

WAINSTONES POWER LIMITED
Registered number: 3462783

DIRECTORS' AND FINANCIAL STATEMENTS

31 DECEMBER 1999



WAINSTONES POWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report together with the audited accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is the development of a gas fired electricity generating facility at Langage Energy Park in Plymouth, Devon.

The company's ultimate parent undertaking is Xcel Energy (formerly Northern States Power Company), a company incorporated in the United States of America.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Wainstones Power Limited was incorporated on 10 November 1997 with an issued share capital of £20. In addition, capital contributions totalling £3,048,728 (1998 £781,128) have been received in cash from NR Generating Holdings (No 11) B.V. during the year.

An application under Section 36 of the Electricity Act 1989 was submitted to the Secretary of State in June 1998. Consent for the project was granted in 2000 and commercial operations expected to commence in 2001.

NRG Energy Inc, an intermediate parent company, has undertaken to provide financial support in order that the company can meet its obligations as they fall due.

RESULTS AND DIVIDENDS

The profit and loss account for the period is set out on page 4. The directors do not recommend the payment of a dividend and the loss for the period of £2,234,606 (1998 £809,458) has therefore been deducted from reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period were as follows:

G S Stapleton
K Clarke
R J Brown
R J Will

None of the directors had a beneficial interest in the shares of the company during the period.

WAINSTONES POWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

AUDITORS

Our auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution to reappoint them, having previously been appointed by the Board to fill a casual vacancy, will be proposed at the Annual General Meeting.

By Order of the Board



R J Brown
Director

22 February 2001

Registered office:

Pickfords Wharf
Clink Street
London
SE1 9DG

PricewaterhouseCoopers
Queen Victoria House
PO Box 88
Guildhall Road
Hull HU1 1HH
Telephone +44 (0) 1482 224111
Facsimile +44 (0) 1482 327479
Direct fax 01482 327479

AUDITORS' REPORT TO THE MEMBERS OF WAINSTONES POWER 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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

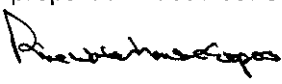
BASIS OF OPINION

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 judgments 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 the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

22 February 2001

WAINSTONES POWER LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1999

	Note	1999	1998 (14 months)
Administrative expenses		(2,264,964)	(809,458)
OPERATING LOSS		(2,264,964)	(809,458)
Interest	3	43,524	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(2,221,440)	(809,458)
Taxation	5	(13,166)	-
LOSS FOR THE PERIOD DEDUCTED FROM RESERVES	10	£(2,234,606)	£(809,458)

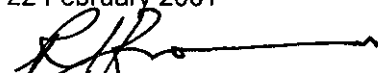
The company has no recognised gains or losses other than the loss for the period reported above.

WAINSTONES POWER LIMITED

BALANCE SHEET – 31 DECEMBER 1999

	Notes	1999	1998 (as restated) (note10)
FIXED ASSETS			
Tangible assets	6	-	287
CURRENT ASSETS			
Debtors	7	147,754	29,093
Cash at bank and in hand		1,005,569	107,040
		1,153,323	136,133
CREDITORS - Amounts falling due within one year	8	(367,511)	(164,730)
NET CURRENT ASSETS/(LIABILITIES)		785,812	(28,597)
TOTAL ASSETS LESS CURRENT LIABILITIES		£785,812	£(28,310)
CAPITAL AND RESERVES			
Called up share capital	9	20	20
Other reserves	10	3,829,856	781,128
Profit and loss account	10	(3,044,064)	(809,458)
EQUITY SHAREHOLDERS' FUNDS	11	£785,812	£(28,310)

APPROVED BY THE BOARD ON
22 February 2001



R J Brown
DIRECTOR

WAINSTONES POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(1) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(2) Development costs

Expenditure incurred during the development period of the power station is written off to the profit and loss account unless there is reasonable certainty that the project will generate future net revenues in excess of such development costs.

