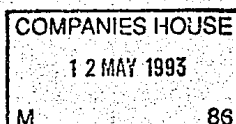


BG ENERGY FINANCE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1992



Company Registered Number: 2629371

BG ENERGY FINANCE LIMITED

REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1992

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BG ENERGY FINANCE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1992

The Directors' submit their report and accounts of the Company for the period from its incorporation on 15 July 1991 to 31 December 1992.

1. PRINCIPAL ACTIVITIES, BUSINESS REVIEW & FUTURE DEVELOPMENTS

The principal activity of the Company is to provide finance in support of the installation of combined heat and power schemes. The Company did not trade during the period, but will take advantage of any profitable opportunities that arise.

The company was incorporated as BG Energy Finance Limited on 15 July 1991.

2. DIRECTORS

The following served as Directors of the Company during the period:

	<u>Appointed</u>	<u>Resigned</u>
Combined Secretarial Services Ltd	15 Jul 91	15 Jul 91
Combined Nominees Ltd	15 Jul 91	15 Jul 91
C Playle (Chairman)	15 Jul 91	1 Sep 91
P Feakin	15 Jul 91	
P J Breedyk	15 Jul 91	
G N Thackray (alternate)	15 Jul 91	
P A Chester (alternate)	15 Jul 91	29 Sep 92
N C Henderson (Chairman)	1 Sep 91	
K F Nelson (alternate)	29 Sep 92	
R J Brown	16 Mar 92	

3. DIRECTORS' INTERESTS

At no time during the period did any Director still holding office on 31 December 1992 have any beneficial interest in the shares of the Company or any company within the British Gas Group except for interests in the shares of the ultimate parent company, British Gas plc, as stated below:

	<u>Beneficial Holdings</u>		<u>Savings Related Share Options</u>		<u>Executive Share Options</u>	
	<u>31.12.92</u>	<u>15. 7.91*</u>	<u>31.12.92</u>	<u>15. 7.91*</u>	<u>31.12.92</u>	<u>15. 7.91*</u>
K F Nelson	3633	9155	5760	5760		
P Feakin	1413	-	9708	5921		
P J Breedyk	7516	2899	10296	7377	27088	-
G N Thackray	2814	2076	10402	7135		
R J Brown	6972	6251	10852	10852		
N C Henderson	6053	4881	10309	5835	28976	-

* Or date of appointment if later.

All options were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme or Executive Share Option Scheme, details of which are given in that company's report and accounts for the year ended 31 December 1992.

The following options were exercised under the terms of the ultimate parent company's Savings Related Share Option Scheme during the period.

Exercise of Options

P J Breadyk	2761
N C Henderson	828
G N Thackray	1656

4. DIRECTORS' INSURANCE

The parent company has purchased insurance to cover the Directors and other offices against any liabilities in relation to the Company.

5. RESULTS AND DIVIDENDS

The Directors do not recommend a dividend for the period ended 31 December 1992.

6. RESERVES

There have been no movements in reserves during the year.

7. AUDITORS

A resolution to reappoint the retiring auditors, Price Waterhouse, and to authorise the Directors to fix their remuneration will be proposed at the next general meeting.

By Order of the Board

Maria Jones

Maria Bernadette Jones
Secretary, 10 May 1993

Registered Office:

Rivermill House
152 Grosvenor Road
London SW1V 3JL

BG ENERGY FINANCE LTD

FOR THE PERIOD FROM INCORPORATION ON 15 JULY 1991 TO 31 DECEMBER 1992

AUDITORS' REPORT

To the members of BG Energy Finance Limited

We have audited the accounts on pages 4 to 5 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1992, and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Price Waterhouse
Chartered Accountants &
Registered Auditor
Southwark Towers
32 London Bridge Street
London SE1 9SY

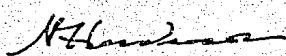
Date *10 May* 1993

BG ENERGY FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1992

	<u>NOTES</u>	<u>31 December</u> <u>1992</u>
CURRENT ASSETS		
Debtors	4	<u>1,000,002</u>
CAPITAL AND RESERVES		
Called up share capital	5	1,000,002
Profit and loss account		-
		<u>1,000,002</u>

DIRECTOR



Approved by the Board on 10th May 1993

The notes on page 5 form part of these accounts

BG ENERGY FINANCE LIMITED

NOTES TO THE ACCOUNTS

1. OWNERSHIP

BG Energy Finance Limited is a direct wholly owned subsidiary undertaking of British Gas plc, a company registered in England and Wales. Copies of the parent company's report and accounts can be obtained from British Gas plc, Rivermill House, Grosvenor Road, London SW1V 3JL.

2. BASIS OF ACCOUNTING

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention.

3. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Chairman and Directors received no emoluments in respect of their services to the Company during the period. The company had no employees during the period.

The audit fee will be borne by the ultimate parent company.

4. DEBTORS

	<u>1992</u> £
Amounts owed by group undertakings	<u>1,000,002</u>

5. SHARE CAPITAL

	<u>1992</u> £
Authorised:	
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>
Allotted, issued and fully paid	
1,000,002 ordinary shares of £1 each	<u>1,000,002</u>

On incorporation 2 £1 ordinary shares were issued to the subscribers on 8 October 1992, 1,000,000 £1 ordinary shares were allotted to the ultimate parent company.