

Registered No.
165387

HE Leasing Limited
(formerly Dunwilco (506) Limited)

Accounts for the period from 3 May 1996 (date of incorporation)
to 31 March 1997

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**HE Leasing Limited
(formerly Dunwilco (506) Limited)**

**Directors' Responsibilities
for Preparation of the Accounts**

The following statement, which should be read in conjunction with the auditors' 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 consider that in preparing the Accounts on pages 4 and 5, 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 required to use a going concern basis in preparing the Accounts unless this is inappropriate.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the Accounts comply with the Companies Act 1985.

The Directors have 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.

HE Leasing Limited
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Report of the Auditors to the Members of
HE Leasing Limited

We have audited the Accounts on pages 4 and 5.

Respective Responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts and to report our opinion to you.

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 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 the Company's affairs as at 31 March 1997 and of its result for the period from 3 May 1996 (the date of incorporation) to 31 March 1997 and have been properly prepared in accordance with the Companies Act 1985.



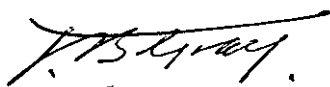
KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh and Dundee
12 June 1997

HE Leasing Limited
(formerly Dunwilco (506) Limited)

Balance Sheet as at 31 March 1997

	Note	1997 £
Current assets		
Debtors		
Amounts due by Scottish Hydro-Electric plc		<u>2</u>
Net assets		<u>2</u>
Capital and reserves		
Called up share capital	2	<u>2</u>
		<u>2</u>

These Accounts were approved by the Board of Directors on 12 June 1997 and signed on their behalf by



J B Gray, Finance Director

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Notes on the Accounts
for the Year Ended 31 March 1997

1. Cash Flow Statement

A cash flow statement is not presented as the Company is a wholly owned subsidiary undertaking of Scottish Hydro-Electric plc, whose accounts include a consolidated cash flow statement dealing with the cash flows of the group.

2. Called Up Share Capital

	1997 £
Authorised:	
1,000 ordinary shares of £1 each	<u>1,000</u>
Allotted and called up:	
2 ordinary shares of £1 each	<u><u>2</u></u>

3. Ultimate Parent Company

The Company's ultimate parent company is Scottish Hydro-Electric plc, a company registered in Scotland. Accounts of Scottish Hydro-Electric plc are available from 10 Dunkeld Road, Perth, PH1 5WA.