Registered Number 3486588

Slough Domestic Electricity Limited

Directors report and Accounts for the year ended 31 December 2005

Directors	A. R. Ellis J. Pebworth
Secretary	J. R. Probert FCIS
Registered Office and Head Office	234 Bath Road, Slough SL1 4EE
Registered Number	3486588

Directors' Report

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2005 which were approved by the board on 11th December 2006.

Business of the Company

The principal activities of the company are the supply and distribution of electricity. The company has performed in line with expectations. The directors are satisfied with the year end position.

Results and Dividends

The results for the year ended 31 December 2005 are set out on page 4. The directors do not recommend the payment of a dividend (2004: £NIL).

Directors

The present directors of the Company all of whom served throughout the year, unless otherwise stated, are as shown above.

Directors' Interests

None of the directors who were in office at 31 December 2005 had an interest in the shares of the company during the year.

The interests of J Pebworth and A R Ellis in the shares of Slough Estates plc are disclosed in the financial statements of Slough Heat & Power Limited.

Payment of Suppliers

It is the company's policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders.

Charitable, political and other donations

The Company made no charitable, political or other donations during the year.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at a General Meeting.

On behalf of the Board

J R Probert

J R Probert
Secretary

Slough Domestic Electricity Limited
Statement of Directors' responsibilities

UK 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 for that year. In preparing the 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 that the financial statements comply with IFRS ;

* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.*

By order of the Board

J. R. Probert

J.R.Probert
Secretary

11th December 2006

Slough Domestic Electricity Limited

Independent Auditor's Report to the members of Slough Domestic Electricity Limited

We have audited the financial statements Slough Domestic Electricity Limietd for the year ended 31 December 2005 which comprise the Income statement, Balance Sheet, Cash Flow Statement, Statement of Recognised Income and Expenses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements to be audited have been properly prepared in accordance with the Companies Act 1985. 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 other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2005 and of its profit and cashflows for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading
11th December 2006

Slough Domestic Electricity Limited
Income statement for the year ended 31 December 2005

	Note	2005 £000's	2004 £000's
Revenue	4	**799**	764
Income from sale of utilities and gas		**799**	764
Cost of sales		**(533)**	(583)
Net income from utilities and gas		**266**	181
Administrative expenses		**(175)**	(372)
Operating income / (expense)		**91**	(191)
Finance income	6	**17**	18
Profit / (loss) before tax		**108**	(173)
Taxation			
- current	7	**(28)**	52
- deferred	7	**-**	-
		(28)	52
Profit / (loss) for the period after tax		**80**	(121)
Attributable to equity shareholders		**80**	(121)

Slough Domestic Electricity Limited
Statement of recognised income and expense for the year ended 31 December 2005

	2005 £000's	2004 £000's
Profit / (loss) for the period	**80**	(121)
Total recognised income / (expense) for the period	**80**	(121)
Attributable to equity holders	**80**	(121)

Slough Domestic Electricity Limited
Balance Sheet as at 31 December 2005

	Note	2005 £000's	2004 £000's
Non-current assets			
Deferred tax asset	8	**1**	1
Total non-current assets		**1**	1
Current assets			
Trade and other receivables	9	**49**	42
Total current assets		**49**	42
Total assets		**50**	43
Non-current liabilities			
Borrowings	10	**81**	137
Total non-current liabilities		**81**	137
Current liabilities			
Trade and other payables	11	**19**	36
Total current liabilities		**19**	36
Total liabilities		**100**	173
Net deficit		**(50)**	(130)
Equity			
Called up ordinary share capital	12	**-**	-
Revenue reserve	14	**(50)**	(130)
Total equity	13	**(50)**	(130)

The financial statements on pages 4 to 14 were approved by the Board of directors and authorised for issue on 11th December 2006 and signed on its behalf by:

J Pebworth
Director

Slough Domestic Electricity Limited
Cash Flow Statement for the year ended 31 December 2005

	Note	2005 £000's	2004 £000's
Cash inflow/(outflow) generated from operations	15	67	(202)
Interest received		17	18
Tax (paid)/credit		(28)	52
Net cash inflow / (outflow) from operating activities		56	(132)
Cash flows from financing activities			
Net (decrease) / increase in borrowings from fellow subsidiaries		(56)	132
Net cash used in financing activities		(56)	132
Net (Decrease)/increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Slough Domestic Electricity Limited
Notes to the financial statements

1 General

Slough Domestic Electricity Limited is a limited company incorporated in England. The Company's ultimate holding company is Slough Estates plc (the Group) which is also incorporated in England.

