

Company Registration No. 3245301 (England and Wales)

**ENERGY SUPPLIES UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

# ENERGY SUPPLIES UK LIMITED

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# **ENERGY SUPPLIES UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001**

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The directors present their report and financial statements for the year ended 31 March 2001.

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

The principal activity of the company continued to be that of the supply of natural gas and electricity.

The company has been unable to achieve profitability due to the very competitive nature of the supply of natural gas and electricity.

### **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 directors anticipate the trading conditions to remain difficult. The company continues to have the financial support of the Dee Valley Group and the directors are actively pursuing ways of ensuring the future trading and financial position of the company.

### **Directors**

The following directors have held office since 1 April 2000:

D J Guest	(Appointed 1 April 2000)
Dr S B Howarth	(Appointed 1 April 2000)

### **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 2001**

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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**

19 June 2001

## ENERGY SUPPLIES UK LIMITED

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

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We have audited the financial statements of Energy Supplies UK Limited on pages 4 to 12. 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.

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.

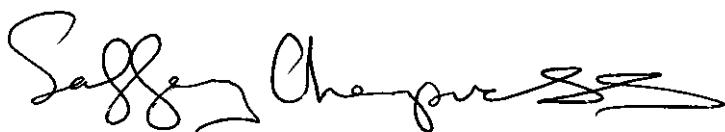
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2001 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

19 June 2001

Stuart House  
City Road  
Peterborough  
Cambridgeshire  
PE1 1QF

# ENERGY SUPPLIES UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

		Year ended 31 March 2001 £	7 Months ended 31 March 2000 £
	Notes		
<b>Turnover</b>	<b>2</b>	6,760,406	4,533,831
Cost of sales		(6,202,511)	(3,450,574)
<b>Gross profit</b>		557,895	1,083,257
Distribution costs		(475,040)	(874,349)
Administrative expenses		(547,155)	(726,917)
Other operating income		-	5,160
<b>Operating loss</b>	<b>3</b>	(464,300)	(512,849)
Other interest receivable and similar income		2,256	-
Interest payable and similar charges	<b>4</b>	-	(115,327)
<b>Loss on ordinary activities before taxation</b>		(462,044)	(628,176)
Tax on loss on ordinary activities	<b>5</b>	122,185	-
<b>Loss on ordinary activities after taxation</b>	<b>11</b>	(339,859)	(628,176)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

The notes on pages 6 to 12 form part of these financial statements.

# ENERGY SUPPLIES UK LIMITED

## BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
<b>Fixed assets</b>					
Tangible assets	6		218,994		242,230
<b>Current assets</b>					
Debtors	7	5,786,340		2,896,726	
Cash at bank and in hand		38,240		25	
		<u>5,824,580</u>		<u>2,896,751</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(8,421,042)</u>		<u>(5,176,590)</u>	
<b>Net current liabilities</b>			<u>(2,596,462)</u>		<u>(2,279,839)</u>
<b>Total assets less current liabilities</b>			<u>(2,377,468)</u>		<u>(2,037,609)</u>
<b>Capital and reserves</b>					
Called up share capital	10		2,500		2,500
Profit and loss account	11		<u>(2,379,968)</u>		<u>(2,040,109)</u>
<b>Shareholders' funds - equity interests</b>	12		<u>(2,377,468)</u>		<u>(2,037,609)</u>

The financial statements were approved by the Board on 19 June 2001

Dr S B Howarth  
Director



The notes on pages 6 to 12 form part of these financial statements.



# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

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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

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 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 2001

	Year ended 31 March 2001 £	7 Months ended 31 March 2000 £
<b>3 Operating loss</b>		
Operating loss is stated after charging:		
Depreciation of tangible assets	113,455	30,979
Operating lease rentals	12,250	25,402
Auditors' remuneration	8,825	8,000

	Year ended 31 March 2001 £	7 Months ended 31 March 2000 £
<b>4 Interest payable</b>		
On bank loans and overdrafts	-	83,973
On other loans wholly repayable within 5 years	-	23,610
Hire purchase interest	-	7,744
	-	115,327

	Year ended 31 March 2001 £	7 Months ended 31 March 2000 £
<b>5 Taxation</b>		
U.K. current year taxation		
U.K. corporation tax at 20% (2000 - 20%)	(122,185)	-

The company has estimated losses of £2,121,313 (2000 - £2,121,313) 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.

