

Company No: 2670582

**POWERHOUSE RETAIL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED 2 APRIL 1994**



## **POWERHOUSE RETAIL LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 2 APRIL 1994**

The directors present their report and the audited Group financial statements of the Company and its subsidiary undertakings for the period from 1 April 1993 to 2 April 1994.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Group is the retailing of electrical appliances and associated goods and services from stores within the UK.

### **OPERATIONAL REVIEW**

The first full year of trading has seen the Group achieve many of its operational goals. Although an operating loss was recorded in the year, the Group has made steady progress in establishing the business, as well as achieving significant cost efficiencies. The advent of Midlands Electricity plc joining the Group on 1 April 1993 will enable further synergistic benefits to flow through.

The year ahead will see the Group continue to focus on improving trading and reduce operating costs to deliver sustainable profits.

### **DEVELOPMENT OF THE BUSINESS**

On 1 April 1993 Midlands Electricity plc exercised its option to acquire a 28% interest in the Company, for total consideration of £17,600,000. This was settled by the transfer of net assets amounting to £12,125,000 and cash of £5,475,000.

On the same date, Eastern Electricity plc and Southern Electric plc both subscribed for additional shares for a total cash consideration of £18,606,000. Following this, both parties held a 36% share of the equity.

The total additional shares issued at that date was 6,034.

On 1 March 1994 E & S Retail Limited changed its name to Powerhouse Retail Limited, and its Registered Office to Power House, Talisman Road, Bicester, Oxon, OX6 0JX.

### **RESULTS AND TRANSFER TO RESERVES**

The loss on ordinary activities before taxation amounted to £9,799,000 (11 months to 31 March 1993 - loss of £17,754,000).

After including a taxation credit of £2,412,000 (11 months to 31 March 1993 - tax credit £3,131,000), a loss of £7,387,000 (11 months to 31 March 1993 - loss of £14,623,000) has been transferred to the retained profit and loss account.

No dividends have been paid or are proposed.

## **POWERHOUSE RETAIL LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 2 APRIL 1994 (Continued)**

#### **FIXED ASSETS**

Fixed assets at a valuation of £4,992,000 associated with the retailing activities of Midlands Electricity plc were transferred to the Group on 1 April 1993. Details of these and other movements in fixed assets are shown in note 8 to the financial statements.

#### **LOANS BY THE PARENT UNDERTAKINGS**

The Parent Undertakings continue to provide financial loans to the Group. Details of the nature and level of loans are shown in notes 13 and 14 to the financial statements.

#### **CORPORATE GOVERNANCE**

The board welcomes the report of the Cadbury Committee on the financial aspects of Corporate Governance published on 1 December 1992. The recommendations in the Code of Best Practice have been fully and carefully reviewed.

The board is responsible for determining policy and business strategy, setting financial and other performance objectives and monitoring achievement. The board meets regularly and operates through a formal scheme of delegation which identifies specific matters reserved for decision by the full board, board committees and Executive Directors.

The board is comprised of 6 Executive Directors and 6 Non-Executive Directors. The role of Chairman is held by a Non-Executive Director and the role of Chief Executive by an Executive Director.

The Non-Executive Directors bring wide and substantial experience to bear on the deliberations of the board and represent the interests of the shareholders. The two sub-committees of the board are composed of both Executive and Non-Executive Directors.

The Audit Committee was established with the purpose of providing assurance of independence for external audit and internal audit, to provide an independent review of the effectiveness of accounting and internal control systems, and to be satisfied that financial statements are prepared in accordance with approved accounting principles, policies and practice in liaison with the external auditors.

The Remuneration and Appointments Committee was established to deal with the filling of Directors' vacancies, the setting of Directors' salaries and related employment conditions and contracts.

A statement of the Directors' responsibilities for the accounts is included on page 4 of this report.