These financial statements are presented in thousands and in sterling since that is the currency in which the majority of the Company's transactions are denominated. The financial statements have been prepared under the historical cost convention. A summary of significant accounting policies is shown in note 17.

2 Transition to International Financial Reporting Standards (IFRS)

On 1 January 2005 the Company, like its ultimate parent company Slough Estates plc, fully adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The standards are also collectively referred to as "IFRS". Previously, the financial statements were prepared under UK Generally Accepted Accounting Principles (UK GAAP). There is no impact on the financial statements from the adoption of IFRS *and hence no re-statement of comparatives figures is required.*

The Company's transition date for the adoption of IFRS is 1 January 2004 and its transition date for the implementation of IAS 32 *and IAS 39 dealing with financial instruments is 1 January 2005. These transition dates have been selected in accordance with* IFRS 1, "First-time adoption of International Financial Reporting Standards".

The Company is required to apply its IFRS accounting policies retrospectively to determine its opening IFRS balance sheet at the transition date of 1 January 2004 and the comparative information for the year ending 31 December 2005.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

3 Segmental analysis

For management purposes the Company is treated as a single entity all of whose activity is carried out in the United Kingdom. There is therefore no segmental information to be disclosed.

Slough Domestic Electricity Limited
Notes to the financial statements (continued)

4 Revenue

	2005 £000's	2004 £000's
Sale of electricity	**799**	764
Total revenue	**799**	764

5 Administrative expenses

Employees
There are no employees directly employed by the company (2004: Nil).

Audit Fees
Audit fees are borne by Slough Heat & Power Limited.

Directors' Remuneration

J Pebworth and A R Ellis are directors of Slough Heat and Power Limited, the company's intermediate parent company, and their remuneration is disclosed in the financial statements of that company.

6 Finance income

	2005 £000's	2004 £000's
Interest receivable from parent undertaking	**17**	18
	17	18

7 Taxation

	2005 £000's	2004 £000's
Current tax		
Provision for UK Corporation taxation based on profits for the year		
Corporation tax at 30 per cent (2004: 30 per cent)	**32**	(52)
Adjustments in respect of prior periods	**(4)**	-
Total current taxation charge / (credit)	**28**	(52)
Deferred tax		
Origination and reversal of timing differences	**-**	-
Total tax on profit on ordinary activities	**28**	(52)

Factors affecting the tax charge for the period
The tax is higher (2004: equal) than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £000's	2004 £000's
Profit / (loss) on ordinary activities before tax	**108**	(173)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation *tax in the UK of 30 per cent (2004 30 per cent)*	**32**	(52)
Effects of :		
Adjustment in respect of prior periods	**(4)**	-
	28	(52)

Slough Domestic Electricity Limited
Notes to the financial statements (continued)

8 Deferred tax assets

	2005 £000's	2004 £000's
Balance 1 January	1	1
Charge to the income statement	-	-
Balance 31 December	1	1

Deferred tax consists of accelerated capital allowances.

9 Trade and other receivables

	2005 £000's	2004 £000's
Trade and other receivables	**23**	13
Prepayments and accrued income	**26**	29
	49	42

There is no concentration of credit with respect to trade receivables as this risk is spread over a large number of customers. The directors consider that the carrying amount of the trade receivables and other receivables approximate their fair value.

10 Borrowings

	2005 £000's	2004 £000's
Amount owed to group companies	**81**	137
	81	137

Intercompany loans have no fixed repayment terms and are interest bearing at the Group UK *weighted average* cost of funds, 8.5% for the first six months and 7.0% for the remainder of year (2004: 8.5%). The parent company has agreed that it will not demand repayment of these loans within the next twelve months.

The directors are of the opinion that the fair values of amounts due to Group companies and amounts due from Group companies are equal to their carrying amount.

