

**Innogy Market Solutions Limited**  
*(formerly Energy Direct Midlands Limited)*

**Directors' report and financial  
statements**

Registered number 3696615

31 March 2002



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Independent auditors' report to the members of Innogy Market Solutions Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

For the year ended 31 March 2002

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 March 2002.

### Principal Activities and Business Review

Innogy Market Solutions Limited changed its name from Energy Direct Midlands Limited on 5 September 2001. The company is a 100% subsidiary of Innogy plc, itself a 100% subsidiary of Innogy Holdings plc, a UK quoted company and one of the UK's leading integrated energy businesses. Innogy Market Solutions Limited began trading on 1 December 2001 and acts as an agent for Innogy plc in arranging commodity deals in actively traded energy markets.

### Results and Dividends

The audited financial statements for the year ended 31 March 2002 are set out on pages 5 to 9. The profit for the year was £18,418.

The company did not trade during 2001 and therefore had no profit or loss for the period.

The Directors do not recommend the payment of a final dividend.

### Directors

The Directors who served during the year were as follows:

	Date of appointment	Date of resignation
Dr B A Senior	6 September 2001	
D J Peach	6 September 2001	
A Ahmed		14 September 2001
J A Keene		14 September 2001

The Directors do not have any interests in the shares of Innogy Market Solutions Limited.

Directors interests in Innogy Holdings plc:

	No.	Date granted	Exercise price	Exercise Date
<b>Dr B A Senior</b>				
(a) Ordinary Shares of 10p each of Innogy Holdings plc	3,918	N/a	N/a	N/a
(b) Executive Share Options	9,623	30/11/1994	191.49p	1997 to 2004
	10,666	13/12/1995	174.36p	1998 to 2005
	11,426	23/12/1996	184.09p	1999 to 2006
	10,036	02/12/1997	219.90p	2000 to 2007
	12,585	01/12/1998	200.83p	2001 to 2008
Held at 31/3/02	54,336			
(c) Sharesave Options	7,283	03/10/2000	133.00p	2006
<b>D J Peach</b>				
Sharesave Options	6,012	28/12/01	158.00p	2004

The closing market price of Innogy Holdings plc shares at 31 March 2002 was 270p and the range for the year ended that date was 192p to 270p. No Executive Share Options granted to directors lapsed during the year. The register of directors' interests, which is open to inspection, contains full details of directors' shareholdings

**Gains made on Directors' Share Options**

Since the year end BA Senior has reduced his interest in the share capital of Innogy Holdings plc by 3,918 shares and exercised 54,336 share options. This has realised a gain of £65,794.

Since the year end D J Peach has exercised 6,102 share options. This has realised a gain of £7,094.

By order of the Board

A handwritten signature in black ink, appearing to read 'D Peach', written over the printed name.

**Derek Peach**

28 June 2002

## **Statement of directors' responsibilities**

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 period.

In preparing those accounts, 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; and
- prepare financial statements on the going concern basis unless it is appropriate 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.

## KPMG Audit Plc

PO Box 695

8 Salisbury Square

London EC4Y 8BB

### **Independent auditors' report to the members of Innogy Market Solutions Limited**

We have audited the accounts on pages 5 to 9.

#### **Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the accounts. As described on page 3 this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are 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 accounts, 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 with the group is not disclosed.

#### **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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**

*Chartered Accountants*

*Registered Auditor*

28 June 2002

**Profit and loss account**  
*for the period ended 31 March 2002*

	<i>Note</i>	<b>2002 £</b>
<b>Turnover</b>	<b>2</b>	<b>201,719</b>
<b>Operating costs</b>		
Other operating costs		<u>(175,408)</u>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>26,311</b>
Taxation	<b>5</b>	<u>(7,893)</u>
<b>Profit on ordinary activities after taxation</b>		<b>18,418</b>
Dividend	<b>6</b>	<u>-</u>
<b>Retained profit for the period</b>	<b>10</b>	<u><b>18,418</b></u>

There are no other reported gains and losses of the company.

The company did not trade in 2001 and therefore have not disclosed comparatives.

