

**HUMBERLAND LIMITED**  
**(formerly Minkbrook Limited)**

**Annual report**  
**for the period from 18 July 1994**  
**(date of incorporation) to 31 March 1995**

Registered no: 2949541

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# **HUMBERLAND LIMITED** **(formerly Minkbrook Limited)**

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## **Directors' report** **for the period from 18 July 1994** **(date of incorporation) to 31 March 1995**

The directors present their report and the audited financial statements for the period from 18 July 1994 (date of incorporation) to 31 March 1995.

### **Change of name**

The name of the company was changed to Humberland Limited by special resolution on 13 September 1994.

### **Principal activities**

The principal activity of the company is the development and construction of a power station at Stallingborough, South Humberside.

### **Review of business and future development**

Humberland Limited is a wholly owned subsidiary of Humber Power Limited. The company is engaged in the construction of a 750MW gas fired power station at Stallingborough, South Humberside.

A £520 million finance facility was signed on 22 September 1994 providing bank and lease finance.

Since financial close in September 1994 significant advances have been made in the construction of South Humber Bank Power Station.

ABB Power Generation Limited, who were awarded the turnkey contract to construct the 750MW Phase I power station, commenced civil works immediately following financial close. Many contracts in respect of the construction have already been awarded and ABB and its subcontractors have established an operational base on site at Stallingborough.

The National Grid Company have commenced construction of the banking compound and have concluded discussions with respect to easement rights for power supply connection to the national grid.

British Gas are finalising the route for their pipeline to transport gas to the site and are expected to commence construction works shortly.

The outturn for the project remains on schedule and within budget.

The Board and management of Humberland Limited remain focused on the key task of ensuring delivery of a commissioned and tested station in Spring 1997.

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Humberland Limited and its contractors have made a confident start to construction of this exciting power generation project and with the backing of its shareholders and bankers looks forward to significant developments in the year ahead.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend.

No profit and loss account has been presented as all costs incurred in the construction of the power station are being capitalised as explained in note 1.

The only transfer to reserves in the period is the surplus arising on the revaluation of the freehold land.

### **Directors**

The directors of the company at 31 March 1995, all of whom have been directors for the whole of the period ended on that date, unless otherwise stated, are listed below:

M Richards	(appointed 18 July 1994) (resigned 15 September 1994)
P Charlton	(appointed 18 July 1994) (resigned 15 September 1994)
K Huopalahti (Finnish)	(appointed 15 September 1994)
E Drewery	(appointed 22 September 1994)
J Bryant	(appointed 22 September 1994)
A Asakura (Japanese)	(appointed 22 September 1994)
J M Groves	(appointed 8 November 1994)

J M Groves was appointed as an alternate director to E Drewery.

### **Directors' interests**

No director had any interest in the shares or debentures of the company at 31 March 1995.

### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 5 to the financial statements.

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### **Taxation status**

The company is not a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial period.

### **Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 March 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

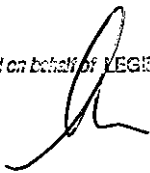
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

### **By order of the board**

*For and on behalf of LEGIBUS SECRETARIES LTD.*



Audited 01/01/95

**Legibus Secretaries**  
**Company secretary**

## **Report of the auditors to the members of HUMBERLAND LIMITED (formerly Minkbrook Limited)**

We have audited the financial statements on pages 5 to 13.

### **Respective responsibilities of directors and auditors**

As described on page 3 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.

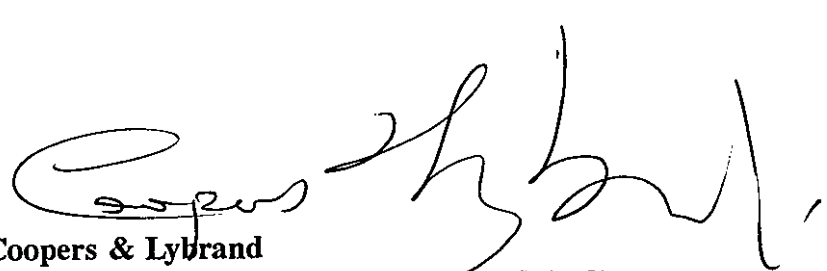
### **Basis of opinion**

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 at 31 March 1995 and of its total recognised gains for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
London

6 November 1995

# HUMBERLAND LIMITED

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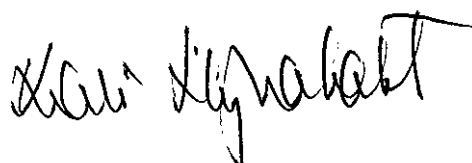
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## Balance sheet at 31 March 1995

	Notes	31 March 1995 £
<b>Fixed assets</b>		
Tangible assets	5	<u>279,373,882</u>
 Debtors: amounts due after one year	7	<u>1,419,438</u>
 <b>Current assets</b>		
Debtors	8	4,215,736
Cash at bank and in hand		972,362
		<u>5,188,098</u>
Creditors: amounts falling due within one year	9	<u>(1,067,769)</u>
 Net current assets		<u>4,120,329</u>
 Total assets less current liabilities		284,913,649
 Creditors: amounts falling due after more than one year	10	<u>(284,071,887)</u>
 Net assets		<u><u>841,762</u></u>
 <b>Capital and reserves</b>		
Called up share capital	11	100
Profit and loss account	12	-
Revaluation reserve	12	841,662
		<u>841,762</u>
 Equity shareholders' funds	13	<u><u>841,762</u></u>

The financial statements on pages 5 to 13 were approved by the board of directors on 2 November 1995 and were signed on its behalf by:

Director



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**Statement of total recognised gains and losses**

	31 March 1995 £
Profit for the period	-
Unrealised surplus on revaluation of land	841,662
Total gains recognised in the period	<u>841,662</u>

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### **Notes to the financial statements for the period from 18 July 1994 (date of incorporation) to 31 March 1995**

#### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, modified for the revaluation of certain fixed assets.

