

POWERGEN CHP LIMITED

ACCOUNTS

for the year ended 2 April 1995

Registered No: 2684288



POWERGEN CHP LIMITED

Report of the directors for the year ended 2 April 1995

The directors submit the audited accounts of the Company for the year ended 2 April 1995.

Review of activities

The principal activity of the Company is the sale of energy and related services including the design, construction and operation of combined heat and power (CHP) plant.

During the year the Company operated a CHP scheme at Worthing, Sussex, supplying energy to SmithKline Beecham plc, under a contract signed in 1992. In addition the Company currently has three schemes under construction, and is developing several others. The directors believe that there continue to be opportunities in the UK CHP market. The parent company, PowerGen plc, has declared its support for the Company.

Profit and dividends

The retained profit for the year ended 2 April 1995 was £2,289,000 (1994: loss of £1,509,000) which has been transferred to reserves. The directors are not recommending a dividend.

Fixed assets

Changes in fixed assets are set out in note 8 on page 11 of the accounts.

Directors

The directors who served during the year were Dr A Roberts, R J Kennett, R Aitken-Davies, T E Chappell and D Parry and J L Rennocks. R Aitken-Davies resigned on 31 October 1994. J L Rennocks was appointed on 31 October 1994.

The directors holding office at the year end and their beneficial interests in relevant shares or debentures as disclosed by the register kept under the provisions of Section 325 of the Companies Act 1985 are listed below.

POWERGEN CHP LIMITED

Report of the directors for the year ended 2 April 1995 (continued)

The directors had the following interests in the ordinary shares of PowerGen plc, the Company's ultimate holding company, at 2 April 1995:

	At 2 April 1995		At 3 April 1994	
	Beneficial	Options	Beneficial	Options
R J Kennett	-	5,000	-	-
T E Chappell	54,794	32,858	2,745	124,358
D Parry	38,859	32,156	373	122,656

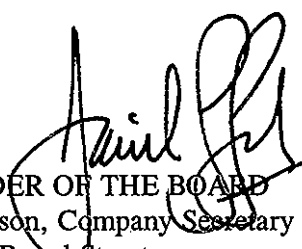
The interests of Dr A Roberts and J L Rennocks are stated in Note 4 to the consolidated financial statements of PowerGen plc for the year ended 2 April 1995. On the date of his appointment to the Company J L Rennocks held beneficial interests in 130,063 shares and held under option 67,656 shares in PowerGen plc. No director had any interest (other than as nominees on behalf of PowerGen plc) in the shares of any other member of the Group.

Insurance purchased for officers

During the period, the parent company, on behalf of the Company maintained insurance against directors' and officers' liability to the Company.

Auditors

On 29 January 1993 the company passed an elective resolution dispensing with the requirement to appoint auditors annually. Coopers & Lybrand continue in office.


BY ORDER OF THE BOARD
D J Jackson, Company Secretary
53 New Broad Street
London
EC2M 1J3
24 May 1995

POWERGEN CHP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 2 APRIL 1995

	Note	1995 £'000	1994 £'000
Turnover : continuing activities	2	4,977	2,104
Operating costs	3	(7,968)	(5,916)
Operating loss : continuing activities		(2,991)	(3,812)
Interest (payable) / receivable	6	(130)	213
Loss on ordinary activities before taxation		(3,121)	(3,599)
Taxation credit on loss on ordinary activities	7	5,410	2,090
Profit / (Loss) on ordinary activities after taxation transferred to reserves		2,289	(1,509)

STATEMENT OF RETAINED PROFITS
FOR THE YEAR ENDED 2 APRIL 1995

	£'000
Retained loss at 3 April 1994	(1,711)
Profit for year	2,289
Retained profit at 2 April 1995	578

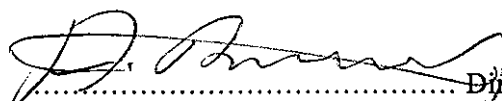
The Company has no recognised gains or losses in 1995 or 1994 other than the profit or loss for the year (as stated above) and therefore no statement of total recognised gains or losses is presented.