There are no discontinued activities.

The accounting policies and notes on pages 7 to 9 form an integral part of these accounts.

**Balance sheet**  
*at 31 March 2002*

	<i>Note</i>	<b>2002</b> £	<b>2001</b> £
<b>Current assets</b>			
Debtors: recoverable within one year	7	26,313	2
Cash at bank and in hand		<u>200,000</u>	<u>-</u>
		<b>226,313</b>	<b>2</b>
 <b>Creditors: amounts falling due within one year</b>	 8	 <u>(7,893)</u>	 <u>-</u>
<b>Net current assets</b>		<b>218,420</b>	<b>2</b>
 <b>Net assets</b>		 <u><b>218,420</b></u>	 <u><b>2</b></u>
 <b>Capital and reserves</b>			
Called up share capital	9	200,002	2
Profit and loss account	10	<u>18,418</u>	<u>-</u>
 <b>Equity shareholders' funds</b>	 10	 <u><b>218,420</b></u>	 <u><b>2</b></u>

The accounts were approved by the Board of Directors on 28 June 2002 and signed on their behalf by:

Derek Peach

Director



The accounting policies and notes on pages 7 to 9 form an integral part of these accounts.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently, except as noted below, in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation of accounts*

The financial statements of Innogy Market Solutions Limited are prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Company has taken advantage of the exemption in FRS 1 (Revised 1996) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary company of Innogy plc. Following adoption of FRS 18 "Accounting Policies" the company has reviewed its accounting policies to ensure they are appropriate.

#### *Turnover*

Turnover comprises commissions charged to Innogy plc for dealing and arranging services performed in the energy commodity market.

### 2 Segmental analysis

The company operates only in the UK and has one class of business.

### 3 Profit on ordinary activities before taxation

Profit is stated after charging	2002 £
Parent company re-charges	175,408

Included within parent company re-charges is £3,333 in respect of auditors' remuneration.

### 4 Directors' and employees remuneration

#### *(a) Directors' remuneration*

None of the directors received any remuneration during 2002 or 2001 in respect of their services to the company.

#### *(b) Employees' remuneration*

Employees are contracted to Innogy plc and are not employed directly by Innogy Market Solutions Limited. Staff costs of £142,971 (2001: £nil) are included within the re-charge from Innogy plc.

## Notes (continued)

### 5 Taxation on profit on ordinary activities

	2002
	£
UK Corporation tax at 30% based on profits for the year	<u>7,893</u>

### 6 Dividends

There were no dividends paid in 2002.

### 7 Debtors

	2002	2001
	£	£
Due from parent company	<u>26,313</u>	<u>2</u>

### 8 Creditors: amounts falling due within one year

	2002	2001
	£	£
Corporation tax payable	<u>7,893</u>	<u>-</u>

### 9 Share capital

	Authorised Ordinary Shares of £1	£	Issued and fully paid Ordinary Shares of £1	£
Balance at 1 April 2001	1,000	1,000	2	2
Increase in authorised share capital	999,000	999,000	-	-
Issue of shares to Innogy plc	-	-	200,000	200,000
Balance at 31 March 2002	<u>1,000,000</u>	<u>1,000,000</u>	<u>200,002</u>	<u>200,002</u>

The company increased its authorised share capital by 999,000 on 1 December 2001.

On 1 December 2001 the company issued 200,000 ordinary shares at par to fund its continuing activities.

## Notes (continued)

### 10 Reconciliations of movements in shareholders' funds

	Share Capital	Profit and Loss	2002 Total	2001 Total
	£	£	£	£
Balance at 1 April 2001	2	-	2	2
Profit for the financial year/period	-	18,418	18,418	-
Issue of shares	200,000	-	200,000	-
Balance at 31 March 2002	200,002	18,418	218,420	2

### 11 Ultimate holding company

The largest and smallest group in which the results are consolidated is headed by Innogy Holdings plc, the ultimate parent undertaking. Innogy Holdings plc is registered in England and Wales and copies of the accounts may be obtained from Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire SN5 6PB.