

Norweb Gas Limited
(formerly Northern Gas Limited)

Registered number 2683062

FINANCIAL STATEMENTS
For the year ended 31 March 1995



Norweb Gas Limited

FINANCIAL STATEMENTS
For the year ended 31 March 1995

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Norweb Gas Limited

Registered number 2683062

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 company operates as a supplier of natural gas to customers with an annual consumption of more than 2,500 therms. In this trading year the company has continued to make good progress and now has over 5,000 sites throughout the country. Turnover has increased from £18m in 1994 to £21m, with a pre-tax profit of £621,004 (1994 £552,993).

The directors do not recommend payment of a dividend, and consequently the profit after tax of £415,089 has been transferred to reserves.

Directors and their interests

(a) The directors who served during the year were:

J R Baker
D T Burns
J Cooper
M G Faulkner
J B Kelly

(b) The directors' 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 |
| M G Faulkner | 12,612 | 7,425 | 23,984 | 100,920 |
| J B Kelly | 3,500 | 3,446 | 26,455 | 21,786 |
| D T Burns | 352 | 352 * | 1,963 | 1,414 * |
| J Cooper | 513 | 513 * | 27,983 | 20,066 * |
| J R Baker | — | — | — | — |

Note: * refers to pre-appointment holdings

(c) No Director has any interest in the share capital of the company.

Norweb Gas Limited

For the year ended 31 March 1995

DIRECTORS' REPORT

For the year ended 31 March 1995

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.

Appointment of auditors

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

A resolution to appoint Price Waterhouse as auditors will be proposed at the Annual General Meeting.

By order of the Board



R L Caesar
Secretary

Talbot Road
Manchester M16 0HQ

30 May 1995.

**Auditors' report to the members of
Norweb Gas Limited**

We have audited the financial statements on pages 4 to 10, which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, 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.

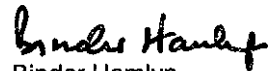
Basis of opinion

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



Binder Hamlyn
*Chartered Accountants
Registered Auditors*

Bank House
9 Charlotte Street
Manchester
M1 4EU

1 June 1995

Norweb Gas Limited**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1995

| | note | 1995 £ | 1994 £ |
|------------------------------------------------------|------|---------------------|---------------------|
| Turnover | 2 | 20,896,132 | 18,028,427 |
| Cost of sales | | <u>(18,868,396)</u> | <u>(15,990,766)</u> |
| Gross profit | | 2,027,736 | 2,037,661 |
| Administrative expenses | | <u>(1,545,845)</u> | <u>(1,487,647)</u> |
| Operating profit | 3 | 481,891 | 550,014 |
| Interest receivable | 4 | 139,244 | 16,970 |
| Interest payable | 5 | (131) | (13,991) |
| Profit on ordinary activities before taxation | | 621,004 | 552,993 |
| Taxation | 6 | <u>(205,915)</u> | <u>(380,900)</u> |
| Retained profit for the year transferred to reserves | 13 | <u>415,089</u> | <u>172,093</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 1995

All gains and losses have been recognised in arriving at the profit for the year.

Norweb Gas Limited

BALANCE SHEET

As at 31 March 1995

| | note | 1995 £ | 1994 £ |
|-------------------------------------------------------|------|-------------|-------------|
| Fixed assets | | | |
| Tangible fixed assets | 7 | 87,938 | 53,707 |
| Current assets | | | |
| Debtors | 8 | 4,079,671 | 5,502,043 |
| Cash at bank and in hand | | 638,984 | 1,070,084 |
| | | 4,718,655 | 6,572,127 |
| Creditors: amounts falling due within one year | 9 | (3,555,148) | (5,789,478) |
| Net current assets | | 1,163,507 | 782,649 |
| Total assets less current liabilities | | 1,251,445 | 836,356 |
| Provisions for liabilities and charges | 10 | (350,000) | (350,000) |
| Net Assets | | 901,445 | 486,356 |
| | | £ | £ |
| Capital and reserves | | | |
| Share capital | 12 | 250,000 | 250,000 |
| Profit and loss account | 13 | 651,445 | 236,356 |
| Shareholders' funds | | 901,445 | 486,356 |

The financial statements on pages 4 to 10 were approved by the board of directors on 26 May 1995 and signed on its behalf by:



D.T. Burns
Director

Norweb Gas Limited**CASHFLOW STATEMENT**

For the year ended 31 March 1995

| | note | 1995 £ | 1994 £ |
|-------------------------------------------------------|------|-----------|-----------|
| Net cash inflow from operating activities | 14 | (140,750) | 833,589 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 139,244 | 16,970 |
| Interest paid | | (131) | (13,991) |
| | | 139,113 | 2,979 |
| Taxation | | | |
| Corporation tax paid | | (372,303) | (2,500) |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (57,160) | (19,732) |
| Net cash inflow before financing | | (431,100) | 814,336 |
| Decrease in cash and cash equivalents | 15 | (431,100) | 814,336 |

Norweb Gas Limited

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

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover is the value of gas consumption during the period, which includes an estimate of the sales value of the gas supplied between the date of the last meter reading and the period end, exclusive of value added tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

The charge for depreciation is calculated so as to write down the cost of assets over their estimated useful lives. The lives of each major class of depreciable asset are as follows:

| | Years |
|------------------------|-------|
| Fixtures and equipment | 5 |

Deferred taxation

Deferred taxation 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.