POWERGEN CHP LIMITED

BALANCE SHEET AS AT 2 APRIL 1995

	Note	2 April 1995 £'000	3 April 1994 £'000
Tangible fixed assets	8	61,799	16,861
Current assets			
Stores		39	54
Debtors	9	6,462	9,394
Cash at bank and in hand		502	0
		<hr/>	<hr/>
		7,003	9,448
Creditors: amounts falling due within one year	10	(27,266)	(8,141)
		<hr/>	<hr/>
Net current (liabilities) / assets		(20,263)	1,307
		<hr/>	<hr/>
Total assets less current liabilities		41,536	18,168
Creditors: amounts falling due after more than one year	11	(40,858)	(19,779)
		<hr/>	<hr/>
Net assets / (liabilities)		678	(1,611)
Capital and reserves		<hr/>	<hr/>
Called up share capital	14	100	100
Profit and loss account		578	(1,711)
		<hr/>	<hr/>
Equity shareholders' funds	15	678	(1,611)
		<hr/>	<hr/>

The accounts were approved by the Board on 24 May 1995


..... Director
Dr A Roberts


..... Director
R J Kennett

Auditors' Report on page 17

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

1 Accounting Policies

(a) Basis Of Preparation Of Accounts

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

(b) Overhaul

Charges are made annually against profits to provide for the accrued proportion of the estimated costs of the cyclical programme for the major overhaul and maintenance of operating plant.

(c) Depreciation

Provision for depreciation is made so as to write off, on a straight line basis, the book value of tangible fixed assets. Assets are depreciated over their estimated useful lives. The estimated useful lives for the principal categories of fixed assets are:

<i>Asset</i>	<i>Life in years</i>
Operating plant and buildings	10 - 15
Office equipment and other short term assets	3 - 5

(d) Tangible Fixed Assets

Tangible fixed assets are stated at original cost less accumulated depreciation. In the case of assets constructed by the Company, related works, administrative overheads and commissioning costs are included in cost. Assets in the course of construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date.

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

(e) Leases

Rents payable under operating leases are charged to the profit and loss account evenly over the term of the lease.

(f) Stores

General and engineering stores are stated at the lower of cost and net realisable value.

(g) 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.

(h) Pensions

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' remaining working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining service lives of members. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

(i) Cash Flow Statement

The Company is a wholly owned subsidiary of PowerGen plc and the cash flows of the Company are included in the consolidated group cash flow statement of PowerGen plc. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

2 Turnover

Turnover relates to continuing activities and principally derives from the sale of energy within the U.K.

3 Operating Costs

Operating costs relate to continuing activities and are made up as follows:

	1995 £'000	1994 £'000
Cost of sales	7,004	5,074
Administration expenses	964	842
	<hr/>	<hr/>
	7,968	5,916
	<hr/>	<hr/>

Operating costs include auditors' remuneration for audit of £5,000 (1994: £3,000) and depreciation of £868,000 (1994: £438,000). The auditors received £6,000 for provision of non-audit services to the Company during the year.

4 Employee Information

The average number of persons employed by the Company, including directors, during the year was 40 (1994: 28). All employees are involved in the sale of energy within the UK.

The salaries and related costs of employees, including directors, were:

	1995 £'000	1994 £'000
Wages and salaries	1,210	786
Social security costs	107	71
Other pension costs	149	90
	<hr/>	<hr/>
	1,466	947
	<hr/>	<hr/>

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

5 Directors' Emoluments

The highest paid director received the following emoluments for management services:

	1995 £'000	1994 £'000
Salary	81	69
Pension contribution	8	6
	<hr/>	<hr/>
	89	75
	<hr/>	<hr/>

The Chairman received no emoluments from the Company during the year (1994: nil).

The number of directors whose emoluments, excluding pension contributions, fell within the following ranges were as follows:

£	1995 Number	1994 Number
Nil - 5,000	5	4
65,001 - 70,000	-	1
80,001 - 85,000	1	-

The directors whose emoluments fell between nil and £5,000 in 1995 and 1994 received no remuneration in respect of services provided to the Company during the respective years.

6 Interest Payable / Receivable

Interest payable / receivable is due to short term borrowings from / to the parent company.

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

7 Tax On Loss On Ordinary Activities

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33 % (1994: 33 %)	(5,144)	(2,190)
Adjustments in respect of prior years	(266)	100
	<hr/>	<hr/>
	(5,410)	(2,090)
	<hr/>	<hr/>

The tax credit on the loss on ordinary activities of £5,410,000 (1994: £2,090,000) represents an amount receivable from the parent company in respect of the transfer of tax losses, at a tax rate of 33 %, under group relief provisions.

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

8 Tangible Fixed Assets

	Operating plant and buildings £'000	Other short term assets £'000	Total £'000
Cost			
At 3 April 1994	17,246	53	17,299
Additions	45,774	32	45,806
At 2 April 1995	63,020	85	63,105
Depreciation			
At 3 April 1994	(426)	(12)	(438)
Charge for year	(850)	(18)	(868)
At 2 April 1995	(1,276)	(30)	(1,306)
Net book value			
At 2 April 1995	61,744	55	61,799
At 3 April 1994	16,820	41	16,861

All of the additions during the period on operating plant and buildings (1994: £8,730,000) are in respect of assets under construction.

