

**THAMES VALLEY POWER LIMITED**

**Registered Number 3041643**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**



**THAMES VALLEY POWER LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1999**

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**Directors**

Mr R Barnes (resigned 31 May 1999)  
Mr S J Bott  
Mr J L Norton  
Mr G W Welsh (resigned 30 June 1999)  
Mr G K Bauer  
Mr D Collison (resigned 20 August 1999)  
Mr A Norman (appointed 31 May 1999)  
Mr I A Smith (appointed 30 June 1999)  
Mr G Wingrove (appointed 20 August 1999)

**Secretary**

Mr R I Higson

**Registered Number**

3041643

**Auditors**

Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU

**Registered Office**

Templar House  
81-87 High Holborn  
LONDON  
WC1V 6NU

# **THAMES VALLEY POWER LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

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

### **ULTIMATE HOLDING COMPANY**

The Company is a 50/50 Joint Venture between The London Power Company Limited (a 100% beneficially owned subsidiary of London Electricity Group plc) and ATCO Power Generation Limited (a 100% beneficially owned subsidiary of Canadian Utilities Limited).

### **PRINCIPAL ACTIVITY**

The Company's principal activity is electrical power generation. It will continue in this activity for the foreseeable future.

### **RESULTS AND DIVIDEND**

The loss for the financial year was £8,845 (1998: £146,427). Further information is contained in the financial statements appended to this report.

The Directors do not recommend payment of a dividend.

### **FIXED ASSETS**

Details of the movements in fixed assets during the period are shown in Note 10 to the financial statements.

### **DIRECTORS**

Directors who held office during the period were as follows:-

Mr G K Bauer	
Mr R Barnes	(resigned 31 May 1999)
Mr J L Norton	
Mr S J Bott	
Mr G W Welsh	(resigned 30 June 1999)
Mr D Collison	(resigned 20 August 1999)
Mr A Norman	(appointed 31 May 1999)
Mr I A Smith	(appointed 30 June 1999)
Mr G Wingrove	(appointed 20 August 1999)
Mr I A Smith	(alternate to Mr G W Welsh until 30 June 1999)
Mr C Twa	(alternate to Mr G K Bauer until 30 June 1999)
Mr A Pullman	(alternate to Mr J Norton since 30 June 1999)
Mr P Rosenthal	(alternate to Mr I A Smith since 30 June 1999)

The Articles do not provide for the rotational retirement of directors.

### **DIRECTORS' INTERESTS**

None of the Directors has a contract of service with the Company.

There were no contracts of significance during or at the end of the financial period in which a director of the Company was materially interested.

There are no particulars or arrangements requiring disclosure pursuant to section 232 of the Companies Act 1985.

## DIRECTORS' SHAREHOLDINGS

No director or any connected person has an interest in the share capital of the Company.

## YEAR 2000

Many computer, digital storage and other systems express dates using only the last two digits of the year and thus require modification or replacement to function correctly for all dates before, during and after the Year 2000 and so avoid adverse safety, financial and operation consequences. This is a complex and pervasive issue. The operation of the company's business depends not only on its computer systems, but also to some degree on the extent to which the company's suppliers and customers are affected by Year 2000 related failures affecting their computer systems and businesses. This exposes the company to further risk in the event of a Year 2000 related failure affecting the company's suppliers and customers.

An extensive project, designed to address the risks associated with the Year 2000 date change on the company's business was undertaken by the company's parent undertaking, London Electricity plc. The programme incorporated not only in-house computer systems, but also included seeking confirmation from suppliers and customers on which the company's business operations depend to some degree.

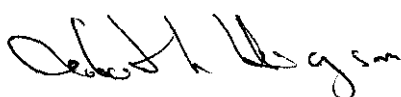
No Year 2000 related problems were experienced over the millenium weekend but, given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems, as yet unidentified, will remain. However, the Directors are confident that it will be able to provide resurces to deal promptly with any significant subsequent failures or issues that may arise.

## AUDITORS

On 13 January 2000 PricewaterhouseCoopers resigned as auditors and Ernst & Young were appointed by the board of directors.

A resolution for the re-appointment of Ernst & Young as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



R I Higson  
Company Secretary

23 October 2000

Registered Office:

Templar House  
81-87 High Holborn  
London WC1V 6NU

## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement sets out the responsibilities of the directors in relation to the financial statements.

