

Registered Number: 2579323

## **SOUTH WALES TPL INVESTMENTS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2003**

**South Wales TPL Investments Limited is an integral part of a larger UK group. The structure of the group is such that the financial statements of South Wales TPL Investments Limited must be read in conjunction with the group financial statements of Western Power Distribution Holdings Limited to gain a full understanding of the group results for the year and the related cash flows, together with the financial position of the group as at 31 March 2003.**



A41  
COMPANIES HOUSE

\*R6KFMXL\*

0706  
30/08/03

## **Contents**

	Page
<b>Directors' report</b>	1
<b>Statement of directors' responsibilities</b>	3
<b>Independent auditors' report</b>	4
<b>Financial statements</b>	
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

## **Directors' report**

For the year ended 31 March 2003

The directors present their annual report on the affairs of South Wales TPL Investments Limited (the "Company"), together with the financial statements and independent auditors' report, for the year ended 31 March 2003.

### **Principal activity and business review**

The principal activity of the Company is investment in projects for the generation of electricity.

The Company holds 7.7% of the equity of Teesside Power Limited ("TPL"), which owns and operates a 1,925 MW generating station on Teesside. Enron participated in TPL as an owner, an operator and a power purchaser. Following the financial collapse of Enron, the Company's investment is unlikely to have any further value and thus the value of the investment was written off in the year ended 31 March 2002. During the year ended 31 March 2003, the Company received £125,000 in respect of management services to TPL.

### **Ownership**

The Company is a wholly-owned subsidiary of Hyder Industrial Group Limited ("HIG"). HIG is an indirect wholly-owned subsidiary of Western Power Distribution Holdings Limited ("WPDH") which, from 6 September 2002, is owned indirectly by PPL Corporation, an electricity utility of Allentown, Pennsylvania, United States of America ("US"). Prior to this date, Mirant Corporation, a global energy company of Atlanta, Georgia, had a 49% economic and joint controlling interest in the WPDH group.

### **Results and dividends**

The profit for the financial year was £97,000 (2002: £10,034,000 loss).

No dividends were paid or proposed during the year (2002: nil).

### **Directors and their interests**

The directors who served during the year were as follows :

	<u>Appointed</u>
DCS Oosthuizen	20 October 2000
T Masood	20 October 2000

During and at the end of the financial year, no director was materially interested in any contract of significance in relation to the Company's business. At 31 March 2003, no director had a beneficial interest in any of the group companies.

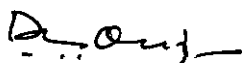
## **Directors' report (continued)**

For the year ended 31 March 2003

### **Auditors**

During the year, Arthur Andersen resigned as auditors and PricewaterhouseCoopers were appointed by the directors to fill the casual vacancy. Since the year end, PricewaterhouseCoopers have resigned as auditors and PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy. PricewaterhouseCoopers LLP have expressed their willingness to continue in office and their reappointment as auditors will be put before the Annual General Meeting.

By Order of the Board,



DCS Oosthuizen  
Director

South Wales TPL Investments Limited  
Avonbank  
Feeder Road  
Bristol BS2 0TB

8 August 2003

## **Statement of 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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

**Independent auditors' report**  
**to the member of South Wales TPL Investments Limited**

We have audited the financial statements of South Wales TPL Investments Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the accounting policies set out in note 1.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's member in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

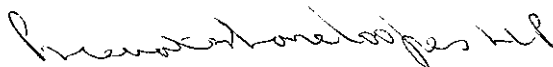
**Basis of opinion**

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 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 affairs of the Company at 31 March 2003 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Cardiff

8 August 2003

## Profit and loss account

For the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
<b>Turnover</b>	2	125	-
Operating expenses		(19)	(45)
<b>Operating profit/(loss)</b>		106	(45)
Income from fixed asset investments		-	3,070
Impairment of fixed asset investment	6	-	(13,072)
<b>Profit/(loss) on ordinary activities before tax</b>		106	(10,047)
Taxation	3	(9)	13
<b>Profit/(loss) for the financial year</b>		97	(10,034)
Dividends declared	4	-	-
<b>Retained profit/(loss) for the financial year</b>	10	97	(10,034)

There are no recognised gains or losses in either year other than the result for that financial year shown above.

The accompanying notes are an integral part of these financial statements.

