

REGISTERED NO.
4094263

South Wales Electricity Limited

Accounts for the year ended 31 March 2004

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South Wales Electricity Limited

Report of the Directors

The Directors present their report together with the audited Accounts for the period ended 31 March 2004.

1. Principal Activities

The Company's principal business is to act as an investment holding company.

2. Future Prospects

The Directors do not anticipate any changes in activities in the forthcoming period.

3. Share Capital

The Company's authorised share capital is £1,000 divided into 1,000 shares of £1 each.

4. Dividends

The Company made neither a profit nor a loss in the year to 31 March 2004 (2003 - nil). The Directors do not recommend the payment of a dividend (2003 - nil).

5. Directors

The Directors who served during the year were as follows: -

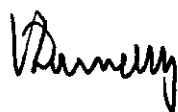
Vincent Donnelly
Alistair Phillips-Davies
David Sigsworth

6. Directors' interests in Ultimate Holding Company

The interests of Alistair Phillips-Davies and David Sigsworth in the shares of the Company's ultimate holding company, Scottish and Southern Energy plc, are noted in the accounts of Scottish and Southern Energy plc. The interests of Vincent Donnelly in Scottish and Southern Energy plc are as follows:

	31 March 2004		1 April 2003	
	No. of shares beneficially held	No. of shares under option	No. of shares beneficially held	No. of shares under option
Vincent Donnelly	21,286	27,628	19,302	25,485

ON BEHALF OF THE BOARD



Vincent Donnelly
Company Secretary
10 January 2005

South Wales Electricity Limited

Directors' Responsibilities for Preparation of the Accounts

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the auditors' report on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the Accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The directors are required to use a going concern basis in preparing the Accounts unless this is inappropriate.

The directors consider that, in preparing the Accounts on pages 4 to 6, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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 Accounts comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

South Wales Electricity Limited

Independent Auditors' Report to the Members of South Wales Electricity Limited

We have audited the Accounts on pages 4 to 6.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 financial statements give a true and fair view and whether the accounts 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 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 Company 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 accounts give a true and fair view of the state of affairs of the Company as at 31 March 2004 and of its result for the year then ended and the accounts have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
10 January 2005

South Wales Electricity Limited

Balance Sheet as at 31 March 2004

	Note	2004 £	2003 £
Fixed assets:			
Other investments	3	51	51
Current assets: Debtors			
Amounts due by SSE Energy Supply Ltd		1	1
Creditors: Amounts falling due after more than one year			
Amount owed to parent undertaking		(51)	(51)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	4	1	1
Equity shareholders' funds		<u>1</u>	<u>1</u>

These Accounts were approved by the Directors on 10 January 2005 and signed on their behalf by



Vincent Donnelly, Director

South Wales Electricity Limited

Notes on the Accounts for the year ended 31 March 2004

1. Principal accounting policies

Basis of accounting

The Accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Scottish and Southern Energy plc, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group.

2. Directors', staff and auditors' remuneration

No Director received remuneration in respect of their service to the Company (2003 - nil). There were no staff employed during the period (2003 - nil). During the year, the Company did not incur an audit fee (2003 - £nil).

3. Fixed asset investments

	At 1 April 2003 and 31 March 2004 £
Other investment	51
	<u>51</u>

Details of the Company's investments are as follows:

Company	Holding	Proportion Held	Nature of Business
NFPA Holdings Ltd	Ordinary shares	8.35%	Holding Company
St Clements Services Ltd	Ordinary shares	12.5%	Electricity consultant services

South Wales Electricity Limited

Notes on the Accounts for the year ended 31 March 2004

4. Share capital

	31 March 2004	31 March 2003 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and called up:		
1 ordinary share of £1	<u>1</u>	<u>1</u>

5. Ultimate holding company

The Company's ultimate holding company is Scottish and Southern Energy plc, a company registered in Scotland. Accounts of Scottish and Southern Energy plc are available from Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.