Company law requires the directors to prepare financial statements for each financial year 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 financial statements, 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 financial statements;
- prepare the financial statements 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 that the financial statements 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.

# **THAMES VALLEY POWER LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF THAMES VALLEY POWER LIMITED**

We have audited the financial statements on pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

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

As described on page 5 the company's directors are responsible for the preparation of the financial statements 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 financial statements and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

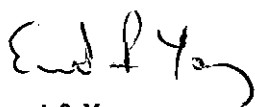
### **Basis of audit opinion**

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 affairs of the company as at 31 December 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young**  
**Registered Auditor**  
London  
30 October 2000

**THAMES VALLEY POWER LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	<b>Notes</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	2	4,656,273	5,122,585
Cost of sales		(2,286,134)	(2,591,071)
<b>Gross profit</b>		<u>2,370,139</u>	<u>2,531,514</u>
Net operating expenses	3	(1,904,869)	(1,678,376)
<b>Operating profit</b>	4	<u>465,270</u>	<u>853,138</u>
Interest receivable	7	45,489	46,307
Interest payable	8	(418,005)	(493,083)
<b>Profit on ordinary activities before taxation</b>		<u>92,754</u>	<u>406,362</u>
Tax on profit on ordinary activities	9	(101,599)	(552,789)
<b>Retained loss for the period</b>	18	<u><u>(8,845)</u></u>	<u><u>(146,427)</u></u>

The results of the Company relate entirely to continuing operations.

There are no recognised gains or losses other than the profit for the financial period and therefore no separate statement of total recognised gains and losses has been presented.

**THAMES VALLEY POWER LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 1999**

	Notes	31 December 1999 £	31 December 1998 £
<b>Fixed assets</b>			
Tangible assets	10	8,224,651	9,002,220
<b>Current assets</b>			
Stocks	11	36,408	82,946
Debtors	12	437,800	645,807
Cash at Bank		642,275	480,300
		1,116,483	1,209,053
<b>Current liabilities</b>			
Amounts falling due within one year	13	(1,245,353)	(1,458,246)
<b>Net current liabilities</b>		(128,870)	(249,193)
<b>Total assets less current liabilities</b>		8,095,781	8,753,027
<b>Amounts falling due after more than one year</b>			
Long term loans	14	(4,200,000)	(4,950,000)
Provisions for liabilities and charges	15	(1,238,589)	(1,136,990)
<b>Net assets</b>		2,657,192	2,666,037
<b>Capital and reserves</b>			
Share capital	17	2,020,000	2,020,000
<b>Reserves</b>			
Profit and loss account	18	637,192	646,037
<b>Equity shareholders' funds</b>	19	2,657,192	2,666,037

The financial statements on pages 7 to 15 were approved by the Board of Directors on  
23 October 2000 and signed on its behalf by:



S Bott  
Director



**THAMES VALLEY POWER LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
<b>Net cash inflow from continuing operating activities</b>	20	<u>1,564,763</u>	<u>2,014,800</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		45,489	46,307
Interest paid		(418,005)	(493,083)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(372,516)</u>	<u>(446,776)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(14,492)	(73,154)
<b>Net cash outflow from capital expenditure</b>		<u>(14,492)</u>	<u>(73,154)</u>
<b>Net cash inflow before financing</b>		<u>1,177,755</u>	<u>1,494,870</u>
<b>Financing</b>			
Loan repayments		(1,000,000)	(1,000,000)
<b>Net cash outflow from financing</b>		<u>(1,000,000)</u>	<u>(1,000,000)</u>
<b>Increase in cash</b>	21	<u><u>177,755</u></u>	<u><u>494,870</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

**1. ACCOUNTING POLICIES**

**Accounting conventions**

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

**Turnover**

Turnover arises entirely in the United Kingdom from the generation and supply of electricity and heat and is stated exclusive of value added tax.

**Tangible fixed assets**

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

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful economic lives. The straight line method is used.

Lives of depreciable assets are as follows:

Plant and equipment	15 years
Lease premium	15 years
IT equipment	3 years

**Stocks**

Stocks are stated at the lower of cost or net realisable value.

**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 is made for deferred taxation using the liability method only where it is anticipated to crystallise within the foreseeable future.

**Foreign currency**

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date unless covered by forward foreign exchange contracts, in which case the forward rate is used. Any differences are taken to the profit and loss account.