(3) Depreciation

Depreciation is provided by reference to cost at rates estimated to write off the relevant assets by equal instalments over their estimated useful lives as follows:

Office equipment	4 years
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(4) Deferred tax

Deferred taxation is provided on the liability basis to take account of the difference between the incidence of income and expenditure for accounting and taxation purposes to the extent that it is likely that a liability will crystallise in the foreseeable future.

(5) Cash flow statement

The company qualifies as a small company under the terms of Section 246 of the Companies Act 1985 and is therefore exempt from the requirement to prepare a cash flow statement.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	1999	1998 (14 months)
Auditors' remuneration – audit fees	£5,500	£4,675
	<u> </u>	<u> </u>

3 INTEREST

Interest receivable	£43,524	£-
	<u> </u>	<u> </u>

WAINSTONES POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

4 DIRECTORS AND EMPLOYEES

Under a consultancy agreement between NR Generating International BV, a fellow group company, Carlton Power and Messrs K Clarke and G Stapleton, Carlton Power agreed to provide the services of Messrs K Clarke and G Stapleton as directors of the company until 31 December 2000. Fees of £300,000 (1998 £225,000) were payable under the contract during the period, together with disbursements of £92,669 (1998 £39,978). Accruals and deferred income include £46,836 (1998 £29,000) payable under this contract.

No other remuneration was paid to any of the directors in the period.

The company has no employees. Staff are employed by Carlton Power, with appropriate recharges made to the company.

5 TAXATION

	1999	1998 (14 months)
UK corporation tax at 30%	£13,166	-

Unutilised pre-trading expenses of £3,074,422 are being carried forward to be offset against future profits, subject to approval by the Inland Revenue.

6 TANGIBLE FIXED ASSETS

	Office equipment
Cost	
31 December 1998	287
Disposals	(287)
31 December 1999	£-
Depreciation	
31 December 1998 and 31 December 1999	£-
Net book amount	
31 December 1999	£-

	1999	1998
Future capital expenditure		
Contract for	£-	£-

WAINSTONES POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

7	DEBTORS	1999	1998
	Other taxes	144,860	29,093
	Prepayments	2,894	-
		£147,754	£29,093

8	CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Trade creditors	152,555	131,055
	Accruals and deferred income	201,790	33,675
	Corporation tax	13,166	-
		£367,511	£164,730

9	CALLED UP SHARE CAPITAL	1998 and 1999
	Authorised	
	100 ordinary shares of £1 each	£100
	Allotted, called up and fully paid	
	20 ordinary shares of £1 each	£20

The company was incorporated with a called up share capital of £20 on 10 September 1997.

10	RESERVES	Profit and loss	Other
	At 1 January 1998 - as previously reported	(28,330)	-
	Prior year adjustment (see note below)	(781,128)	781,128
	As restated	(809,458)	781,128
	Loss for the period	(2,234,606)	-
	Capital contribution received	-	3,048,728
	At 31 December 1999	£(3,044,064)	£3,829,856

Other reserves consist of capital contributions received from the company's immediate parent undertaking, NR Generating Holdings (No 11) B.V. Contributions received in the prior period amounting to £781,128 were taken directly to the profit and loss account reserve. Capital contributions are now shown separately as other reserves and comparative figures have been adjusted accordingly.

WAINSTONES POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
Opening shareholders' funds	(28,310)	-
Loss for the period	(2,234,606)	(809,458)
Share capital subscribed	-	20
Capital contribution received	3,048,728	781,128
Closing shareholders' funds	£785,812	£(28,310)

12 PARENT UNDERTAKINGS

The company's immediate parent undertaking is NR Generating Holdings (No 11) B.V., a company incorporated in the Netherlands. The ultimate parent undertaking and controlling party is Xcel Energy (formerly Northern States Power Company), a company incorporated in the United States of America. Copies of the financial statements of Xcel Energy may be obtained from the company's registered office at 414 Nicollet Mall, Minneapolis, MN 55401.

NRG Energy Inc, an intermediate parent company, has undertaken to provide financial support in order that the company can meet its obligations as they fall due.

The company has taken advantage of the exemption available to a 90% subsidiary not to disclose related party transactions undertaken with other members of the Northern States Power group of companies.

