

Company Registration No. 3245301 (England and Wales)

**ENERGY SUPPLIES UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

**ENERGY SUPPLIES UK LIMITED**

**COMPANY INFORMATION**

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

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# ENERGY SUPPLIES UK LIMITED

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# **ENERGY SUPPLIES UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003**

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The directors present their report and financial statements for the year ended 31 March 2003.

### **Principal activities and review of the business**

The company sold its customer base on 25 March 2002 and ceased to sell energy during the year, having transferred all its customers to other suppliers. Adjustments of sale proceeds and 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 4.

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 2002:

Dr S B Howarth	(Resigned 1 November 2002)
B Bellis	(Appointed 1 November 2002)
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.

## **ENERGY SUPPLIES UK LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2003**

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#### **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**  
12 June 2003

## ENERGY SUPPLIES UK LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENERGY SUPPLIES UK LIMITED

We have audited the financial statements of Energy Supplies UK Limited on pages 4 to 11 for the year ended 31 March 2003. 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 2 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.

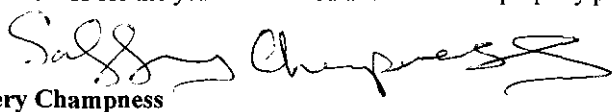
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.1 of the financial statements concerning the going concern basis of the company. In view of the significance on the preparation of the financial statements, that adoption of the going concern basis assumes the continuing support of the ultimate parent company, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

#### 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Saffery Champness

Chartered Accountants  
Registered Auditors

12 June 2003

Lion House  
Red Lion Street  
London  
WC1R 4GB

**ENERGY SUPPLIES UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003**

	Notes	2003 £	2002 £
<b>Turnover</b>	<b>2</b>		
Continuing operations		-	-
Discontinued operations		<u>1,052,771</u>	<u>5,650,343</u>
		1,052,771	5,650,343
Cost of sales	<b>3</b>	<u>(1,194,890)</u>	<u>(5,518,170)</u>
<b>Gross (loss)/profit</b>		(142,119)	132,173
Distribution costs	<b>3</b>	(96,172)	(815,980)
Administrative expenses	<b>3</b>	<u>(226,204)</u>	<u>(535,776)</u>
<b>Operating loss</b>	<b>4</b>		
Continuing operations		-	-
Discontinued operations		<u>(464,495)</u>	<u>(1,219,583)</u>
		(464,495)	(1,219,583)
<b>Exceptional items</b>			
Sale of goodwill		(30,665)	473,248
Impairment of tangible fixed assets	<b>5</b>	-	(162,895)
Provision for bad debts		(196,012)	(1,743,027)
Discontinuance costs.		<u>40,179</u>	<u>(102,924)</u>
		(186,498)	(1,535,598)
<b>Loss on ordinary activities before interest</b>		(650,993)	(2,755,181)
Other interest receivable and similar income		2,204	6,844
Interest payable and similar charges	<b>6</b>	<u>(582)</u>	<u>(2,029)</u>
<b>Loss on ordinary activities before taxation</b>		(649,371)	(2,750,366)
Tax on loss on ordinary activities	<b>7</b>	<u>478,518</u>	<u>473,453</u>
<b>Loss on ordinary activities after taxation</b>	<b>14</b>	<u>(170,853)</u>	<u>(2,276,913)</u>

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

The notes on pages 6 to 11 form part of these financial statements.

# ENERGY SUPPLIES UK LIMITED

## BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	8		-		-
<b>Current assets</b>					
Debtors	9	253,473		2,965,038	
Investments	10	-		325,000	
Cash at bank and in hand		423		5,757	
		<u>253,896</u>		<u>3,295,795</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,045,630)</u>		<u>(5,916,676)</u>	
<b>Total assets less current liabilities</b>			<u>(2,791,734)</u>		<u>(2,620,881)</u>
<b>Capital and reserves</b>					
Called up share capital	13	2,036,000		2,036,000	
Profit and loss account	14	<u>(4,827,734)</u>		<u>(4,656,881)</u>	
<b>Shareholders' funds - equity interests</b>	15		<u>(2,791,734)</u>		<u>(2,620,881)</u>

The financial statements were approved by the Board on 12 June 2003

*DJ Guest*

D J Guest  
Director

The notes on pages 6 to 11 form part of these financial statements.



## ENERGY SUPPLIES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The company is able to meet its day to day working capital requirements because of the continuing support of the Dee Valley Group. In this respect it is felt appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this support by the group.

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
Motor vehicles	25% written down value

Impairment reviews have been carried out on tangible fixed assets comparing the carrying value to the net realisable value.

##### **1.5 Investments**

Current asset investments are stated at the lower of cost and net realisable value.

##### **1.6 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 Group'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.

# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2003

### 2 Turnover

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

### 3 Cost of sales and net operating expenses

	2003			2002		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	1,194,890	1,194,890	-	5,518,170	5,518,170
Distribution costs	-	96,172	96,172	-	815,980	815,980
Administrative expenses	-	226,204	226,204	-	535,776	535,776
	<u>-</u>	<u>1,517,266</u>	<u>1,517,266</u>	<u>-</u>	<u>6,869,926</u>	<u>6,869,926</u>

### 4 Operating loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	-	58,805
Auditors' remuneration	10,297	10,714
	<u>10,297</u>	<u>10,714</u>

### 5 Impairment of tangible fixed assets

	2003	2002
	£	£
Amounts written off tangible fixed assets:		
- permanent diminution in value	-	162,895
	<u>-</u>	<u>162,895</u>

Following the sale of the customer base on 25 March 2002, an impairment review of tangible fixed assets was carried out, as a result full impairment provision was made.