The net book value of freehold buildings as at 2 April 1995, included within operating plant and buildings, was £6,399,000 (1994: £1,421,000).

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

9 Debtors

	2 April 1995	3 April 1994
	£'000	£'000
Tax under group relief provisions	5,410	2,090
Prepayments	58	84
Trade debtors	950	950
Taxation and social security	44	-
Amounts owing from the parent company	-	6,270
	<hr/> 6,462	<hr/> 9,394
	<hr/> <hr/>	<hr/> <hr/>

Of the total debtors nil (1994: £18,000) are due after one year.

10 Creditors: Amounts Falling Due Within One Year

	2 April 1995	3 April 1994
	£'000	£'000
Amounts owing to the parent company	17,582	-
Trade creditors	780	1,353
Bank overdraft	-	223
Taxation and social security	-	164
Other creditors	8,904	6,401
	<hr/> 27,266	<hr/> 8,141
	<hr/> <hr/>	<hr/> <hr/>

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

11 Creditors: Amounts Falling Due After More Than One Year

	2 April 1995 £'000	3 April 1994 £'000
Amounts owing to the parent company	40,468	19,670
Other creditors	390	109
	<hr/>	<hr/>
	40,858	19,779
	<hr/>	<hr/>

The amounts owing to the parent company represent an unsecured loan repayable on 31 October 2003.

12 Deferred Taxation

An analysis of the full potential liability and the deferred taxation liability recognised at 2 April 1995 at 33 per cent (1994: 33 per cent) is as follows:

	Full potential liability £'000	Provision recognised £'000
Accelerated capital allowances		
At 3 April 1994	1,365	-
Movement in period	4,362	-
	<hr/>	<hr/>
At 2 April 1995	5,727	-
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No reversal of accelerated capital allowances is expected in the foreseeable future.

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

13 Pension Scheme Arrangements

The Company is a member of the PowerGen plc Group Scheme, and the Company's pension contributions are based on pension costs across the Group as a whole. The Group participates in the industry wide scheme, the Electricity Supply Pension Scheme (ESPS), for the majority of its employees. This scheme is of the defined benefit type, with assets invested in separate trustee administered funds.

An actuarial valuation of the ESPS is normally carried out every three years by the Scheme's actuary, who recommends the rates of contribution payable by each group participating in the scheme. In intervening years, the actuary reviews the continuing appropriateness of the rates. The latest actuarial valuation of the ESPS was at 31 March 1992.

Particulars of the actuarial valuation of the Group Scheme are contained in the accounts of PowerGen plc.

14. Share Capital

The share capital of the company comprises:

	2 April 1995 £'000	3 April 1994 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

POWERGEN CHP LIMITED

Notes to the financial statements for the year ended 2 April 1995

15 Reconciliation Of Movements In Shareholders' Funds

	1995 £'000	1994 £'000
Profit / (Loss) for the period	2,289	(1,509)
Net increase / (decrease) in shareholders' funds for the period	2,289	(1,509)
Opening shareholders' funds	(1,611)	(102)
Closing shareholders' funds	678	(1,611)

16 Ultimate Parent Undertaking

The Company is a wholly owned subsidiary undertaking of PowerGen plc, a Company registered in England and Wales. Copies of PowerGen plc's accounts are available by applying to:

D J Jackson
Company Secretary
PowerGen plc
53 New Broad Street
London
EC2M 1JJ

17 Commitments And Contingent Liabilities

At 2 April 1995, the Company had commitments of £24,640,000 (1994: £42,182,000) for capital expenditure and other project related expenditure, of which £8,622,000 (1994: £6,182,000) related to expenditure to be incurred after one year. A further £11,517,000 (1994: £7,944,000) had been approved by the directors but had not been contracted for.

POWERGEN CHP LIMITED

Directors' Statement of Responsibility

The Directors:

- acknowledge the legal requirement for the preparation of 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 and loss for that period;
- acknowledge their responsibility for maintaining adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements;
- confirm that applicable accounting standards have been followed;
- confirm that the financial statements have been prepared on a going concern basis.

POWERGEN CHP LIMITED

Report of the Auditors to the members of PowerGen CHP Limited

We have audited the accounts on pages 4 to 16.

Respective responsibilities of directors and auditors

As described on page 16, 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.

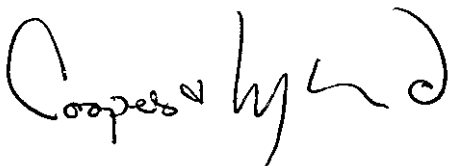
Basis of opinion

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 affairs of the Company at 2 April 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
24 May 1995