## POWERHOUSE RETAIL LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 2 APRIL 1994 (Continued)

#### DIRECTORS

The Directors of the Company who have served during the period are set out below:

	Date of Appointment	Date of Resignation
W Waring	24 December 1991	5 May 1993
DJ Swinden	24 December 1991	31 December 1993
(reappointed as Alternate Director)	5 January 1994	-
HR Casley	24 December 1991	-
JW Deane	24 December 1991	-
E Bradley	27 April 1992	-
N Gossage	27 April 1992	14 July 1993
MRG Byrne	27 April 1992	-
EL Stanley	18 May 1992	-
MJ Harling	1 July 1992	31 May 1994
B Clayton	1 January 1993	-
RK Young	1 April 1993	28 April 1993
IR Leveritt (Alternate)	8 April 1993	31 December 1993
PL Chapman	29 April 1993	-
MA Hughes	5 May 1993	-
JT Devaney	5 May 1993	-
RD Murray (Alternate)	5 May 1993	-
EE Anstee	5 January 1994	-
SL Connock (Alternate)	5 January 1994	-
J Hart (Alternate)	3 February 1994	-
B Law (Alternate)	3 February 1994	-
DC Broomfield	6 February 1994	-

During the period the Company purchased insurance for its Directors and other officers against liabilities arising in respect of business carried out on behalf of the Company.

None of the directors held any direct beneficial interest in either the Company or its subsidiaries.

## **POWERHOUSE RETAIL LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 2 APRIL 1994 (Continued)**

#### **EMPLOYEES**

The Group's employment policies are based on equal opportunities for all staff. Applications for employment by disabled people are fully considered having due regard to the aptitudes of the applicants concerned.

The commitment of all employees to providing high standards of customer care and service is essential. To this end, arrangements for employee communication, training and involvement, including an attitude survey, internal newsletter and regular briefings have been made.

The board is committed to the continued development of all employees and has established full induction, training and development programmes.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss for the financial period.

The Directors consider that in preparing the financial statements on pages 6 to 21, 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 Group and to prevent and detect fraud and other irregularities.

#### **AUDITORS**

Price Waterhouse have indicated their willingness to continue as auditors of the Group and a resolution proposing their reappointment will be put to the annual general meeting.

By order of the Board

  
Mrs J Bradley  
Secretary

7 July 1994

Registered Office:  
Power House,  
Talisman Road  
Ricester  
Oxon OX6 0JX

## **POWERHOUSE RETAIL LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS OF POWERHOUSE RETAIL LIMITED**

We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

#### **Respective responsibilities of directors and auditors**

As described on page 4, the Company 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 consider 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 affairs of the Company and the Group at 2 April 1994 and of the loss and cash flows of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

7 July 1994

# Powerhouse Retail Limited

## Group Profit and loss account for the period ended 2 April 1994

	Notes	<u>Period to 2 April 1994</u>			<u>11 months to 31 March 1993</u>
		<u>Existing</u>	<u>Acquisitions</u>	<u>Total</u>	<u>Total</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2	187,814	71,523	259,337	170,285
Cost of sales		<u>(113,949)</u>	<u>(43,142)</u>	<u>(157,091)</u>	<u>(103,214)</u>
Gross profit		73,865	28,381	102,246	67,071
Selling expenses		(57,995)	(21,857)	(79,852)	(46,212)
Administrative expenses		(20,646)	(7,782)	(28,428)	(35,944)
Other operating income		<u>1,064</u>	<u>220</u>	<u>1,284</u>	<u>354</u>
Operating loss	3	<u>(3,712)</u>	<u>(1,038)</u>	(4,750)	(14,731)
Net interest payable	5			<u>(5,049)</u>	<u>(3,023)</u>
Loss on ordinary activities before taxation				(9,799)	(17,754)
Taxation on loss on ordinary activities	6			<u>2,412</u>	<u>3,131</u>
Loss on ordinary activities after taxation	7			<u>(7,387)</u>	<u>(14,623)</u>

There are no recognised gains or losses, in respect of the Group or the Company, other than the loss for the period reflected above.

There is no difference between the reported loss and the historical cost loss on ordinary activities before taxation.