**Leases**

Rental costs and revenue under operating leases are charged to the profit and loss account in the period in which they are incurred.

**2. TURNOVER**

Turnover arises entirely in the United Kingdom.

**THAMES VALLEY POWER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

**3.NET OPERATING EXPENSES**

	1999	1998
	£	£
Continuing operations		
Operation and maintenance costs	1,600,462	1,401,011
Administrative costs	304,407	277,365
	<u>1,904,869</u>	<u>1,678,376</u>

**4. OPERATING PROFIT**

	1999	1998
	£	£
Operating profit is stated after charging the following:		
Depreciation	792,061	775,868
Amortisation of discount (see note 16)	3,547	3,547
Auditors' remuneration	<u>3,000</u>	<u>2,500</u>

**5. DIRECTORS' EMOLUMENTS**

No Director received remuneration from the Company during the period.

**6. EMPLOYEE INFORMATION**

The Company had no employees during the period.

**7. INTEREST RECEIVABLE**

	1999	1998
	£	£
Interest receivable on the bank deposit account	<u>45,489</u>	<u>46,307</u>

**8. INTEREST PAYABLE**

	1999	1998
	£	£
Interest due on the long term loans from The London Power Company Limited and ATCO Power Generation Limited.	417,945	492,945
Bank Interest	60	138
	<u>418,005</u>	<u>493,083</u>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999	1998
	£	£
Deferred taxation (see note 15)	101,599	552,789
	<u>101,599</u>	<u>552,789</u>

For the year ended 31 December 1999 the UK corporation tax charge was reduced by £0.1 million as a result of accelerated capital allowances. The tax loss of £210,475 for the year has been added to the tax losses brought forward to give a total tax loss of £955,103 which has been carried forward and is available for use against future profits.

THAMES VALLEY POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

10. FIXED ASSETS

	Plant and Equipment £	Lease Premium £	IT Equipment £	Total £
<b>Cost</b>				
As at 1 January 1999	10,152,722	1,390,000	65,132	11,607,854
Additions	11,869	-	2,623	14,492
At 31 December 1999	10,164,591	1,390,000	67,755	11,622,346
<b>Depreciation</b>				
As at 1 January 1999	2,281,391	316,589	7,654	2,605,634
Charge for the period	677,105	92,664	22,292	792,061
At 31 December 1999	2,958,496	409,253	29,946	3,397,695
<b>Net book value</b>				
At 31 December 1999	7,206,095	980,747	37,809	8,224,651
At 31 December 1998	7,871,331	1,073,411	57,478	9,002,220

11. STOCKS

	1999 £	1998 £
Raw materials and consumables	36,408	82,946

12. DEBTORS

	1999 £	1998 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	88,403
Prepayments and accrued income	424,240	538,733
Amounts owed by London Electricity plc	2,918	4,482
Unamortised discount (see note 16)	10,642	14,189
	437,800	645,807

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade creditors	83,306	9,618
Bank overdraft	9,339	25,119
Other taxation and social security	62,004	84,966
Amounts due to group undertakings	39,954	70,236
Accruals and deferred income	300,750	268,307
Current instalments due on long term loans from The London Power Company Limited and ATCO Power Generation Limited (see note 14)	750,000	1,000,000
	1,245,353	1,458,246

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following loans are repayable by 31 March 2004 in equal quarterly instalments. Interest on the principal amounts outstanding is charged at 7.5% per annum.

	1999 £	1998 £
The London Power Company Limited	2,475,000	2,975,000
ATCO Power Generation Limited	2,475,000	2,975,000
	<u>4,950,000</u>	<u>5,950,000</u>

The loans are to be repaid are as follows:

Repayable in less than one year	750,000	1,000,000
Repayable between two and five years	4,200,000	4,750,000
Repayable in over five years	-	200,000
	<u>4,950,000</u>	<u>5,950,000</u>

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current year are as follows:

	1999 £	1998 £
At 1 January	1,136,990	584,201
Charge for the year	101,599	552,789
At 31 December	<u>1,238,589</u>	<u>1,136,990</u>

Deferred taxation provided in the accounts is as follows:

	1999 £	1998 £
Capital allowances in advance of depreciation	1,238,589	1,136,990
Other	-	-
	<u>1,238,589</u>	<u>1,136,990</u>

There is no unprovided deferred taxation.