2 TURNOVER AND OPERATING PROFIT

The turnover and operating profit are derived from the company's principal activity, the sale and distribution of natural gas.

3 OPERATING PROFIT IS STATED AFTER CHARGING

| | 1995 | 1994 |
|-------------------------|--------|--------|
| | £ | £ |
| Auditors' remuneration | 1,545 | 6,500 |
| Directors' remuneration | — | — |
| Depreciation | 19,071 | 10,808 |

The company had no employees during the period.

All staff were employed by NORWEB plc, who recharged the company for their services.

4 INTEREST RECEIVABLE

| | 1995 | 1994 |
|----------------------------------------|---------|--------|
| | £ | £ |
| Interest receivable from bank accounts | 33,439 | 16,970 |
| Interest receivable from investments | 105,805 | — |
| | 139,244 | 16,970 |

Norweb Gas Limited

Notes to the financial statements (continued)
For the year ended 31 March 1995

5 INTEREST PAYABLE

| | 1995 £ | 1994 £ |
|---------------------------------------------------------------------------------|------------|---------------|
| Interest payable on loans wholly repayable within 5 years not by instalments | 131 | 13,991 |
| | <u>131</u> | <u>13,991</u> |

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1995 £ | 1994 £ |
|-------------------------|----------------|----------------|
| Corporation tax @ 33% | 273,012 | 380,900 |
| Prior year over accrual | (67,097) | — |
| | <u>205,915</u> | <u>380,900</u> |

7 TANGIBLE FIXED ASSETS

| | Fixtures and Equipment £ |
|-----------------------|--------------------------------|
| Cost | |
| At 1 April 1994 | 69,289 |
| Additions | <u>53,302</u> |
| At 31 March 1995 | <u>122,591</u> |
| Depreciation | |
| At 1 April 1994 | 15,582 |
| Charge for the year | <u>19,071</u> |
| At 31 March 1995 | <u>34,653</u> |
| Net book value | |
| At 31 March 1995 | <u>87,938</u> |
| At 31 March 1994 | <u>53,707</u> |

8 DEBTORS

| | 1995 £ | 1994 £ |
|----------------------------------------|------------------|------------------|
| Trade debtors and unbilled consumption | 2,483,524 | 5,383,254 |
| Amount owed by parent undertaking | 1,176,534 | — |
| Other debtors | <u>419,613</u> | <u>118,789</u> |
| | <u>4,079,671</u> | <u>5,502,043</u> |

Norweb Gas Limited

Notes to the financial statements (continued)
For the year ended 31 March 1995

9 CREDITORS

| | 1995 £ | 1994 £ |
|---------------------------------------------|------------------|------------------|
| Amounts falling due within one year: | | |
| Payments received on account | 440,991 | 2,390,431 |
| Trade creditors | 218,142 | 59,695 |
| Amounts owed to parent undertaking | 66,138 | 187,837 |
| Corporation tax | 273,012 | 439,400 |
| Other capital creditors | — | 3,858 |
| Accruals and deferred income | 2,556,865 | 2,708,257 |
| | <u>3,555,148</u> | <u>5,789,478</u> |

10 PROVISIONS FOR LIABILITIES AND CHARGES

| | Software Costs £ |
|-----------------------------------|------------------------|
| At 1 April 1994 and 31 March 1995 | <u>350,000</u> |

11 DEFERRED TAXATION

There was no potential deferred tax liability at 31 March 1995 or 31 March 1994.

12 SHARE CAPITAL

| | 1995 £ | 1994 £ |
|------------------------------------|----------------|----------------|
| Authorised | | |
| 500,000 ordinary shares of £1 each | <u>500,000</u> | <u>500,000</u> |
| Issued and fully paid | | |
| 250,000 ordinary shares of £1 each | <u>250,000</u> | <u>250,000</u> |

13 PROFIT AND LOSS ACCOUNT

| | 1995 £ |
|------------------------------|----------------|
| At 1 April 1994 | 236,356 |
| Retained profit for the year | <u>415,089</u> |
| At 31 March 1995 | <u>651,445</u> |

14 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1995 £ | 1994 £ |
|----------------------------------------------------|------------------|----------------|
| Operating profit | 481,891 | 550,014 |
| Depreciation | 19,071 | 10,808 |
| Decrease / (increase) in debtors | 1,422,372 | (3,122,402) |
| (Decrease) / increase in creditors | (2,064,084) | 3,045,169 |
| Increase in provisions for liabilities and charges | — | 350,000 |
| | <u>(140,750)</u> | <u>833,589</u> |
| Net cash inflow from operating activities | <u>(140,750)</u> | <u>833,589</u> |

Norweb Gas Limited

Notes to the financial statements (continued)
For the year ended 31 March 1995

15 DECREASE IN CASH AND CASH EQUIVALENTS

| | 1995 £ | 1994 £ |
|-----------------|----------------|------------------|
| At 1 April | 1,070,084 | 255,748 |
| Net cash inflow | (431,100) | 814,336 |
| At 31 March | <u>638,984</u> | <u>1,070,084</u> |

16 ULTIMATE 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.

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 1995 £ | 1994 £ |
|-----------------------------|----------------|----------------|
| Opening shareholders' funds | 486,356 | 314,263 |
| Profit for the year | <u>415,089</u> | <u>172,093</u> |
| Closing shareholders' funds | <u>901,445</u> | <u>486,356</u> |