

Drax Ouse

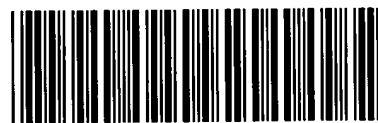
Report and Financial Statements

Year Ended

31 December 2016

Company Number 03618559

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Drax Ouse

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Company Information

Directors	Andrew Koss Will Gardiner
Company secretary	David McCallum
Registered number	03618559
Registered office	Drax Power Station Selby North Yorkshire YO8 8PH
Independent auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

Drax Ouse

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the audited financial statements of Drax Ouse ("the Company") for the year ended 31 December 2016.

The company is part of the Drax Group plc group of companies ("the Group").

Principal activities

The Company was incorporated with unlimited liability. The Company is non-trading and is not expected to trade in the foreseeable future. It has net assets of £1,000.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £Nil (2015 - £Nil).

The directors do not recommend a dividend in respect of the year ended 31 December 2016 (2015 - £Nil).

Directors

The directors who served during the year were:

Andrew Koss (appointed 1 January 2016)
Will Gardiner (appointed 1 January 2016)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 5 May 2017, the Group refinanced its external debt facilities. The Company no longer provides a guarantee for the new finance structure.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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Directors' Report (continued) For the Year Ended 31 December 2016

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies' exemption, in accordance with the provisions of s414B of the Companies Act 2006, from including a separate Strategic report in these financial statements.

This report was approved by the board on 22 / 08 / 2017. and signed on its behalf.



David McCallum
Secretary

Drax Ouse

Directors' Responsibilities Statement For the Year Ended 31 December 2016

The directors are responsible for preparing the Directors' Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

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Independent Auditor's Report to the Members of Drax Ouse

We have audited the financial statements of Drax Ouse for the period ended 31 December 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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Independent Auditor's Report to the Members of Drax Ouse

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Anthony Matthews FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds

22 August 2017

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Income Statement For the Year Ended 31 December 2016

The Company has not traded during the year or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

Balance Sheet As at 31 December 2016

	Note	2016 £000	2015 £000
Current assets			
Debtors: Due after more than one year	5	1	1
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	6	1	1
Equity attributable to the owners of the parent company		<u>1</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22/08/17



Will Gardiner
Director

The notes on pages 9 to 11 form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £000	Total equity £000
At 1 January 2016	1	1
Other comprehensive income for the year	-	-
At 31 December 2016	1	1

Statement of Changes In Equity For the Year Ended 31 December 2015

	Called up share capital £000	Total equity £000
At 1 January 2015	1	1
Other comprehensive income for the year	-	-
At 31 December 2015	1	1

The notes on pages 9 to 11 form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Drax Ouse is a private company, with unlimited liability, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company Information page and the nature of the company's operation and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

There were no particular areas which involved a higher degree of judgement or complexity or where assumptions and estimates were significant to the financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument.

2.4 Functional currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). All financial information presented in pounds sterling has been rounded to the nearest thousand, except where otherwise indicated.

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Notes to the Financial Statements For the Year Ended 31 December 2016

3. Result before taxation

The Company did not trade during the current or prior period, received no income and incurred no expenditure and therefore made neither profit nor loss. The Company had no changes to its equity during the year.

The audit fee of £500 (2015 - £500) and Companies House fees were borne by another group undertaking.

4. Employees

The Company has no employees other than the directors, who received no remuneration in respect of services to the Company in the current or prior year.

5. Debtors

	2016 £000	2015 £000
Due after more than one year		
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

The amounts due from other group undertakings bear a commercial rate of interest: which is rolled over and capitalised. The full amount is repayable on demand.

6. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,000,001 Ordinary Shares of £0.001 each	<u>1</u>	<u>1</u>

7. Reserves

Share Capital

Called up share capital reserve represents the nominal value of the shares issued.

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Notes to the Financial Statements For the Year Ended 31 December 2016

8. Contingent liabilities

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 2016 the outstanding borrowings amounted to £328 million (2015 - £328 million). These borrowings are also guaranteed and secured by other members of the Drax Group plc group.

Similarly, the Company provides security and guarantees to Drax Power Limited which would crystallise in the event of Drax Power Limited defaulting on the terms of its commodity trading line, or its revolving credit facility, as amended and restated in December 2016. At 31 December 2016 security was provided over commodity trades with a value of £80.5 million (2015 - £126.3 million) and foreign exchange trades with a mark-to-market of £648.2 million (2015 - £35.3 million).

In addition, the Company provides security and guarantees to other group undertakings in respect of letters of credit issued under Drax Power Limited's revolving credit facility. At 31 December 2016 letters of credit issued under the revolving credit facility amounted to £57.9 million (2015 - £37.9 million).

No liability is provided in respect of any of the above matters as the event of default is considered to be remote in each case.

9. Ultimate parent company

The immediate parent company and controlling party is Drax Holdings 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, Selby, North Yorkshire YO8 8PH, or on the Group's website at www.drax.com.