## 16. CONSORTIUM RELIEF

	1999 £	1998 £
<b>Discount</b>		
At 1 January	26,566	26,566
Tax value of losses surrendered during the year	-	-
Less: Consideration receivable	-	-
At 31 December	<u>26,566</u>	<u>26,566</u>
<b>Amortisation</b>		
At 1 January	12,377	8,830
Provided during the year	3,547	3,547
At 31 December	<u>15,924</u>	<u>12,377</u>
Net unamortised discount	<u>10,642</u>	<u>14,189</u>

THAMES VALLEY POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

17. SHARE CAPITAL

	1999 £	1998 £
<b>Authorised</b>		
1,500,000 'A' ordinary shares of £1 each	1,500,000	1,500,000
1,500,000 'B' ordinary shares of £1 each	1,500,000	1,500,000
	<u>3,000,000</u>	<u>3,000,000</u>
<b>Allotted, called up and fully paid</b>		
1,010,000 'A' ordinary shares of £1 each held by The London Power Company Limited	1,010,000	1,010,000
1,010,000 'B' ordinary shares of £1 each held by ATCO Power Generation Limited	1,010,000	1,010,000
	<u>2,020,000</u>	<u>2,020,000</u>

18. RESERVES

<b>Profit and Loss Account</b>	1999 £	1998 £
Balance at 1 January	646,037	792,464
Retained loss for the year	(8,845)	(146,427)
Balance at 31 December	<u>637,192</u>	<u>646,037</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Opening shareholders' funds	2,666,037	2,812,464
Loss for the year	(8,845)	(146,427)
Closing shareholders' funds	<u>2,657,192</u>	<u>2,666,037</u>

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
<b>Continuing operating activities</b>		
Operating profit	465,270	853,138
Depreciation on tangible fixed assets (see note 10)	792,061	775,868
Amortisation of discount (see note 16)	3,547	3,547
Decrease in stocks	46,538	52,066
Decrease in trade debtors	88,403	461,846
Decrease in prepayments and accrued income	114,493	9,232
Decrease/(increase) in amounts owed by London Electricity plc	1,564	(4,482)
Increase in trade creditors	73,688	5,139
Decrease in amounts owed to ATCO Power Generation Ltd	-	(97,163)
(Decrease)/increase in amounts due to group undertakings	(30,282)	40,226
(Decrease)/increase in other taxation and social security	(22,962)	30,273
Decrease in accruals and deferred income	32,443	(114,890)
<b>Net cash inflow from continuing operating activities</b>	<u>1,564,763</u>	<u>2,014,800</u>

# THAMES VALLEY POWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### 21. CHANGES IN CASH

	1999	1998
	£	£
At 1 January	455,181	(39,689)
Net cash inflow	177,755	494,870
At 31 December	<u>632,936</u>	<u>455,181</u>

	At 31 Dec 1999	1999 Change in year	At 31 Dec 1998	1998 Change in year	At 31 Dec 1997
	£	£	£	£	£
Cash at bank	642,275	161,975	480,300	480,300	-
Bank overdraft	(9,339)	15,780	(25,119)	14,570	(39,689)
	<u>632,936</u>	<u>177,755</u>	<u>455,181</u>	<u>494,870</u>	<u>(39,689)</u>

### 22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Increase in cash in the year	177,755
Cash to repay loan	1,000,000
Change in net debt	1,177,755
Net debt at 1 January 1999	(5,494,819)
Net debt at 31 December 1999	<u>(4,317,064)</u>

#### Analysis of change in net debt

	At 1 Jan 1999	Cash flows	Other changes	At 31 Dec 1999
	£	£	£	£
Cash in hand	480,300	161,975	-	642,275
Bank overdraft	(25,119)	15,780	-	(9,339)
Debt due within 1 year	(1,000,000)	1,000,000	(750,000)	(750,000)
Debt due after 1 year	(4,950,000)	-	750,000	(4,200,000)
Total	<u>(5,494,819)</u>	<u>1,177,755</u>	<u>-</u>	<u>(4,317,064)</u>

### 23. CAPITAL COMMITMENTS

There is no capital expenditure that has been contracted for but not provided for in the financial statements.

### 24. RELATED PARTIES

During the year, the cost of services provided to the company by London Electricity Services Ltd (a 100% subsidiary of London Electricity plc) was £187,581 (1998: £167,008). The balance outstanding at 31 December 1999 was £39,954 inclusive of VAT (1998: £70,236).