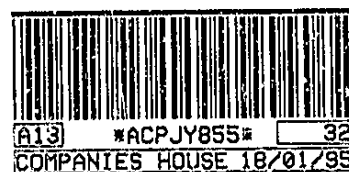


Registration No. 2746641

MIDLANDS ELECTRICITY RETAIL LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD TO 31 MARCH 1993 to 2 APRIL 1994



MIDLANDS ELECTRICITY RETAIL LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and Accounts for the period to 2 April 1994.

Principal activity

The principal activity of the Company has been that of electrical retail trading. At the end of the period the Company was dormant.

Business Review

The Company traded on 1 April 1993 only. Before trading commenced on that day, the Company purchased certain assets and liabilities of Midlands Electricity plc's retail business. After the close of business on that day, all assets and liabilities were transferred to Powerhouse Retail Limited (Powerhouse) the parent company, Powerhouse having purchased the Company's shares from Midlands Electricity plc.

Powerhouse Retail Limited is a joint venture company owned at 2 April 1994 by Eastern Electricity plc, Southern Electric plc and Midlands Electricity plc in the ratio 36%, 36% 28% respectively.

Profits and dividend

The results for the year show a profit for the period of £ nil. The Directors do not recommend the payment of a dividend.

Fixed assets

Movements on fixed assets are dealt with in note 5 to the accounts.

Directors and their interests

The Directors who served during the period ended 2 April 1994 were:-

RK Young	resigned	1 April 1993
RH Browne	resigned	1 April 1993
B Clayton		
E Bradley	appointed	23 July 1993
PL Chapman	appointed	23 July 1993

None of the Directors held any beneficial interests in the shares of the Company or of its parent, Powerhouse Retail Limited.

REPORT OF THE DIRECTORS (Continued)

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 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 4 to 8, 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.

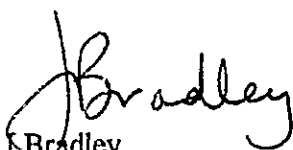
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

During the period Coopers & Lybrand resigned and the Directors appointed Price Waterhouse as the Company's auditors.

As the Company has been, in the opinion of the Directors a dormant company since 2 April 1993, a resolution will be put to the next AGM pursuant to section 250 of the Companies Act 1985 that auditors shall not be reappointed and the Company is exempt from the obligation to appoint auditors under section 384 of the Companies Act 1985.

By Order of the Board


J Bradley
Secretary

7 July 1994

Registered Office: Powerhouse, Talisman Road, Bicester, Oxon, OX6 0JX

MIDLANDS ELECTRICITY RETAIL LIMITED

Auditors report to the members of Midlands Electricity Retail Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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.

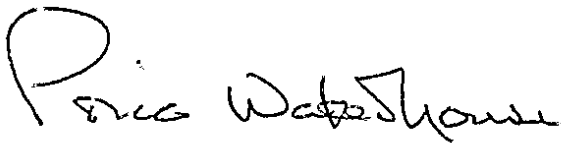
Basis of opinion

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 at 2 April 1994 and of the result 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

MIDLANDS ELECTRICITY RETAIL LIMITED

Profit and loss Account for the period ended 2 April 1994

	Period to 2 April 1994 £'000s	Period to 31 March 1993 £'000s
Turnover	195	-
Cost of sales	(118)	-
	<hr/>	<hr/>
Gross profit	77	-
Selling expenses	(57)	-
Administrative expenses	(20)	-
	<hr/>	<hr/>
Result for the period before and after taxation	<hr/> <hr/>	<hr/> <hr/>

There are no gains or losses in respect of the Company other than the results for the period reflected above.

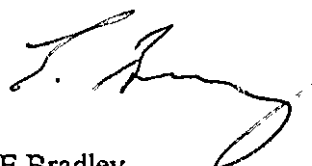
There is no difference between the reported result and the historical cost result on ordinary activities.

MIDLANDS ELECTRICITY RETAIL LIMITED

Balance sheet as at 2 April 1994

		2 April 1994 £'000s	31 March 1993 £'000s
Current assets	Note		
Debtors - amounts owed by parent undertaking		17,600	17,600
		<u> </u>	<u> </u>
Net assets		<u>17,600</u>	<u>17,600</u>
 Capital and reserves			
Called up share capital	6	-	-
Share premium account	7	17,600	17,600
		<u>17,600</u>	<u>17,600</u>

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



E Bradley
Director

There has been no movement in shareholders funds for the period ended 2 April 1994.

MIDLANDS ELECTRICITY RETAIL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 2 APRIL 1994

1. Accounting policies

Basis of preparation

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

Turnover

Turnover represents the invoice value of goods sold and other services provided exclusive of value added tax. Credit sale charges are apportioned over the period of the related sales agreements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. The charge for depreciation is calculated to write off leasehold buildings over the remaining lease period and fixtures and equipment over a period between four and seven years. No allowance is made for residual values.

2. Cash flow statement

The Company's parent company has produced a Group cash flow statement in accordance with Financial Reporting Standard 1 (FRS 1). Accordingly the Company, a wholly owned subsidiary, has elected to utilise the exemption provided in FRS 1 and not produce a cash flow statement.

3. Result for the period

The result for the period is stated after charging employment costs (note 4) of £46,000 and depreciation of £2,000. The auditor's remuneration, borne by the parent company, amounted to £400.

4. Directors and employees

The aggregate remuneration of employees comprised:

	£'000s
Wages and salaries	39
Social security costs	4
Other pension costs	3
	—
	46
	==

The average number of employees during the period of trading was 1200 (period to 31 March 1993 Nil)

No director received any emoluments during the period.

MIDLANDS ELECTRICITY RETAIL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 2 APRIL 1994

5. Tangible fixed assets

	Fixtures & equipment £'000s
<u>COST</u>	
At 1 April 1993	-
Additions	4,992
Disposals	(4,992)
	<hr/>
At 2 April 1994	-
	<hr/>
<u>DEPRECIATION</u>	
At 1 April 1993	-
Charge for the period	2
Disposals	(2)
	<hr/>
At 2 April 1994	-
	<hr/>
Net book value 1 April 1993	-
	<hr/>
Net book value 2 April 1994	-
	<hr/>

6. Called up share capital

	2 April 1994 £	31 March 1993 £
Authorised:		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid.		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

7. Share premium account

	£'000s
At 1 April 1993	17,600
Movement in period	-
	<hr/>
At 2 April 1994	<u>17,600</u>

MIDLANDS ELECTRICITY RETAIL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 2 APRIL 1994

8. Parent company

The parent company, which is the smallest and largest group preparing group accounts, is Powerhouse Retail Limited. The company is registered in England and the Group accounts may be obtained from Powerhouse, Talisman Road, Bicester, Oxon, OX6 0JX.