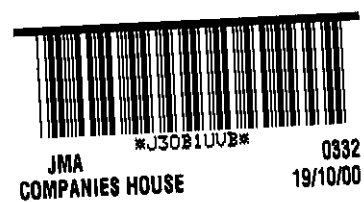


Company No.
2870840

SCARCROFT LEASING (SEP) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE 15 MONTHS ENDED
31 DECEMBER 1999



SCARCROFT LEASING (SEP) LIMITED

DIRECTOR'S REPORT

The Directors present their report and the audited financial statements for the 15 months ended 31 December 1999.

PRINCIPAL ACTIVITY

The company has ceased trading as an operating lessor.

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.

FUTURE PROSPECTS

During the period the company has wound down its operating lease activity. It is not envisaged that significant leasing will be undertaken in the future.

DIRECTORS AND DIRECTOR'S INTERESTS

The Directors who served during the period were as follows:-

A G Donnelly
R Dickinson

The Directors hold no beneficial interest in the ordinary share capital of the Company. Mr R Dickinson holds a non-beneficial interest in one 68²/₁₁p ordinary share in Yorkshire Electricity Group plc, a company in the same group.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors of the Company is to be proposed at the next Annual General Meeting.

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

S. M. D. Christie
17/10/00

S M D Christie
Company Secretary
Wetherby Road
Scarcroft
LEEDS
LS14 3HS

SCARCROFT LEASING (SEP) LIMITED

DIRECTOR'S REPORT continued

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 and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 9 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.

SCARCROFT LEASING (SEP) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 9 which have been prepared under 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 financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 assurances 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 the 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 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Leeds
LS1 2AJ

18 October 2000

SCARCROFT LEASING (SEP) LIMITED

PROFIT AND LOSS ACCOUNT

For the 15 months ended 31 December 1999

	Note	15 months ended 31 December 1999	Year ended 30 September 1998
		£	£
TURNOVER	2		
Discontinued operations		3,407	33,861
		<u>3,407</u>	<u>33,861</u>
Cost of Sales		<u>(10)</u>	<u>(37,110)</u>
GROSS PROFIT/(LOSS)		3,397	(3,249)
Administration expenses	3	<u>(365,478)</u>	<u>-</u>
Operating loss:			
Discontinued operations		<u>(362,081)</u>	<u>(3,249)</u>
		(362,081)	(3,249)
Interest receivable and similar income	4	<u>311,222</u>	<u>430,734</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(50,859)	427,485
Tax on (loss)/profit on ordinary activities	5	-	2,187,889
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>(50,859)</u></u>	<u><u>2,615,374</u></u>

The results for the financial period represent all of the gains and losses recognised by the Company during the period. In addition, there is no difference between the results presented above and the results on an unmodified historical cost basis, therefore, a note of historical cost profit or loss is not required.

The notes on pages 6 to 9 form an integral part of these accounts.

SCARCROFT LEASING (SEP) LIMITED

BALANCE SHEET

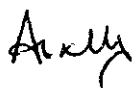
As at 31 December 1999

	Note	As at 31 December 1999 £	As at 30 September 1998 £
CURRENT ASSETS			
Investments	6	-	6,020,000
Debtors	7	7,080,034	1,115,071
Cash		8,488	7,322
		<u>7,088,522</u>	<u>7,142,393</u>
Creditors : amounts falling due within one year	8	(4,170,616)	(4,173,628)
NET CURRENT ASSETS		<u>2,917,906</u>	<u>2,968,765</u>
		<u>2,917,906</u>	<u>2,968,765</u>
CAPITAL AND RESERVES			
Called up share capital	10	10,000	10,000
Profit and loss account	12	<u>2,907,906</u>	<u>2,958,765</u>
Equity Shareholders' funds	11	<u>2,917,906</u>	<u>2,968,765</u>

These financial statements were approved by the Board of Directors on

17 October 2000

Signed on behalf of the Board of Directors



A G Donnelly - Director

The notes on pages 6 to 9 form an integral part of these accounts.

SCARCROFT LEASING (SEP) LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention and conform with the Companies Act 1985. The primary accounting policies adopted are described below.

(a) Turnover

Turnover represents finance charges allocated in respect of finance leases and rentals receivable in respect of operating leases.

(b) Operating Leases

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

Rental income under operating leases is credited to the profit and loss account in equal amounts over the period for the leases.

(c) 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.

NOTES TO THE ACCOUNTS (continued)

	15 months ended 31 December 1999 £	Year ended 30 September 1998 £
2 TURNOVER		
Operating lease rentals receivable	<u>3,407</u>	<u>33,861</u>
3 ADMINISTRATION EXPENSES		
Write off of amounts due from fellow subsidiaries	<u>(365,478)</u>	<u>-</u>
None of the Directors received any remuneration during the period. There were no other employees of the Company.		
4 INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable on short term deposits	<u>311,222</u>	<u>430,734</u>
5 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES		
Taxation is based on profits for the period and comprises:		
Corporation tax credit/(charge) @ 31%	-	-
Deferred taxation	-	-
Prior year adjustment	-	2,187,889
	<u>-</u>	<u>2,187,889</u>

No tax relief is attributable to the write off of amounts due from fellow subsidiaries (see note 3).

No tax charge arises for the period however as group relief will be claimed for which no payment will be made.

The prior period tax credit arose as the company had utilised group relief, for nil payment, from other group companies.

SCARCROFT LEASING (SEP) LIMITED

NOTES TO THE ACCOUNTS (continued)

	15 months ended 31 December 1999 £	Year ended 30 September 1998 £
6 INVESTMENTS		
Money market investments	<u>-</u>	<u>6,020,000</u>
7 DEBTORS		
Other debtors	-	1,975
Interest receivable	-	55,334
Amounts due from parent company	7,080,034	1,057,762
	<u>7,080,034</u>	<u>1,115,071</u>
8 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	-	1,422
Deferred Income	4,170,616	4,172,206
	<u>4,170,616</u>	<u>4,173,628</u>
9 OPERATING LEASE COMMITMENTS		
At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases for assets other than for land and buildings.		
Leases which expire:		
Within one year	<u>-</u>	<u>4,500</u>

SCARCROFT LEASING (SEP) LIMITED

NOTES TO THE ACCOUNTS (continued)

	As at 31 December 1999 £	As at 30 September 1998 £
10 CALLED UP SHARE CAPITAL		
Authorised:-		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted:-		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
(Loss)/profit for the financial period	(50,859)	2,615,374
Net (decrease)/increase in shareholders' funds	<u>(50,859)</u>	<u>2,615,374</u>
Opening shareholders' funds	2,968,765	353,391
Closing Shareholders' funds	<u>2,917,906</u>	<u>2,968,765</u>
12 PROFIT AND LOSS ACCOUNT		
At 30 September 1997 / 1998	2,958,765	343,391
(Loss)/profit for period	<u>(50,859)</u>	<u>2,615,374</u>
At 30 September 1998 / 31 December 1999	<u>2,907,906</u>	<u>2,958,765</u>
13 ULTIMATE PARENT COMPANY		

In the opinion of the Directors, the ultimate parent company at 31 December 1999 was Yorkshire Power Group Limited a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of that company are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