

Company Number 2730697

ACCOUNTS

For the year ended

31 March 1996



**YORKSHIRE COGEN LIMITED**

## REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31 March 1996.

## PRINCIPAL ACTIVITIES

To construct and operate Peaking and Combined Heat and Power (CHP) generating plants.

## REVIEW OF THE BUSINESS

During the year the two peaking plants continued to operate satisfactorily.

Two CHP plants were completed and became operational during the period at St James's Hospital, Leeds (June 1995) and A H Marks (January 1996).

## RESULTS AND DIVIDENDS

The results of the Company for the period are set out in detail on page 7. The Directors do not recommend the payment of a dividend.

## DIRECTORS

The Directors who served during the year were :

W J Wilkinson  
J R Heath

Other appointments and resignations since 31/03/96 :

K Eddington (appointed 03/06/96)  
T J Morris (appointed 24/06/96)  
P B Morgan (appointed 22/07/96, resigned 08/11/96)  
W J Wilkinson (resigned 22/07/96)  
J R Heath (resigned 22/07/96)  
J M Chatwin (appointed 12/11/96)

## DIRECTORS' INTERESTS

No Director had any interest in the shares of the Company at the beginning or the end of this year.

The interests of W J Wilkinson, as a Director of the immediate parent company, are disclosed in the financial statements of Yorkshire Electric Power Limited.

# YORKSHIRE COGEN Limited

## ANNUAL REPORT AND ACCOUNTS for Year ended 31 March 1996

### REPORT OF DIRECTORS (continued)

The interests of J R Heath in Yorkshire Electricity Group plc., the ultimate parent company were :-

Yorkshire Electricity Group plc  
Number of ordinary shares of 68.2p each  
(31 March 1995 56.8p) held at:-

	<u>31 March 1996</u>	<u>31 March 1995</u>
J R Heath	10,991	6,808

The share options granted to the Directors of the Company, other than Directors of the parent company, for shares in the ultimate parent company or its subsidiaries were :

Yorkshire Electricity Group plc  
Number of ordinary shares of 68.2p each  
(31 March 1995 56.8p) held at:-

	<u>31 March 1996</u>		<u>31 March 1995</u>	
	Executive Option Scheme	Sharesave Scheme	Executive Option Scheme	Sharesave Scheme
J R Heath	11,384	0	11,384	5,100

#### Sharesave Scheme

Price per share

£1.75, maturity March 1996

Price per share

£5.48

Period of option

At the end of 5 years

#### Executive Option Scheme

Price per share

£2.87 - £7.82

Period of option

3-10 years

**YORKSHIRE COGEN Limited**

**ANNUAL REPORT AND ACCOUNTS for Year ended 31 March 1996**

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**REPORT OF DIRECTORS (continued)**

**AUDITORS**

On 1 February 1996 our auditors changed the name under which they practice to Deloitte & Touche and accordingly have signed their audit report in their new name. A resolution for the re-appointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement which should be read in conjunction with the auditors' statement of respective responsibilities of Directors and auditors, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare 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 end and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on a going concern basis on pages 7 to 12, 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 Company and to prevent and detect fraud and other irregularities.

By order of the Board

*J. M. Davenport*

Secretary

25/11/96

## AUDITORS' REPORT TO MEMBERS

We have audited the financial statements on pages 7 to 12 which have been prepared under the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

As described on page 5 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 the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Registered Auditors

*4 December 1996*

East Parade  
Leeds

**YORKSHIRE COGEN Limited****ANNUAL REPORT AND ACCOUNTS for Year ended 31 March 1996****PROFIT & LOSS ACCOUNT for the Year ended 31 March 1996 (£'000s)**

	<u>Note</u>	<u>1996</u>	<u>1995</u>
<b>Turnover</b>	2	3,253	242
<b>Cost of Sales</b>		(1,548)	(118)
<b>Gross Profit</b>		<u>1,705</u>	<u>124</u>
<b>Administration Expenses</b>		(921)	(61)
<b>Profit on Ordinary Activities Before Taxation</b>	4	<u>784</u>	<u>63</u>
<b>Taxation on Profit on Ordinary Activities</b>	5	(424)	(193)
<b>Profit on Ordinary Activities After Taxation</b>		<u>1,208</u>	<u>256</u>
<b>Retained Profit for Year</b>	12	<u>1,208</u>	<u>256</u>

The notes on pages 9 to 12 form an integral part of these accounts.

All results relate to continuing operations. The results above represent all of the gains and losses recognised by the company during the year and the preceding year. Consequently a statement of recognised gains and losses is not required. In addition, there is no difference between the results presented above and the result on an unmodified historical cost basis, therefore a note of historical cost profits and losses is not required.