**ENERGY SUPPLIES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**6 Tangible fixed assets**

	<b>Computer and office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2000	260,662	61,191	321,853
Additions	126,701	-	126,701
Disposals	(6,510)	(49,671)	(56,181)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2001	380,853	11,520	392,373
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At 1 April 2000	62,004	17,619	79,623
On disposals	(1,648)	(18,051)	(19,699)
Charge for the year	101,503	11,952	113,455
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2001	161,859	11,520	173,379
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 March 2001	218,994	-	218,994
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2000	198,658	43,572	242,230
	<u>          </u>	<u>          </u>	<u>          </u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	<b>Computer and office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Net book values</b>			
At 31 March 2001	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2000	129,969	42,093	172,062
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation charge for the year</b>			
31 March 2001	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
31 March 2000	15,382	8,680	24,062
	<u>          </u>	<u>          </u>	<u>          </u>

# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2001

<b>7 Debtors</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,270,020	2,724,269
Amounts owed by parent and fellow subsidiary undertakings	732,215	-
Other debtors	170,053	65,188
Prepayments and accrued income	1,614,052	107,269
	<u>5,786,340</u>	<u>2,896,726</u>
	<u><u>5,786,340</u></u>	<u><u>2,896,726</u></u>
 <b>8 Creditors: amounts falling due within one year</b>	 <b>2001</b>	 <b>2000</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	71	3,229,155
Net obligations under hire purchase contracts	-	178,928
Trade creditors	1,634,947	1,609,455
Amounts owed to parent and fellow subsidiary undertakings	6,740,856	-
Taxes and social security costs	-	17,421
Other creditors	-	3,536
Accruals and deferred income	45,168	138,095
	<u>8,421,042</u>	<u>5,176,590</u>
	<u><u>8,421,042</u></u>	<u><u>5,176,590</u></u>
 <b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	-	178,928
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>178,928</u>
	<u><u>-</u></u>	<u><u>178,928</u></u>

### 9 Provisions for liabilities and charges

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

	<b>Not provided</b>		<b>Provided</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	6,340	18,455	-	-
Tax losses available	(424,263)	(424,263)	-	-
	<u>(417,923)</u>	<u>(405,808)</u>	<u>-</u>	<u>-</u>
	<u><u>(417,923)</u></u>	<u><u>(405,808)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

# ENERGY SUPPLIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2001

10 Share capital	2001 £	2000 £
<b>Authorised</b>		
100,000 Ordinary 'A' shares of £ 1 each	100,000	100,000
100,000 Ordinary 'B' shares of £ 1 each	100,000	100,000
	<u>200,000</u>	<u>200,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary 'A' shares of £ 1 each	1,000	1,000
1,500 Ordinary 'B' shares of £ 1 each	1,500	1,500
	<u>2,500</u>	<u>2,500</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.

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

	Profit and loss account £
Balance at 1 April 2000	(2,040,109)
Retained loss for the period	(339,859)
Balance at 31 March 2001	<u>(2,379,968)</u>

12 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Loss for the financial year	(339,859)	(628,176)
Opening shareholders' funds	(2,037,609)	(1,409,433)
Closing shareholders' funds	<u>(2,377,468)</u>	<u>(2,037,609)</u>

## ENERGY SUPPLIES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2001

#### 13 Contingent liabilities

A contingent liability of £30,154 (2000: £85,718) exists at the year end, regarding the commitment to pay emergency cover for customers signed within the last 12 months.

A contingent liability exists by virtue of a right of set-off guarantee, on National Westminster Bank plc bank overdrafts, between Northern Gas Supplies Ltd and Energy Supplies UK Ltd. At the balance sheet date neither company had bank overdrafts relating to these bank accounts.

#### 14 Financial commitments

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	-	11,250

#### 15 Directors' emoluments

	<b>Year ended</b>	<b>7 Months ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	12,500	54,712

## ENERGY SUPPLIES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2001

#### 16 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was:

	Year ended 31 March 2001 Number	7 Months ended 31 March 2000 Number
Management and administration	3	36
	<u>          </u>	<u>          </u>
<b>Employment costs</b>		
	£	£
Wages and salaries	175,614	347,297
Social security costs	29	30,609
	<u>          </u>	<u>          </u>
	175,643	377,906
	<u>          </u>	<u>          </u>

#### 17 Control

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

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