##### **Cash flow statement**

The company qualifies as a small company as defined by Section 247 of the Companies Act 1985, and is therefore exempt from the requirement to publish a cash flow statement.

##### **Tangible fixed assets**

Expenditure incurred in the development of the power station, including the cost of financing loans for the development, is capitalised and carried forward at cost. These costs are shown as "assets in the course of construction" until the power station becomes operational, at which point they will be reclassified as generating assets. These will be shown as "buildings" and "plant and machinery".

The costs of other tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned.

No depreciation will be charged on the power station until it becomes operational.

Freehold land is not depreciated.



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### **Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and for the construction lease both the capital and interest elements are capitalised during the period of construction. Assets held under finance leases will be depreciated from the commencement of the revenue streams over the shorter of the lease term and the useful life of equivalent owned assets.

### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## **2 Employee information**

The company does not employ any personnel other than the directors, however the employment costs of the two employees engaged by Humber Power Limited in February 1995 were recharged to Humberland Limited.

The total costs of their employment are disclosed in Humber Power Limited's financial statements.

The directors received no emoluments from the company during the period.

## **3 Auditors' remuneration**

Auditors' remuneration in the period was £4,000.

## **4 Tax on current activities**

There is no tax charge for the period due to the taxable losses incurred.

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## 5 Tangible fixed assets

	Leasehold property £	Freehold land £	Assets in the course of construction £	Total £
<b>Cost</b>				
At 18 July 1994	-	-	-	-
Additions	6,188	1,360,114	277,165,918	278,532,220
Surplus on revaluation	-	841,662	-	841,662
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 1995</b>	<b>6,188</b>	<b>2,201,776</b>	<b>277,165,918</b>	<b>279,373,882</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 18 July 1994	-	-	-	-
Charge for year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 1995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 1995	6,188	2,201,776	277,165,918	279,373,882
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £240,071,887 in respect of assets held under finance leases.

The freehold land was revalued on acquisition by the directors to reflect the market value of the land.

For details of interest and similar charges included in "assets in the course of construction" see note 6.

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## 6 Capitalised interest and similar charges

All interest, both payable and receivable, and similar charges arising out of the funding needed for the construction of the power station have been capitalised as part of fixed assets under "assets in the course of construction".

	Period from 18 July 1994 to 31 March 1995 £
Interest payable and similar charges	
On parent company loans, repayable within 5 years, not by instalments	1,905,205
On finance leases	6,267,091
On interest rate swaps	3,285,605
	<hr/>
	11,457,901
Less: interest receivable on cash balances	(106,863)
	<hr/>
Capitalised interest and similar charges	11,351,038
	<hr/> <hr/>

## 7 Debtors: amounts due after one year

	31 March 1995 £
Prepayments and accrued income	1,419,438
	<hr/> <hr/>

## 8 Debtors: amounts falling due within one year

	31 March 1995 £
Amounts due from parent company	2,555,510
Prepayments and accrued income	1,660,226
	<hr/>
	4,215,736
	<hr/> <hr/>

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## 9 Creditors: amounts falling due within one year

	31 March 1995 £
Trade creditors	1,001,926
Accruals and deferred income	65,843
	<u>1,067,769</u>

## 10 Creditors: amounts falling due after more than one year

	31 March 1995 £
Amounts due to parent company under loan agreements	44,000,000
Obligations under finance leases	240,071,887
	<u>284,071,887</u>

Fixed and floating charges exist over all the assets of the company to secure the financing liabilities of both the company and its parent company.

### Parent company loans

The loans from the parent company mature on dates between 3 January 1996 and 1 April 1996. However it is anticipated that these loans will be renewed for further periods until such time as this company is in a position to repay the loans. The interest rate on these loans is currently 10% but may vary when the loans are rolled over.

### Finance leases

The net finance lease obligations to which the company is committed are:

	1995 £
Between two and five years	25,264,000
Over five years	214,807,887
	<u>240,071,887</u>

The total value of leases repayable by instalments, any part of which falls due after more than five years is £240,071,887.

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## 11 Called up share capital

	31 March 1995 £
Authorised	
ordinary shares of £1 each	100
	<u>          </u>
Allotted, called up and fully paid	
ordinary shares of £1 each	100
	<u>          </u>

One subscriber share was issued on incorporation. The remaining 99 ordinary £1 shares were issued on 15 September 1994 at par for cash.

## 12 Revaluation reserve

	31 March 1995 £
At 18 July 1994	-
Surplus on revaluation of freehold land	841,662
	<u>          </u>
At 31 March 1995	841,662
	<u>          </u>

## 13 Reconciliation of movements in shareholders' funds

	31 March 1995 £
Initial share capital	1
Issue of additional share capital	99
Other recognised gains and losses	841,662
	<u>          </u>
Closing shareholders' funds	841,762
	<u>          </u>

## 14 Capital commitments

The company has signed various contracts in connection with the construction and financing of the power station. The budgeted construction cost which has been approved by the board of directors is £420 million.

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### **15 Contingent liabilities**

The company has entered into an interest rate swap as the fixed rate payer at a rate of 8.6% per annum. The amount payable or receivable under the agreement is recalculated quarterly based on the prevailing LIBOR rates and an agreed schedule of nominal principal amounts. The nominal principal amounts vary between £267 million and £365 million.

### **16 Ultimate parent company**

The directors regard Humber Power Limited, a company registered in England and Wales, as the ultimate parent company. Copies of parent company's consolidated financial statements are available by writing to the Secretary, 18 Savile Row, London, W1X 1AE