**YORKSHIRE COGEN Limited**

**ANNUAL REPORT AND ACCOUNTS for Year ended 31 March 1996**

**BALANCE SHEET as at 31 March 1996 (£'000s)**

	<u>Note</u>	<u>1996</u>	<u>1995</u>
<b>FIXED ASSETS</b>			
Tangible Assets	6	9,509	8,168
<b>CURRENT ASSETS</b>			
Stock	7	104	36
Debtors	8	<u>2,453</u>	<u>727</u>
		2,557	763
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(10,602)	(8,675)
<b>NET CURRENT LIABILITIES</b>		<u>(8,045)</u>	<u>(7,912)</u>
<b>NET ASSETS</b>		<u><u>1,464</u></u>	<u><u>256</u></u>
<b>FINANCED BY :-</b>			
Called up Share Capital	11	-	-
Reserves			
Profit & Loss Account	12	1,464	256
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><u>1,464</u></u>	<u><u>256</u></u>

The financial statements of the company were approved by the Board of Directors on  
25th November 1996

Signed on behalf of Board of Directors

  
Director

25/11/96  
Date

The notes on pages 9 to 12 form an integral part of these accounts.



## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

These financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies which the Directors have adopted are set out below.

#### (a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

#### (b) TANGIBLE FIXED ASSETS AND DEPRECIATION

No depreciation is provided on assets in the course of construction or freehold land. Additions during the year are depreciated in the month following the date of acquisition. The following assets lives have been applied:-

Generating Plant	20 years
Computer hardware and software	5 years

#### (c) STOCK

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

#### (d) ELECTRICITY DISCOUNTS

Up front electricity discounts paid to customers are treated as prepayments, the cost being amortised over the life of the contract.

#### (f) 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.

### 2. TURNOVER

Turnover represents sales of electricity, net of difference payments.

### 3. DIRECTORS AND EMPLOYEES

The Company has no direct employees (1995 - nil). None of the Directors received any remuneration from the Company (1995 - nil).

# YORKSHIRE COGEN Limited

## NOTES TO THE ACCOUNTS for the Year ended 31 March 1996

### NOTES TO THE ACCOUNTS (continued)

#### 4. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is arrived at after charging :

	1996 £'000s	1995 £'000s
Auditors' remuneration	3	3
Depreciation on owned assets	283	24

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000s	1995 £'000s
Group relief receivable from parent company	(388)	(193)
Prior year adjustment	(36)	0
	<u>(424)</u>	<u>(193)</u>

The tax credit arises as a result of deferred tax not provided (see note 10).

#### 6. TANGIBLE ASSETS

	Land £'000s	Computer Hardware & Software £'000s	Assets in Course of Construction £'000s	Generating Plant £'000s	Total £'000s
<u>Gross Capital Cost</u>					
As at 1 April 1995	0	0	5,807	2,385	8,192
Additions	13	39	1,572	0	1,624
Transfers	0	0	(7,089)	7,089	0
As at 31 March 1996	<u>13</u>	<u>39</u>	<u>290</u>	<u>9,474</u>	<u>9,816</u>
<u>Depreciation (note 1(b))</u>					
As at 1 April 1995	0	0	0	24	24
Charge for the year	0	4	0	279	283
As at 31 March 1996	<u>0</u>	<u>4</u>	<u>0</u>	<u>303</u>	<u>307</u>
<u>Net Book Value</u>					
As at 31 March 1996	<u>13</u>	<u>35</u>	<u>290</u>	<u>9,171</u>	<u>9,509</u>
As at 31 March 1995	<u>0</u>	<u>0</u>	<u>5,807</u>	<u>2,361</u>	<u>8,168</u>

# YORKSHIRE COGEN Limited

## NOTES TO THE ACCOUNTS for the Year ended 31 March 1996

### NOTES TO THE ACCOUNTS (continued)

#### 7. STOCKS

	1996 £'000s	1995 £'000s
Raw materials and consumables	104	36

#### 8. DEBTORS

	1996 £'000s	1995 £'000s
Trade Debtors	247	-
Group Debtors	1,155	230
Accrued Income	468	-
Other Debtors	507	415
VAT recoverable	76	82
	<u>2,453</u>	<u>727</u>

#### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000s	1995 £'000s
Trade Creditors	194	-
Amounts owed to group undertakings	9,929	8,520
Taxation	-	-
Accruals	479	155
	<u>10,602</u>	<u>8,675</u>

#### 10. DEFERRED TAXATION

In the opinion of the directors no provision is required for deferred taxation as at 31 March 1996 (1995 same.)

Unprovided deferred tax consists of :-

	1996 £'000s	1995 £'000s
Accelerated Capital Allowances	875	250

# YORKSHIRE COGEN Limited

## NOTES TO THE ACCOUNTS for the Year ended 31 March 1996

### NOTES TO THE ACCOUNTS (continued)

#### 11. SHARE CAPITAL

	1996 £	1995 £
Authorised: 100 Ordinary shares at £1 each	100	100
Allotted and fully paid up :		
2 Ordinary shares at £1 each	2	2
Total called up Share Capital per Balance Sheet	2	2

#### 12. PROFIT & LOSS ACCOUNT

	£'000s
As at 1 April 1995	256
Retained for Year	1,208
As at 31 March 1996	1,464

#### 13. CAPITAL COMMITMENTS

	1996 £'000s	1995 £'000s
Contracted but not provided in financial statements	0	1,060

#### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000s	1995 £'000s
Profit for year	1,208	256
Opening shareholders' funds	256	-
Closing shareholders' funds	1,464	256

#### 15. ULTIMATE PARENT COMPANY

In the opinion of the Directors the ultimate parent company is Yorkshire Electricity Group plc, being a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.