# Powerhouse Retail Limited

## Group Balance sheet as at 2 April 1994

		2 April 1994		31 March 1993	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	Notes				
<b>Fixed Assets</b>					
Tangible assets	8	23,442		14,638	
Investments	9	<u>20</u>		<u>20</u>	
			23,462		14,658
<b>Current assets</b>					
Stocks	10	39,267		30,052	
Debtors	11	98,133		60,894	
Investments	12	6,817		2,267	
Cash at bank and in hand		<u>23,224</u>		<u>5,565</u>	
			167,441		98,778
<b>Creditors: - falling due within one year</b>	13	<u>(72,063)</u>		<u>(50,420)</u>	
<b>Net Current Assets</b>			<u>95,373</u>		<u>48,358</u>
<b>Total assets less current liabilities</b>			118,835		63,016
<b>Creditors - falling due after more than one year</b>	14		<u>(82,169)</u>		<u>(55,169)</u>
			<u>36,666</u>		<u>7,847</u>
<b>Capital and reserves</b>					
Called up share capital	10		14		8
Share premium	17		58,662		22,462
Profit and loss account	17		<u>(22,010)</u>		<u>(14,623)</u>
			<u>36,666</u>		<u>7,847</u>

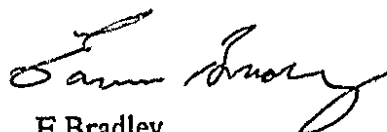



# Powerhouse Retail Limited

## Company Balance sheet as at 2 April 1994

		2 April 1994		31 March 1993	
		£'000	£'000	£'000	£'000
	Notes				
<b>Fixed Assets</b>					
Tangible assets	8	23,442		14,638	
Investments	9	<u>40,840</u>		<u>23,240</u>	
			64,282		37,878
<b>Current assets</b>					
Stocks	10	39,267		30,052	
Debtors	11	97,191		59,745	
Cash at bank and in hand		<u>13,497</u>		<u>2,056</u>	
		149,955		91,853	
<b>Creditors: - falling due within one year</b>	13	<u>(96,520)</u>		<u>(66,828)</u>	
<b>Net Current Assets</b>			53,435		25,025
<b>Total assets less current liabilities</b>			117,717		62,903
<b>Creditors - falling due after more than one year</b>	14		<u>(82,169)</u>		<u>(55,169)</u>
			<u>35,548</u>		<u>7,734</u>
<b>Capital and reserves</b>					
Called up share capital	16		14		8
Share premium	17		58,662		22,462
Profit and loss account	17		<u>(23,128)</u>		<u>(14,736)</u>
			<u>35,548</u>		<u>7,734</u>

The financial statements were approved by the Board of Directors on 7 July 1994 and were signed on its behalf by:

  
E Bradley  
Chief Executive

  
DC Broomfield  
Director

# Powerhouse Retail Limited

## Consolidated Cash Flow Statement for the period ended 2 April 1994

		Period to 2 April 1994		11 months to 31 March 1993	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	Notes				
Net cash outflow from operating activities	20		(18,101)		(41,185)
Returns on investment and servicing of finance					
Interest received		952		571	
Interest paid		<u>(7,507)</u>		<u>(2,053)</u>	
Net returns on investment and servicing of finance			(6,555)		(1,482)
Taxation					
Receipts in respect of surrendered tax losses			2,800		-
Investing activities					
Purchase of tangible fixed assets		(7,037)		(5,501)	
Proceeds on disposal of fixed assets		21		-	
Purchase of fixed asset investment		-		(20)	
Purchase of current asset investments		<u>(4,550)</u>		<u>(2,267)</u>	
			<u>(11,566)</u>		<u>(7,788)</u>
Net cash outflow before financing			(33,422)		(50,455)
Financing					
Unsecured loans due in less than one year		-		14,000	
Unsecured loans due in more than one year		27,000		42,020	
Issue of ordinary shares to Parent Undertakings		<u>24,081</u>		<u>-</u>	
			<u>51,081</u>		<u>56,020</u>
Increase in cash and cash equivalents	21		<u>17,659</u>		<u>5,565</u>

