

Company Registration No. 3245301 (England and Wales)

ENERGY SUPPLIES UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



ENERGY SUPPLIES UK LIMITED

COMPANY INFORMATION

Directors	B Bellis D J Guest
Secretary	D J Guest
Company number	3245301
Registered office	Packsaddle Wrexham Road Rhostyllen Wrexham LL14 4EH
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB

ENERGY SUPPLIES UK LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 10

ENERGY SUPPLIES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and financial statements for the year ended 31 March 2004.

Principal activities and review of the business

The company sold its customer base on 25 March 2002 and ceased to sell energy, having transferred all its customers to other suppliers. Discontinuance costs are shown as exceptional items in the profit and loss account.

Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

Future developments

The company continues to collect outstanding trade debts. Once this process has been completed it will cease to trade, having settled all third party liabilities.

Directors

The following directors have held office since 1 April 2003:

B Bellis

D J Guest

Directors' interests

None of the directors have any beneficial interest in the share capital of the company. The directors beneficial interests in the share capital of the ultimate parent company, Dee Valley Group plc., are disclosed within those accounts.

No director has any right to subscribe for shares in, or debentures of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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 judgements and estimates that are reasonable and prudent;
- 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.

On behalf of the board



D J Guest

Director

11 June 2004

ENERGY SUPPLIES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENERGY SUPPLIES UK LIMITED

We have audited the financial statements of Energy Supplies UK Limited on pages 3 to 10 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 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 transactions with the company is not disclosed.

We read the directors' 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 audit opinion

We conducted our audit in accordance with United Kingdom 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 judgements 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 the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Sally Champness

Chartered Accountants
Registered Auditors

11 June 2004

Lion House
Red Lion Street
London
WC1R 4GB

ENERGY SUPPLIES UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Turnover	2		
Continuing operations		-	-
Discontinued operations		(6,670)	1,052,771
		<u>(6,670)</u>	<u>1,052,771</u>
Cost of sales	3	(266)	(1,194,890)
Gross loss		<u>(6,936)</u>	<u>(142,119)</u>
Distribution costs	3	(2,072)	(96,172)
Administrative expenses	3	(37,224)	(226,204)
Operating loss	4		
Continuing operations		-	-
Discontinued operations		(46,232)	(464,495)
		<u>(46,232)</u>	<u>(464,495)</u>
Exceptional items			
Sale of goodwill		-	(30,665)
Impairment of tangible fixed assets		-	-
Provision for bad debts		238,398	(196,012)
Discontinuance costs.		-	40,179
		<u>238,398</u>	<u>(186,498)</u>
Profit/(loss) on ordinary activities before interest		<u>192,166</u>	<u>(650,993)</u>
Other interest receivable and similar income		12	2,204
Interest payable and similar charges	5	(17)	(582)
Profit/(loss) on ordinary activities before taxation		<u>192,161</u>	<u>(649,371)</u>
Tax on profit/(loss) on ordinary activities	6	141,974	478,518
Profit/(loss) on ordinary activities after taxation	12	<u><u>334,135</u></u>	<u><u>(170,853)</u></u>

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 5 to 10 form part of these financial statements.

ENERGY SUPPLIES UK LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2004**

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	9,193		253,473	
Cash at bank and in hand		3,873		423	
		<u>13,066</u>		<u>253,896</u>	
Creditors: amounts falling due within one year	9	<u>(2,470,665)</u>		<u>(3,045,630)</u>	
Total assets less current liabilities			<u>(2,457,599)</u>		<u>(2,791,734)</u>
Capital and reserves					
Called up share capital	11	2,036,000		2,036,000	
Profit and loss account	12	<u>(4,493,599)</u>		<u>(4,827,734)</u>	
Shareholders' funds - equity interests	13		<u>(2,457,599)</u>		<u>(2,791,734)</u>

The financial statements were approved by the Board on 11 June 2004

D J Guest

D J Guest
Director

The notes on pages 5 to 10 form part of these financial statements.

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that 100% of the voting rights are controlled by Dee Valley Group plc, whose consolidated accounts are publicly available.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer and office equipment	5 to 10 years straight line
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Impairment reviews have been carried out on tangible fixed assets comparing the carrying value to the net realisable value.