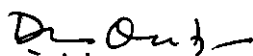
**Balance sheet**

31 March 2003

	Note	2003 £'000	2002 £'000
<b>Current assets</b>			
Debtors	7	3,387	3,067
<b>Creditors</b>			
Amounts falling due within one year	8	(11,858)	(11,635)
<b>Net liabilities</b>		(8,471)	(8,568)
<b>Capital and reserves</b>			
Called-up share capital	9	-	-
Profit and loss account	10	(8,471)	(8,568)
<b>Equity shareholder's deficit</b>	11	(8,471)	(8,568)

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 5 to 10 were approved by the Board of Directors on 8 August 2003 and were signed on its behalf by:



DCS Oosthuizen  
Director



## **Notes to the financial statements**

For the year ended 31 March 2003

### **1. Accounting policies**

A summary of the principal accounting policies, all of which have been consistently applied, is set out below.

#### **Basis of preparation**

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

#### **Going concern**

The financial statements have been prepared on the going concern basis as a parent undertaking has confirmed that it will provide the Company with such financial support as required for it to remain a going concern for a period of 12 months following the date of these financial statements.

#### **Turnover**

Turnover is stated net of value added tax.

#### **Taxation**

Current 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 years different from those in which they are recognised in the financial statements.

#### **Investments**

Investment income is included in the financial statements of the year in respect of which it is receivable.

Fixed asset investments are stated at cost less any provisions for impairment.

#### **Cash flow statement**

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (revised) on the basis that it is a wholly-owned subsidiary of Western Power Distribution Holdings Limited, which is registered in England and Wales and includes a consolidated cash flow statement in its group financial statements.

### **2. Turnover**

Turnover represents the provision of management services to TPL. The Company operates wholly in the United Kingdom.

## Notes to the financial statements

For the year ended 31 March 2003

### 3. Taxation

(a) Analysis of the tax charge/(credit) in the year	2003 £'000	2002 £'000
Group relief payable/(receivable)	31	(13)
Adjustment to current tax in respect of previous years	(22)	-
	9	(13)

#### (b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities before tax	106	(10,047)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK	32	(3,014)
Effects of:		
Expenses not deductible and income not taxable for tax purposes	(1)	(1)
Dividends receivable from UK companies	-	(920)
Write off of an investment not allowable for tax purposes	-	3,922
Adjustments to tax charge in respect of previous years	(22)	-
Current tax charge/(credit) for the year (note 3(a))	9	(13)

### 4. Dividends declared

No dividends were paid or proposed during the year (2002: nil).

### 5. Directors and employees

Emoluments of directors were in respect of their services to other group companies. Details are given in the financial statements of Western Power Distribution Holdings Limited. The Company had no employees.

## Notes to the financial statements

For the year ended 31 March 2003

### 6. Fixed asset investment

The Company holds 7.7% of the equity of Teesside Power Limited ("TPL"), which owns and operates a 1,925 MW generating station on Teesside. Enron participated in TPL as an owner, an operator and a power purchaser. Following the financial collapse of Enron, the Company's investment is unlikely to have any further value and thus the value of the investment was written off in the year ended 31 March 2002.

The investment comprised:

Name	Principal activity	Holding	Proportion held %
Teesside Power Limited	Electricity generation	Ordinary shares	7.7%

### 7. Debtors

	2003 £'000	2002 £'000
Prepayments and accrued income	31	-
Amounts owed by group undertakings	3,356	3,067
	3,387	3,067

### 8. Creditors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts due to parent company	11,817	11,570
UK corporation tax	30	20
Accruals	-	45
VAT	11	-
	11,858	11,635

### 9. Called-up share capital

	2003 £	2002 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	2	2

## Notes to the financial statements

For the year ended 31 March 2003

### 10. Profit and loss account

	£'000
At 1 April 2002	(8,568)
Retained profit for the financial year	97
Balance at 31 March 2003	<b>(8,471)</b>

### 11. Reconciliation of movements in equity shareholder's funds

	2003 £'000	2002 £'000
Profit/(loss) for the financial year	97	(10,034)
Dividends	-	-
Net increase/(reduction) in equity shareholder's funds	97	(10,034)
Opening equity shareholder's (deficit)/funds	<b>(8,568)</b>	1,466
Closing equity shareholder's deficit	<b>(8,471)</b>	(8,568)

### 12. Related party transactions

The Company, a wholly-owned subsidiary undertaking, has taken the exemption available from related party disclosure requirements of Financial Reporting Standard 8 as the financial statements of the parent company are available to the public (see note 13).

### 13. Ultimate parent undertakings

The immediate parent undertaking of South Wales TPL Investments Limited is Hyder Industrial Group Limited, which is registered in England and Wales.

The smallest group in which the results of Hyder Industrial Group Limited are consolidated is that headed by Western Power Distribution Holdings Limited. Copies of these financial statements may be obtained from the Company's registered office as stated below.

From 6 September 2002, the ultimate parent undertaking is PPL Corporation, which is registered in the US. Copies of their accounts may be obtained from Two North Ninth Street, Allentown, Pennsylvania PA 18101-1179, US.