### 6 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	582	2,029
	<u>582</u>	<u>2,029</u>

# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2003

7 Taxation	2003 £	2002 £
<b>Domestic current year tax</b>		
Adjustment for prior years	(200,651)	-
Receipt in respect of group relief	(277,867)	(473,453)
<b>Current tax charge</b>	<u>(478,518)</u>	<u>(473,453)</u>
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	<u>(649,371)</u>	<u>(2,750,366)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	<u>(194,811)</u>	<u>(825,110)</u>
Effects of:		
Non deductible expenses	1,815	16,538
Capital allowances	(11,003)	51,839
Tax losses utilised	-	200,650
Adjustments to previous periods	(200,651)	-
Chargeable disposals	9,199	-
Other tax adjustments	<u>(83,067)</u>	<u>82,630</u>
	<u>(283,707)</u>	<u>351,657</u>
<b>Current tax charge</b>	<u>(478,518)</u>	<u>(473,453)</u>

The company has estimated losses of £ 2,122,698 (2002 : £ 2,122,698 ) available for carry forward against future trading profits.

Trading losses for the period have been surrendered to Dee Valley Water plc. and a corresponding payment received in line with Inland Revenue limits.

The taxation effect of the exceptional items has been to increase the credit for corporation tax by £2,854 (2002 - reduced by £111,097).

**ENERGY SUPPLIES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2003**

**8 Tangible fixed assets**

	<b>Computer and office equipment £</b>
<b>Cost</b>	
At 1 April 2002 & at 31 March 2003	383,559
<b>Depreciation</b>	
At 1 April 2002 & at 31 March 2003	383,559
<b>Net book value</b>	
At 31 March 2003	-

**9 Debtors**

	<b>2003 £</b>	<b>2002 £</b>
Trade debtors	252,662	1,147,545
Other debtors	1,684	543,590
Prepayments and accrued income	(873)	1,273,903
	<u>253,473</u>	<u>2,965,038</u>

**10 Current asset investments**

	<b>2003 £</b>	<b>2002 £</b>
Other unlisted investments	-	325,000
	<u>-</u>	<u>325,000</u>

**11 Creditors: amounts falling due within one year**

	<b>2003 £</b>	<b>2002 £</b>
Bank loans and overdrafts	-	14,898
Trade creditors	541,101	1,595,174
Amounts owed to parent and fellow subsidiary undertakings	2,504,529	4,150,943
Accruals and deferred income	-	155,661
	<u>3,045,630</u>	<u>5,916,676</u>

# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2003

### 12 Provisions for liabilities and charges

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

	Not provided		Provided	
	2003	2002	2003	2002
	£	£	£	£
Accelerated capital allowances	(33,007)	(44,010)	-	-
Tax losses available	(636,809)	(636,809)	-	-
	<u>(669,816)</u>	<u>(680,819)</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.

### 13 Share capital

	2003	2002
	£	£
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
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.

### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	(4,656,881)
Retained loss for the year	<u>(170,853)</u>
Balance at 31 March 2003	<u>(4,827,734)</u>

## ENERGY SUPPLIES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2003

<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(170,853)	(2,276,913)
Proceeds from issue of shares	-	2,033,500
	<hr/>	<hr/>
Net depletion in shareholders' funds	(170,853)	(243,413)
Opening shareholders' funds	(2,620,881)	(2,377,468)
	<hr/>	<hr/>
Closing shareholders' funds	(2,791,734)	(2,620,881)
	<hr/>	<hr/>

### **16 Employees**

#### **Number of employees**

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

### **17 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.

### **18 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.

**ENERGY SUPPLIES UK LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2003**

**ENERGY SUPPLIES UK LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003**

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	<b>2003</b>		<b>2002</b>	
	£	£	£	£
<b>Turnover</b>				
Sales		1,052,771		5,650,343
<b>Cost of sales</b>				
Purchases		(1,194,890)		(5,518,170)
		<hr/>		<hr/>
<b>Gross (loss)/profit</b>		(142,119)		132,173
<b>Distribution costs</b>				
Meter reading expenses	58,203		38,052	
Commission	32,745		116,317	
Gas safety checks	330		1,302	
Motor vehicle and travelling expenses	-		22	
Bad debts	-		655,844	
Compensation	4,894		4,443	
	<hr/>		<hr/>	
		(96,172)		(815,980)
		<hr/>		<hr/>
Carried forward		(238,291)		(683,807)

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# ENERGY SUPPLIES UK LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (continued) FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
Brought forward		(238,291)		(683,807)
<b>Administrative expenses</b>				
Contract labour	105		4,177	
Administration charges	137,808		195,585	
Insurances	-		17,000	
Printing, postage and stationery	4,871		18,154	
Advertising	1,362		10,451	
Telephone	7,970		5,962	
Legal and professional fees	6,050		48,827	
Debt collection charges	75		125,475	
Accountancy	-		14,390	
Audit fees	10,297		10,714	
Bank charges	4,800		21,798	
Sundry expenses	52,866		748	
Subscriptions and training fees	-		3,690	
Depreciation of office equipment	-		58,805	
		(226,204)		(535,776)
<b>Operating loss</b>		(464,495)		(1,219,583)
<b>Exceptional items</b>				
Sale of goodwill	(30,665)		473,248	
Provision for bad debts	(196,012)		(1,743,027)	
Discontinuance costs	40,179		(102,924)	
Impairment of tangible fixed assets	-		(162,895)	
		(186,498)		(1,535,598)
<b>Other interest receivable and similar income</b>				
Bank interest received		2,204		6,844
<b>Interest payable</b>				
Bank interest paid		(582)		(2,029)
<b>Loss before taxation</b>		(649,371)		(2,750,366)