# Powerhouse Retail Limited

## Reconciliation of movements in shareholders' funds for the period ended 2 April 1994

	Period to 2 April 1994		11 months to 31 March 1993	
	Group <u>£'000</u>	Company <u>£'000</u>	Group <u>£'000</u>	Company <u>£'000</u>
Loss for the financial period	(7,387)	(8,392)	(14,623)	(14,736)
Issue of share capital	6	6	8	8
Share premium arising on issue of share capital	<u>36,200</u>	<u>36,200</u>	<u>22,462</u>	<u>22,462</u>
Net increase in shareholders' funds	28,819	27,814	7,847	7,734
Opening shareholders' funds	<u>7,847</u>	<u>7,734</u>	-	-
Closing shareholders' funds	<u><u>36,666</u></u>	<u><u>35,548</u></u>	<u><u>7,847</u></u>	<u><u>7,734</u></u>

# **Powerhouse Retail Limited**

## **Notes to the financial statements for the period ended 2 April**

### **1. Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. The Group's principal accounting policies are set out below.

#### **(a) Accounting convention and basis of consolidation**

The financial statements have been prepared under the historical cost convention. The consolidated financial statements incorporate the financial statements of the parent undertaking and all its subsidiary undertakings to 2 April 1994.

#### **(b) Turnover**

Turnover comprises the sale of goods and services excluding VAT.

Credit sales charges are apportioned over the period of related sales agreements on a sum of digits basis.

#### **(c) Tangible fixed assets**

The cost of tangible fixed assets is depreciated over the estimated useful lives of the assets on a straight line basis as set out below:

Short leasehold buildings	Remaining period of the lease
Fixtures, fittings and equipment	3 to 7 years

Software costs are charged to the profit and loss account in the financial period in which they are incurred.

#### **(d) Investments**

Fixed asset investments are stated at cost less any provision for permanent diminution in value. Current asset investments are stated at the lower of cost or market value.

#### **(e) Stocks**

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

# **Powerhouse Retail Limited**

## **1. Accounting Policies ( Continued)**

### **(f) Deferred taxation**

Deferred tax in respect of accelerated capital allowances and other timing differences is provided only to the extent that it is probable that a liability or asset will crystallise. Any such provision is made using the liability method.

### **(g) Operating Leases**

Rentals on operating leases are charged to the profit and loss account in the financial period to which they relate.

### **(h) Pension costs**

Contributions in respect of the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the scheme over the anticipated service lives of employees. Contributions in respect of the defined contribution scheme are charged to the profit and loss account as they become payable.

### **(i) Insurance**

Premium income is recognised on an accruals basis reflecting expected claims. Full provision is made for liabilities for reported claims and claims incurred but not reported.

## **2. Segmental information**

The Group is only involved in retailing activities, all of which are carried out in the UK.

During the year the company acquired the entire share capital of Midlands Electricity Retail Limited and thus obtained the retailing operations of Midlands Electricity plc. The impact of this acquisition is shown on the profit and loss account on page 6.

# Powerhouse Retail Limited

## 3 Operating loss

The operating loss is stated after charging the following:

	Period to 2 April 1994 <u>£'000</u>	11 months to 31 March 1993 <u>£'000</u>
Depreciation	4,641	2,220
Auditors' remuneration	155	95
- audit fees	398	617
- non-audit fees		
Rentals paid under operating leases	13,135	10,085
- land and buildings	4,443	3,447
- other		

## 4. Employees and directors

Employees' remuneration and related costs amounted to:

	Period to 2 April 1994 <u>£'000</u>	11 months to 31 March 1993 <u>£'000</u>
Wages and salaries	43,250	26,185
Social security costs	3,630	1,953
Other pension costs	3,238	1,966
	<u>50,118</u>	<u>30,104</u>

The average number of employees during the period was:

	Number	Number
Shops	2,443	1,628
Distribution	1,006	558
Administration	308	174
	<u>3,757</u>	<u>2,360</u>

# Powerhouse Retail Limited

## 4. Employees and directors (cont.)

Directors' emoluments and related costs during the period amounted to:

	Period to 2 April 1994 <u>£'000</u>	11 months to 31 March 1993 <u>£'000</u>
Emoluments	478	469
Pension contributions	35	32
Compensation for loss of office	<u>94</u>	<u>-</u>
	<u>607</u>	<u>501</u>
Remuneration of the Chairman	<u>-</u>	<u>-</u>
Remuneration of the highest paid director (excluding pension contributions)	<u>161</u>	<u>184</u>

Remuneration of other directors fell within the following ranges:

	Period to 2 April 1994 <u>Number</u>	11 months to 31 March 1993 <u>Number</u>
£0 - £5,000	13	5
£10,001 - £15,000	1	1
£20,001 - £25,000	1	-
£40,000 - £45,000	-	1
£55,001 - £60,000	1	1
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	-
£95,001 - £100,000	-	1

## 5. Interest payable

	Period to 2 April 1994 <u>£'000</u>	11 months to 31 March 1993 <u>£'000</u>
Bank interest receivable	(952)	(571)
Interest payable on bank loans, overdrafts and other loans repayable within 5 years	4	8
Interest payable to Parent Undertakings	<u>5,997</u>	<u>3,586</u>
	<u>5,049</u>	<u>3,023</u>

# Powerhouse Retail Limited

## 6. Taxation on loss on ordinary activities

	Period to 2 April 1994 <u>£'000</u>	11 months to 31 March 1993 <u>£'000</u>
Consideration receivable for surrender of losses under consortium relief at 26.4 %	2,715	3,131
Adjustment to prior year tax provision	<u>(303)</u>	<u>-</u>
	<u>2,412</u>	<u>3,131</u>

The Group has not recognised a deferred tax asset of £2,111,000 (11 months to 31 March 1993 £1,851,000) which has arisen as a result of unrelieved tax losses and other timing differences.

## 7. Parent Company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. The Company's loss for the period after taxation amounted to £8,392,000 (11 months to 31 March 1993 loss of £14,736,000).

## 8. Tangible fixed assets

	Group & Company		
	Short Leasehold land and buildings <u>£'000</u>	Fixtures fittings and equipment <u>£'000</u>	Total  <u>£'000</u>
<b>Cost</b>			
At 1 April 1993	552	16,306	16,858
Contributed by Midlands Electricity plc on joining the Group 1 April 1993	-	4,992	4,992
Additions during the period	24	8,462	8,486
Disposals	<u>-</u>	<u>(54)</u>	<u>(54)</u>
At 2 April 1994	<u>576</u>	<u>29,706</u>	<u>30,282</u>
<b>Depreciation</b>			
At 1 April 1993	7	2,213	2,220
Charge for the period	27	4,614	4,641
Disposals	<u>-</u>	<u>(21)</u>	<u>(21)</u>
At 2 April 1994	<u>34</u>	<u>6,806</u>	<u>6,840</u>



# Powerhouse Retail Limited

## 8. Tangible fixed assets (Continued)

### Net Book Value

At 2 April 1994	<u>542</u>	<u>22,900</u>	<u>23,442</u>
At 31 March 1993	<u>545</u>	<u>14,093</u>	<u>14,638</u>

## 9 Fixed asset investments

	2 April 1994		31 March 1993	
	Group	Company	Group	Company
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Shares in subsidiary undertakings	-	40,820	-	23,220
Other investment	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
	<u>20</u>	<u>40,840</u>	<u>20</u>	<u>23,240</u>

The Company's principal subsidiary undertaking, which is wholly owned and consolidated in the Group financial statements, is E&S Insurance Limited, whose activity is insurance and which is registered and incorporated in the Isle of Man. Four further wholly owned subsidiaries 'E' Sub Limited, Southern Electric Retail Services Limited, Midlands Electricity Retail Limited and E&S Retail Limited, all registered in England, were dormant at the period end.