1.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

3 Cost of sales and net operating expenses

	2004			2003		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	266	266	-	1,194,890	1,194,890
Distribution costs	-	2,072	2,072	-	96,172	96,172
Administrative expenses	-	37,224	37,224	-	226,204	226,204
	<u>-</u>	<u>39,562</u>	<u>39,562</u>	<u>-</u>	<u>1,517,266</u>	<u>1,517,266</u>

4 Operating loss

	2004	2003
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,200	10,297
	<u>2,200</u>	<u>10,297</u>

5 Interest payable

	2004	2003
	£	£
On bank loans and overdrafts	17	582
	<u>17</u>	<u>582</u>

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

6	Taxation	2004 £	2003 £
	Domestic current year tax		
	Adjustment for prior years	(141,974)	(200,651)
	Receipt in respect of group relief	-	(277,867)
		<u>(141,974)</u>	<u>(478,518)</u>
	Current tax charge	<u>(141,974)</u>	<u>(478,518)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>192,161</u>	<u>(649,371)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2003 : 30.00 %)	<u>57,648</u>	<u>(194,811)</u>
	Effects of:		
	Non deductible expenses	-	1,815
	Capital allowances	(8,253)	(11,003)
	Tax losses utilised	(49,395)	-
	Adjustments to previous periods	(141,974)	(200,651)
	Chargeable disposals	-	9,199
	Other tax adjustments	-	(83,067)
		<u>(199,622)</u>	<u>(283,707)</u>
	Current tax charge	<u>(141,974)</u>	<u>(478,518)</u>

The company has estimated losses of £ 1,960,765 (2003 : £ 2,122,698) available for carry forward against future trading profits.

The taxation effect of the exceptional items has been to decrease the credit for corporation tax by £71,519 (2003 - increase by £2,854).

7 Tangible fixed assets

	Computer and office equipment £
Cost	
At 1 April 2003 & at 31 March 2004	<u>389,559</u>
Depreciation	
At 1 April 2003 & at 31 March 2004	<u>389,559</u>
Net book value	
At 31 March 2004	<u>-</u>

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

8 Debtors	2004	2003
	£	£
Trade debtors	8,978	252,662
Other debtors	215	1,684
Prepayments and accrued income	-	(873)
	<u>9,193</u>	<u>253,473</u>
9 Creditors: amounts falling due within one year	2004	2003
	£	£
Trade creditors	371,750	541,101
Amounts owed to parent and fellow subsidiary undertakings	2,098,915	2,504,529
	<u>2,470,665</u>	<u>3,045,630</u>

10 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Not provided		Provided	
	2004	2003	2004	2003
	£	£	£	£
Accelerated capital allowances	(24,754)	(33,007)	-	-
Tax losses available	(588,239)	(636,809)	-	-
	<u>(612,993)</u>	<u>(669,816)</u>	<u>-</u>	<u>-</u>

No provision has been made in the accounts for the deferred tax asset as it unlikely that sufficient profits will be generated in the foreseeable future to utilise the tax losses available.

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

11 Share capital	2004 £	2003 £
Authorised		
2,600,000 Ordinary 'A' shares of £ 1 each	2,600,000	2,600,000
100,000 Ordinary 'B' shares of £ 1 each	100,000	100,000
	<u>2,700,000</u>	<u>2,700,000</u>
Allotted, called up and fully paid		
2,034,500 Ordinary 'A' shares of £ 1 each	2,034,500	2,034,500
1,500 Ordinary 'B' shares of £ 1 each	1,500	1,500
	<u>2,036,000</u>	<u>2,036,000</u>

The 'A' and 'B' shares rank pari-passu in all respects except that a pre-emption right exists over the 'B' shares, such that on a sale the 'B' shares have to be offered to the 'A' shareholders at a price of £1 each.

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2003	(4,827,734)
Retained profit for the year	334,135
	<u>(4,493,599)</u>
Balance at 31 March 2004	<u>(4,493,599)</u>

13 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit/(Loss) for the financial year	334,135	(170,853)
Opening shareholders' funds	(2,791,734)	(2,620,881)
	<u>(2,457,599)</u>	<u>(2,791,734)</u>
Closing shareholders' funds	<u>(2,457,599)</u>	<u>(2,791,734)</u>

14 Employees

Number of employees

There were no employees during the year apart from the directors.

ENERGY SUPPLIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

15 Control

The immediate parent company is Dee Valley plc, a company registered in England and Wales.

The Directors regard Dee Valley Group plc, a company registered in England and Wales, as being the Company's ultimate holding company.

Dee Valley Group plc prepares group financial statements and copies can be obtained from The Company Secretary, Dee Valley Group plc, Packsaddle, Wrexham Road, Rhostyllen, Wrexham, LL14 4EH.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and are publicly available.