

Homepower Retail Limited

Accounts 30 September 1999
together with directors' and auditors' reports

Registered number: 2806999



Directors' report

For the year ended 30 September 1999

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 September 1999.

Principal activities and business review

During the year, the rundown of the business continued. There were no trading activities.

Results and dividends

The results for the year are presented in the profit and loss account set out on page 4. The profit for the year has been transferred to reserves.

No dividend is proposed (1998 - £nil).

Directors and their interests

The directors who served during the year were:

A.N. Halford	(resigned 22 December 1998)
C.J. Boon	(resigned 22 December 1998)
C.A. Sawyer	
R. Dickinson	(appointed 15 July 1999)
D.J. Jackson	(appointed 22 December 1998)
R.G. Barber	(appointed 2 March 1999)

The directors who held office at 30 September 1999 had no interests required to be disclosed under Section 234 of the Companies Act 1985.

Year 2000

The directors have considered the trading status of the company and the possible risks arising from the Year 2000 date change. They have concluded that the Year 2000 date change is unlikely to have a significant impact on the business or these accounts.

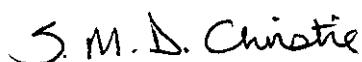
Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Wetherby Road
Scarcroft
Leeds
LS14 3HS

18 July 2000

By order of the Board



S.M.D. Christie
Secretary

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts; and*
- *prepare the accounts on the 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 the accounts 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 and detection of fraud and other irregularities.

To the Shareholders of Homepower Retail Limited:

We have audited the accounts on pages 4 to 9 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's directors are responsible for the preparation of the accounts 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.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

18 July 2000

Profit and loss account

For the year ended 30 September 1999

	Note	1999 £'000	1998 £'000
Movement on provision for loss on disposal of the retail business	2	546	3,073
Profit on ordinary activities before interest		546	3,073
Interest receivable		334	413
Profit on ordinary activities before taxation	3	880	3,486
Tax on profit on ordinary activities	5	242	(85)
Profit for the financial year		1,122	3,401
Accumulated deficit, brought forward		(55,536)	(58,937)
Accumulated deficit, carried forward		(54,414)	(55,536)

There were no recognised gains or losses other than the profit for the financial years shown above.

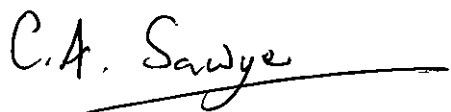
The results above all relate to discontinued activities.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
30 September 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Investments	6	<u>20</u>	<u>20</u>
Current assets			
Debtors	7	30	42
Cash at bank and in hand		<u>6,220</u>	<u>5,993</u>
		6,250	6,035
Creditors: Amounts falling due within one year	8	<u>(29,050)</u>	<u>(29,267)</u>
Net current liabilities		<u>(22,800)</u>	<u>(23,232)</u>
Total assets less current liabilities		<u>(22,780)</u>	<u>(23,212)</u>
Provisions for liabilities and charges	9	<u>(634)</u>	<u>(1,324)</u>
Net liabilities		<u>(23,414)</u>	<u>(24,536)</u>
Capital and reserves			
Called-up share capital	10	31,000	31,000
Profit and loss account		<u>(54,414)</u>	<u>(55,536)</u>
Equity shareholders' funds	11	<u>(23,414)</u>	<u>(24,536)</u>

The accounts on pages 4 to 9 were approved by the Board on 18 July 2000 and signed on its behalf by:



C. A. Sawyer

Director

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

30 September 1999

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are set out below.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The going concern basis has not been applied as the shareholders have decided to withdraw from the retail business. This decision has necessitated certain adjustments to the accounts to reduce assets to their recoverable amounts and to provide for additional liabilities.

b) Fixed asset investments

Fixed asset investments are stated at cost less any write downs for permanent diminutions in value.

c) Cash flow statement

The company is exempt from the requirement of FRS1 (Revised) "Cash flow statements" to include a cash flow statement as part of its accounts, because it falls into the category of a small company.

2 Movement on provision for loss on disposal of the retail business

Provision was made in prior years for costs incurred in disposing of the retail business. Adjustments to the provisions have been made in the current year based on revised estimates made by the directors.

	1999 £'000	1998 £'000
Release of unutilised provisions		
- Disposal of retail business	546	3,036
- Warranties and cancellations	-	37
	<hr/> 546	<hr/> 3,073

The remaining provisions are expected to be utilised within the next one to two years.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £'000	1998 £'000
Auditors' remuneration – audit services	<hr/> 5	<hr/> 5

Notes to the accounts (continued)

4 Staff costs

Directors' remuneration

No amounts were paid in respect of directors' remuneration for either the current or previous year.

All of the directors are also employees of the shareholders and are remunerated by them. None of the remuneration for these directors relates specifically to the provision of services to the company and consequently their emoluments are included as £nil.

There were no other employees.

5 Tax on profit on ordinary activities

The tax (credit) charge is based on the profit for the year and comprises:

	1999 £'000	1998 £'000
Corporation tax	-	132
Overprovision in prior year	(242)	(47)
(Credit) charge for the year	<u>(242)</u>	<u>85</u>

The corporation tax in the current and prior year has been settled by way of surrendered losses for no payment.

6 Fixed asset investments

	1999 £'000	1998 £'000
Cost		
Beginning and end of year	<u>20</u>	<u>20</u>

The investment comprises 20,000 £1 ordinary shares in Electricity Pension Trustees Limited.

7 Debtors

Amounts falling due within one year:

	1999 £'000	1998 £'000
VAT	6	3
Prepayments and accrued income	<u>24</u>	<u>39</u>
	<u>30</u>	<u>42</u>

Notes to the accounts (continued)

8 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1999 £'000	1998 £'000
Amounts due to parent undertakings	29,000	29,000
Other creditors	20	20
Taxation	-	242
Accruals	30	5
	<u>29,050</u>	<u>29,267</u>

9 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	1999 £'000	1998 £'000
Provision for loss on disposal of the retail business	<u>634</u>	<u>1,324</u>

Provision for loss on disposal of the retail business

The movement on the provision for loss on disposal of the retail business was as follows:

	1999 £'000	1998 £'000
Beginning of year	1,324	4,617
Amounts released in the year	(546)	(3,036)
Amounts utilised in the year	<u>(144)</u>	<u>(257)</u>
End of year	<u>634</u>	<u>1,324</u>

This provision has been established for the reasons specified in note 2.

Notes to the accounts (continued)

10 Called-up share capital

	1999 £'000	1998 £'000
<i>Authorised:</i>		
50,000,000 ordinary E shares of £1 each	50,000	50,000
50,000,000 ordinary Y shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called-up and fully-paid:</i>		
15,500,000 ordinary E shares of £1 each	15,500	15,500
15,500,000 ordinary Y shares of £1 each	15,500	15,500
	<u>31,000</u>	<u>31,000</u>

11 Reconciliation of movements in equity shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial period	<u>1,122</u>	<u>3,401</u>
	1,122	3,401
Opening equity shareholders' funds	<u>(24,536)</u>	<u>(27,937)</u>
Closing equity shareholders' funds	<u>(23,414)</u>	<u>(24,536)</u>

12 Contingent liabilities

The company may be impacted by the National Grid pensions case. It is possible that on the determination of the National Grid pensions case a liability of up to £2.5 million may arise.

13 Ultimate controlling party

The company is controlled equally by East Midlands Electricity (Distribution) Limited and Scarcroft Investments Limited.

The ultimate parent company of East Midlands Electricity (Distribution) Limited is PowerGen plc and the ultimate parent company of Scarcroft Investments Limited is Yorkshire Power Group Limited.