

Company Number: 2798178

SCARCROFT INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002



SCARCROFT INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and Financial Statements for the year ended 31 March 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company is as a holding company.

FUTURE PROSPECTS

It is intended that the Company will continue as a holding company.

On 3 April 2001, Innogy Finance Ltd acquired 94.75% of the issued share capital of Yorkshire Power Group Limited. Innogy Finance Ltd is a wholly-owned subsidiary of Innogy Holdings plc.

On 31 July 2001, Yorkshire Electricity Group plc (Yorkshire), an indirect wholly-owned subsidiary of Yorkshire Power Group Limited, entered into a Business and Share Sale Agreement with npower Yorkshire Limited and Innogy Holdings plc in respect of the sale and purchase of the supply business of Yorkshire and the whole of the issued share capital of certain companies of Yorkshire, including Scarcroft Investments Limited. Npower Yorkshire Limited, previously named Innogy Finance Limited, is the direct holding company of Yorkshire Power Group Limited. Npower Yorkshire Limited was an indirect wholly owned subsidiary of Innogy Holdings plc at the year-end.

On 27 May 2002 the RWE Group's offer to purchase the ultimate parent undertaking was accepted by shareholders. With effect from 17 July 2002, the ordinary shares of Innogy Holdings plc were no longer listed on the official list in the UK.

RESULTS AND DIVIDENDS

The results for the Company are set out in detail on page 4.

The Directors do not recommend the payment of a final dividend (2001 : Nil).

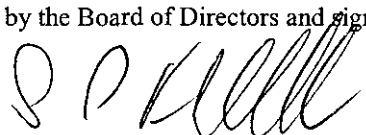
DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the period, at 31 March 2002 and since 31 March 2002 were as follows:-

<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>
Dr B M Count	3 April 2001	Still in office
Mr S P Fletcher	3 April 2001	Still in office

The Directors hold no beneficial interest in the ordinary share capital of the Company at 31 March 2002.

Approved by the Board of Directors and signed on behalf of the Board.


S P Fletcher
Director

Windmill Hill Business Park
Whitehill Way
Swindon
SN5 6PB

02 August 2002

SCARCROFT INVESTMENTS LIMITED

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 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 of the Company for the financial period.

The Directors consider that in preparing the financial statements on pages 4 to 10 on a going concern basis, 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.



KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

United Kingdom

Independent auditors' report to the members of Scarcroft Investments Limited

We have audited the financial statements on pages 4 to 10, which have been prepared under the accounting policies, set out in page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 any 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 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 August 2002

SCARCROFT INVESTMENTS LIMITED**Profit and Loss Account for the year ended 31 March 2002**

	Note	Year ended 31 March 2002 £000	Three months ended 31 March 2001 £000
Interest receivable and similar income	2	338	149
Interest payable and similar charges	3	(2,315)	(2,062)
Loss on ordinary activities before tax		<u>(1977)</u>	<u>(1,913)</u>
Taxation		-	-
Loss for the period	10	<u>(1,977)</u>	<u>(1,913)</u>
Reserves brought forward		(21,941)	(20,028)
Reserves carried forward		<u><u>(23,918)</u></u>	<u><u>(21,941)</u></u>

The results for both periods are in respect of continuing operations.

There are no recognised gains and losses other than the loss for the periods as disclosed above.

There is no difference between the results presented above and the results on an unmodified historical cost basis; therefore, a note of historical profits is not required.

SCARCROFT INVESTMENTS LIMITED

Balance Sheet as at 31 March 2002

	Note	31 March 2002 £000	31 March 2001 £000
Fixed assets			
Investments	5	-	-
Current assets			
Debtors (due within one year)	6	52,298	67,010
Debtors (due after more than one year)	6	-	4,167
		<u>52,298</u>	<u>71,177</u>
Creditors (amounts falling due within one year)	7	(76,216)	(88,951)
Net current liabilities		<u>(23,918)</u>	<u>(17,774)</u>
Total assets less current liabilities		<u>(23,918)</u>	<u>(17,774)</u>
Creditors (amounts falling due after more than one year)	7	-	(4,167)
Net liabilities		<u>(23,918)</u>	<u>(21,941)</u>
Capital and reserves			
Share capital	9	-	-
Profit and loss account		(23,918)	(21,941)
Total equity shareholders' funds	10	<u>(23,918)</u>	<u>(21,941)</u>

These financial statements were approved by the Board of Directors on 2 August 2002.

Signed on behalf of the Board of Directors.



S P Fletcher
Director

The notes on pages 6 to 10 form an integral part of these accounts.

