands Electricity Generation (Corby) Limited and it is not practicable to allocate their remuneration for other services rendered.

4. Income from fixed asset investments

This comprises dividends received and receivable from Corby Power Limited in respect of its financial year ended 30 September 1997 as follows:

	9 months to 28 December 1997 £'000	Year ended 31 March 1997 £'000
Interim dividend received	4,195	-
Final dividend proposed	6,400	-
	<hr/> 10,595 <hr/>	<hr/> - <hr/>
5. Tax on profit on ordinary activities		
Tax deducted from dividend received	839	-

The tax charge for the period is low due to the effects of disallowable expenditure and of dividends receivable under a group income election.

6. Dividend

Final dividend proposed (£6,400 per share)	6,400	-
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7. Tangible fixed assets

The freehold to the land for the Corby power station is owned by the company and has been let on a long lease to Corby Power Limited, at a peppercorn rent. Within these financial statements the £800,000 purchase cost has been offset against an equivalent lease premium received from Corby Power Limited.

There is no present intention to dispose of the land and in the opinion of the director its market value is minimal.

8. Fixed asset investments

<i>Investment in Corby Power Limited at cost</i>	£'000
At 1 April 1997 (40%)	5,902
Acquisition (40%)	32,900
Costs of acquisition	165
<hr/> At 28 December 1997 <hr/>	<hr/> 38,967 <hr/>

The company holds 11,804,720 Ordinary £1 shares, representing 80% of the Ordinary share capital of Corby Power Limited, a company incorporated in the UK. East Midlands Electricity plc owns one special rights redeemable share in Corby Power Limited, conferring certain rights in connection with the issue and transfer of shares and amendment of Articles of Association. Corby Power Limited owns and operates a 350MW combined cycle gas turbine electricity generating station at Corby in Northamptonshire.

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS (continued)

Nine months ended 28 December 1997

	28 December 1997 £'000	31 March 1997 £'000
9. Debtors		
Amounts falling due within one year :		
Dividends receivable	6,400	-
10. Creditors: amounts falling due within one year		
Amounts owed to parent undertaking	33,065	-
Amounts owed to fellow subsidiary undertakings	3,679	6,882
Proposed dividend	6,400	-
	43,144	6,882
11. Provisions for liabilities and charges	£'000	
At 1 April 1997	-	
Transfer from profit and loss account	122	
Applied	(22)	
At 28 December 1997	100	
12. Called up share capital		
	28 December 1997 £'000	31 March 1997 £'000
Authorised, allotted and fully paid 1000 ordinary shares of £1	1	1
13. Reconciliation of movements in equity shareholders' funds	£'000	
At 1 April 1997	(981)	
Profit for the financial period	9,503	
Dividend proposed	(6,400)	
At 28 December 1997	2,122	
14. Related party transactions		
The company has taken advantage of the exemption included in Financial Reporting Standard No.8 - Related Party Disclosures, not to separately disclose transactions with other group companies.		