11 Trade and other payables

	2005 £000's	2004 £000's
Trade and other payables	**19**	36
	19	36

12 Share capital

	Authorised		Issued and fully paid	
	Shares	**£**	**Shares**	**£**
Ordinary shares of £1 each				
At 1 January 2005 and 31 December 2005	100,000	100,000	2	2
		100,000		2

Slough Domestic Electricity Limited
Notes to the financial statements (continued)

13 Statement of changes in equity

2005	Balance 1 January 2005 £000's	Retained profit for the period £000's	31 December 2005 £000's
Ordinary share capital	-	-	**-**
Revenue reserve	(130)	80	**(50)**
Total equity attributable to equity shareholders	(130)	80	**(50)**
Total equity	(130)	80	**(50)**

2004	Balance 1 January *2004* £000's	Retained loss for the period £000's	31 December *2004* £000's
Ordinary share capital	-	-	**-**
Revenue reserve	(9)	(121)	**(130)**
Total equity attributable to equity shareholders	(9)	(121)	**(130)**

14 Revenue reserve

	2005 £000's	2004 £000's
Balance at 1 January	**(130)**	(9)
Loss for the year	***80***	(121)
Balance at 31 December	**(50)**	(130)

15 Reconciliation of cash generated from operations

	2005 £000's	2004 £000's
Net operating income / (loss)	**91**	(191)
Changes in working capital:		
(Increase)/decrease in debtors	**(7)**	11
Decrease in creditors	**(17)**	(22)
Net cash inflow/(outflow) generated from operations	**67**	(202)

Slough Domestic Electricity Limited
Notes to the financial statements (continued)

16 Related party transactions

Transactions between the Company and Slough Estates plc group companies are disclosed below.

Group Company	Nature of transaction	2005 £'000	*Total* 2004 £'000
Slough Energy Supplies Limited	Cost of Sales	**(533)**	(47)
Slough Heat and Power Limited	Administration recharge	**(160)**	(359)

Significant balances outstanding between the Company and Slough Estates plc group companies are shown below:

Group Company	Amount receivable 2005 £'000	Amount receivable 2004 £'000	Amount payable 2005 £'000	Amount payable 2004 £'000
Slough Heat and Power Limited	**-**	-	**(81)**	(137)

None of the above balances are secured. All of the above transactions are made on terms equivalent to those that prevail in arms length transactions. The loan balance and finance charge whilst strictly coming from the immediate parent company, ultimately flow from the ultimate parent company.

17 Going Concern

The ultimate holding company has indicated its willingness to continue to support the company for the foreseeable future.

18 Summary of significant accounting policies

Basis of accounting
Prior to the introduction of IFRS, the Company had prepared its financial statements under United Kingdom accounting standards. As a result of adopting IFRS it has been necessary to change many of the Company's accounting policies and these are shown below.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment
The Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in income whenever the carrying amount of an asset exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows.

The recoverable amount of an asset is the greater of its net selling price and its value-in-use. The value-in-use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment of financial assets is based on the original effective interest rate attributable to the financial asset on acquisition.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

Borrowings
Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

Provisions
A provision is recognised in the balance sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.
Provision is made for dilapidations that will crystallise in the future where, on the basis of the present condition of the property, an obligation exists at the reporting date and can be reliably measured. The estimate is revised over the remaining period of the lease to reflect changes in the condition of the building or other changes in circumstances. The estimate of the obligation takes account of relevant external advice.

Trade and other payables
Trade and other payables are stated at cost.

Income tax
Income tax expense represents the sum of the tax currently payable and deferred tax.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets are not recognised if the temporary differences arise from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company is entitled to settle its current tax assets and liabilities on a net basis.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those other business segments

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved

Exceptional items

These are significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance.

New standards

IFRS 6 and 7 and IFRIC 4,5,6,7,8 and 9 have been issued but are not effective for the year ended 31 December 2005. It is believed that they will not have a material impact on the financial statements on initial application.

Share capital

Ordinary shares are classed as equity. External costs directly attributable to the issue of new shares are shown in equty as a deduction, net of tax, from the proceeds.

Revenue

Revenue comprises amounts arising from the supply and distribution of electricity.

19 Restatement for International Financial Reporting Standards

The company's income statement, balance sheet and equity were unaffected by the transition to IFRS.