10. Stocks	2 April 1994	31 March 1993
	Group & Company	Group & Company
	<u>£'000</u>	<u>£'000</u>
Goods for resale	38,639	29,678
Work in progress	<u>578</u>	<u>374</u>
	<u>39,267</u>	<u>30,052</u>

# Powerhouse Retail Limited

## 11. Debtors

	2 April 1994		31 March 1993	
	Group	Company	Group	Company
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade debtors	73,198	73,198	41,223	41,223
Amounts owed by Parent Undertakings	14,986	14,986	9,965	9,965
Other debtors	6,593	5,651	6,891	6,217
Prepayments and accrued income	3,356	3,356	2,815	2,340
	<u>98,133</u>	<u>97,191</u>	<u>60,894</u>	<u>59,745</u>

Trade debtors in respect of amounts owed under credit agreements which are due after more than one year total £26,998,000 (31 March 1993 £16,332,000).

## 12. Current asset investments

	2 April 1994	31 March 1993
	Group	Group
	<u>£'000</u>	<u>£'000</u>
Fixed interest securities	<u>6,817</u>	<u>2,267</u>

Fixed interest securities are comprised of Government gilts. In the view of the directors, the market value is not materially different from the value recorded in the accounts.

## 13. Creditors: - falling due within one year

	2 April 1994		31 March 1993	
	Group	Company	Group	Company
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade creditors	4,071	4,071	7,992	7,451
Other creditors	32,662	17,502	8,104	2,686
Accruals	8,640	8,182	6,032	5,929
Deferred income	833	833	185	185
Secured loans due to Parent Undertakings (Note 14)	3,401	3,401	3,400	3,400
Unsecured loans due to Parent Undertakings (Note 14)	14,000	14,000	14,000	14,000
Other amounts due to Parent Undertakings	8,461	8,461	10,707	10,707
Amounts due to Subsidiary Undertakings	-	40,070	-	22,470
	<u>72,068</u>	<u>96,520</u>	<u>50,420</u>	<u>66,828</u>

# Powerhouse Retail Limited

## 14. Creditors: - falling due after more than one year

	2 April 1994 Group & Company <u>£'000</u>	31 March 1993 Group & Company <u>£'000</u>
Secured loans due to Parent Undertakings	13,149	13,149
Unsecured loans due to Parent Undertakings	69,000	42,000
Other loans	<u>20</u>	<u>20</u>
	<u>82,169</u>	<u>55,169</u>

A maximum secured loan facility of £17 million has been granted by the Parent Undertakings to the Company under a floating charge. Subject to certain conditions, the Parent Undertakings can now redeem up to £3.4 million of the total secured loans. The company itself can redeem some or all of the unsecured loans on 30 September 1995. All outstanding amounts are to be repaid in full no later than 31 March 1996.

Interest is payable half yearly at 0.5% above LIBOR for six month sterling deposits.

A maximum unsecured loan facility of £100 million has been granted to the Company. Subject to certain conditions, the Parent Undertakings can now redeem up to £14 million (plus accrued interest) of the unsecured loans at six monthly intervals. The company itself can redeem some or all of the unsecured loans on 30 September 1995. All outstanding amounts are to be paid in full no later than 31 March 1996.

Interest is payable half yearly at 1% above LIBOR for six month sterling deposits.

## 15. Deferred tax

The amounts of deferred taxation provided and unprovided in the financial statements are as follows:

	2 April 1994 <u>Group &amp; Company</u>		31 March 1993 <u>Group &amp; Company</u>	
	<u>Provided</u> <u>£'000</u>	<u>Unprovided</u> <u>£'000</u>	<u>Provided</u> <u>£'000</u>	<u>Unprovided</u> <u>£'000</u>
Capital allowances in excess of depreciation	-	(382)	391	-
Other timing differences	-	<u>(1,729)</u>	<u>(391)</u>	<u>(1,851)</u>
	<u>-</u>	<u>(2,111)</u>	<u>-</u>	<u>(1,851)</u>

# Powerhouse Retail Limited

## 16. Called up share capital

	E' ordinary £1 shares £	S' ordinary £1 shares £	M' ordinary £1 shares £	Total £
Authorised	<u>4,937</u>	<u>4,937</u>	<u>3,840</u>	<u>13,714</u>
Allotted and fully paid				
At 31 March 1993	3,840	3,840	-	7,680
Issued in period	<u>1,097</u>	<u>1,097</u>	<u>3,840</u>	<u>6,034</u>
At 2 April 1994	<u>4,937</u>	<u>4,937</u>	<u>3,840</u>	<u>13,714</u>

The consideration received for the 'E', 'S' and 'M' shares allotted during the period was £9,228,000, £9,378,000 and £17,600,000 respectively.