SCARCROFT INVESTMENTS LIMITED

Notes to the accounts for the year ended 31 March 2002

1. Accounting policies

Basis of preparation

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

The financial statements have been prepared on a going concern basis, notwithstanding the company's net liability position, on the basis that its ultimate parent company as at 31 March 2002, (see note 13), has agreed to provide financial support for the foreseeable future.

Investments

Fixed asset investments are stated at cost or valuation less provision for impairment in value.

2. Interest receivable and similar income

	Year ended 31 March 2002 £000	Three months ended 31 March 2001 £000
Interest received from parent undertaking	338	149
Interest received from subsidiary undertakings	-	-
	<hr/> 338 <hr/>	<hr/> 149 <hr/>

3. Interest payable and similar charges

	Year ended 31 March 2002 £000	Three months ended 31 March 2001 £000
Interest payable to parent undertaking	2,315	1,913
Interest payable on other loans	-	149
	<hr/> 2,315 <hr/>	<hr/> 2,062 <hr/>

SCARCROFT INVESTMENTS LIMITED

Notes to the accounts for the year ended 31 March 2002 (continued)

4. Directors and employees

The Directors received no emoluments (2001 : Nil). There are no employees other than Directors (2001 : Nil).

5. Fixed asset investments

Principal subsidiary

	Class of capital	% Equity held	Principal activities
Yorkshire Energy Ltd	Ordinary	100	Gas investment and supply

The Company holds 102 (2001: 102) ordinary shares of £1 in Yorkshire Energy Ltd. The Company also holds 117,857 "A" ordinary shares of £1.20 in, and a loan of £858,000 to Royal Armouries (International) plc, both of which have been fully provided for.

6. Debtors

	31 March 2002 £000	31 March 2001 £000
Amounts owed by parent undertaking:		
Due within one year	52,298	3,876
Due after more than one year	-	4,167
Amounts owed by subsidiary undertakings	-	63,134
	<u>52,298</u>	<u>71,177</u>

SCARCROFT INVESTMENTS LIMITED**Notes to the accounts for the year ended 31 March 2002 (continued)****7. Creditors**

	31 March 2002 £000	31 March 2001 £000
Creditors (amounts falling due within one year):		
Bank Loan	-	3,876
Amounts owed to parent undertaking	76,216	84,847
Accruals	-	228
	<u>76,216</u>	<u>88,951</u>
Creditors (amounts falling after more than one year):		
Bank Loan	-	4,167
	<u>76,216</u>	<u>4,167</u>

Innogy plc unconditionally guarantees the due performance of the bank loan under the contract.

8. Borrowings

Outstanding borrowings are repayable as follows:

	31 March 2002 £000	31 March 2001 £000
Within one year, or on demand	-	3,876
Between one and two years	-	4,167
	<u>-</u>	<u>8,043</u>

This is repayable at a fixed rate of interest of 7.52%.

SCARCROFT INVESTMENTS LIMITED

Notes to the accounts for the year ended 31 March 2002 (continued)

9. Called up share capital

	31 March 2002 £	31 March 2001 £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. Reconciliation of movement in equity shareholders' funds - deficit

	Year ended 31 March 2002 £000	Three months ended 31 March 2001 £000
Opening equity shareholders' deficit	(21,941)	(20,028)
Loss for the year / period	(1,977)	(1,913)
Closing equity shareholders' deficit	<u>(23,918)</u>	<u>(21,941)</u>

11. Related party transactions

The Company has taken advantage of the exemptions included in Financial Reporting Standard No. 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions which are with entities that are part of the Innogy Group Plc.

12. Group accounts

The Company has taken advantage of the exemption from the requirement to present group accounts contained in section 228 of the Companies Act 1985 on the grounds that it is a wholly owned subsidiary of Innogy plc, a company registered in England and Wales. Accordingly the financial statements present information about the company as an individual undertaking and not as a group.

SCARCROFT INVESTMENTS LIMITED

Notes to the accounts for the year ended 31 March 2002 (continued)

13. Ultimate parent company

On 31 March 2001, the ultimate parent company, for which group accounts are prepared, is Yorkshire Power Group Limited, a company registered in England and Wales. From 3 April 2001, the ultimate parent company for which group accounts are prepared became Innogy Holdings plc. Copies of the group accounts for both companies are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

On 27 May 2002, the company's ultimate parent company became RWE AG, a company incorporated in Germany. Copies of the group financial statements are available from RWE AG, Operuplatz 1, D-45128, Essen, Germany.