

Company Registration No. 3618559

DRAX OUSE

Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

DRAX OUSE

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

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DRAX OUSE

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Dorothy Thompson
Peter Emery
Anthony Quinlan

Company Secretary

Philip Hudson

Registered office

Drax Power Station
PO Box 3
Selby
North Yorkshire
YO8 8PQ

Auditors

Deloitte & Touche LLP
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

Solicitors

Norton Rose
3 More London Riverside
London
SE1 2AQ

DRAX OUSE

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements of the Company for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

In December 2003, following a financial restructuring of the companies in the Drax group (the "Group"), the Company transferred the trade and certain assets and liabilities of the Drax Power Station to a fellow subsidiary company, Drax Power Limited, at fair value. Since that date the Company has been a non-trading company and this is not expected to change in the foreseeable future.

At an extraordinary general meeting on 21 November 2005, the shareholders resolved to re-register the Company as an Unlimited Company. The re-registration was part of the financial restructuring of the Group in December 2005, whereby the ultimate parent company, Drax Group plc, was listed on the London Stock Exchange.

RESULTS AND DIVIDENDS

The Company was dormant and did not trade during the year ended 31 December 2007. The Company's financial position at the end of the year is shown in the financial statements on pages 5 to 6.

DIRECTORS

The directors who served the Company during the year were as follows:

Dorothy Carrington Thompson

Peter Richard Emery

Gordon Alexander Boyd (Resigned 31 August 2008)

On 1 September 2008 Anthony James Quinlan was appointed a director of the Company.

PROFIT AND LOSS ACCOUNT

The Company was dormant (within the meaning of Section 249AA of the Companies Act 1985) throughout the year ended 31 December 2007. The Company did not trade during the year or during the preceding financial year. During these years, the Company received no income and incurred no expenditure and therefore made neither profit nor loss and hence no profit and loss account is presented.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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, 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 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. The directors 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.

DRAX OUSE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

AUDITORS AND THE DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing the report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information. This information is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

A resolution to re-appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the directors



PHILIP HUDSON
Company Secretary

27 October 2008

DRAX OUSE

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF DRAX OUSE

We have audited the financial statements of Drax Ouse for the year ended 31 December 2007 which comprise the balance sheet and the related notes 1 to 5. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholder 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 shareholder those matters we are required to state to them in an auditors' 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
28 October 2008

DRAX OUSE

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £000	2006 £000
CURRENT ASSETS			
Debtors – amounts due from other group undertakings		<u>1</u>	<u>1</u>
TOTAL ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called-up equity share capital	4	<u>1</u>	<u>1</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

These financial statements were approved by the board of directors on 27 October 2008

Signed on behalf of the board of directors



Anthony Quinlan
Director

The notes on page 6 form part of these financial statements.

DRAX OUSE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

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

The company does not have limited liability status

2. PROFIT AND LOSS ACCOUNT

The Company was dormant (within the meaning of Section 249AA of the Companies Act 1985) throughout the year ended 31 December 2007. The Company did not trade during the year or during the preceding financial year. During these years, the Company received no income and incurred no expenditure and therefore made neither profit nor loss and hence no profit and loss account is presented.

The Company has no employees other than the directors, who received no remuneration in respect of services to the Company. Costs in respect of Companies House filings and auditors' fees are borne by another group undertaking. Auditors' fees of £500 were allocated in both periods.

3. CONTINGENCIES

The Company provides security and guarantees to Drax Finance Limited, another group undertaking, which would crystallise in the event of Drax Finance Limited defaulting on its outstanding bank borrowings. At 31 December 2007, the outstanding borrowings amounted to £405.0 million (2006: £487.9 million). These borrowings are also guaranteed and secured by other members of the Drax Group plc group.

4. SHARE CAPITAL

Authorised share capital

	2007 £000	2006 £000
1,000,001 Ordinary shares of £0.001 each	<u>1</u>	<u>1</u>

Allotted, called-up and fully paid

	2007 No	£000	2006 No	£000
Ordinary shares of £0.001 each	<u>1,000,001</u>	<u>1</u>	<u>1,000,001</u>	<u>1</u>

5. ULTIMATE PARENT COMPANY

The immediate parent company is Drax Limited, a company incorporated in the Cayman Islands.

The ultimate parent company is Drax Group plc, a publicly listed company incorporated in England and Wales. Drax Group plc is the smallest and largest group for which consolidated financial statements are prepared. Copies of the consolidated financial statements for Drax Group plc are available from Company Secretary, Drax Power Station, PO Box 3, Selby, North Yorkshire, YO8 8PQ.