## 17. Reserves

	Group		Company	
	Share premium £'000	Profit and loss £'000	Share premium £'000	Profit and loss £'000
At 31 March 1993	22,462	(14,623)	22,462	(14,736)
Arising on shares issued to Parent Undertakings	36,200	-	36,200	-
Retained loss for the period	<u>-</u>	<u>(7,387)</u>	<u>-</u>	<u>(8,392)</u>
At 2 April 1994	<u>58,662</u>	<u>(22,010)</u>	<u>58,662</u>	<u>(23,128)</u>

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## 18. Pensions

There are two pension schemes in operation.

The majority of employees contribute to the Powerhouse Retail Services Pension Scheme ("the Scheme") which is a member of, and administered by, the Electricity Supply Pension Scheme.

The Scheme, a defined benefit scheme, was formed effective from 1 June 1992. Employees of Eastern Electricity plc, Southern Electric plc and Midlands Electricity plc, who transferred to the Company when the retailing activities of the Parent Undertakings were transferred, have transferred into this scheme.

An assessment of the value of assets and liabilities to be transferred into the Scheme as at 1 June 1992 was carried out by Bacon and Woodrow, the actuaries responsible for the valuation of the Electricity Supply Pension Scheme. The Scheme was fully funded at that date.

New employees from outside the electricity industry who joined the Company after 27 April 1992 are eligible to participate in the Sun Life Group Personal Pension Plan. This is a defined contribution plan established 1 January 1993.

## 19. Commitments

Annual commitments under operating leases:

	2 April 1994		31 March 1993	
	<u>Group &amp; Company</u>		<u>Group &amp; Company</u>	
	Land and buildings	Other	Land and buildings	Other
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Expiring within one year	145	3,964	496	363
Expiring between two and five years	1,010	11	2,312	1,969
Expiring in five years or more	11,485	-	10,124	29
	<u>12,640</u>	<u>3,975</u>	<u>12,932</u>	<u>2,361</u>

Capital commitments as at 2 April 1994:

	<u>Group &amp; Company</u>	
	<u>£'000</u>	<u>£'000</u>
Contracted	-	-
Authorised but not contracted	-	3,313
	<u>-</u>	<u>3,313</u>

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### 20. Reconciliation of operating loss to net cash outflow from operating activities

	2 April 1994 <u>£'000</u>	31 March 1993 <u>£'000</u>
Operating loss	(4,750)	(14,731)
Depreciation	4,641	2,220
Loss on disposal of fixed assets	12	558
Increase in stocks	(1,212)	(5,734)
Increase in debtors	(37,594)	(54,759)
Increase in creditors	<u>20,802</u>	<u>31,261</u>
Net cash outflow from ordinary activities	<u>(18,101)</u>	<u>(41,185)</u>

Material non cash transactions in respect of the transfer of assets and liabilities by Midlands Electricity plc into the Group on 1 April 1993, in exchange for shares, have been excluded from the cash flow statement.

Assets and liabilities transferred at fair values comprised fixed assets of £4,992,000 stocks of £8,003,000 debtors of £33,000 cash of £5,475,000 and creditors of £903,000. Equity issued amounted to £17,600,000.

### 21. Reconciliation of cash and cash equivalents

	2 April 1994 <u>£'000</u>	31 March 1993 <u>£'000</u>
Cash at bank and in hand		
At beginning of period	5,565	-
Increase in period	<u>17,659</u>	<u>5,565</u>
At period end	<u>23,224</u>	<u>5,565</u>

### 22. Post balance sheet event

During July 1994, Powerhouse Retail Limited entered into an initial four year agreement with G.E. Capital - Retailer Financial Services Limited, where upon G.E. Capital will provide credit facilities and services to all Powerhouse Retail outlets.