

**Eggborough Power Limited**  
**(formerly Boron Limited)**  
**Directors' report and financial statements**  
**for the period ended 3 March 2000**

Registered Number 3782700



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# **Eggborough Power Limited (formerly Boron Limited)**

## **Directors' report for the period ended 3 March 2000**

The directors present their report and the audited financial statements for the period ended 3 March 2000.

### **Principal activities**

The principal activity of the Company is the generation and sale of electricity.

The Company was incorporated on 4 June 1999. On 5 November 1999 it changed its name from Hackremco (No. 1486) Limited to Boron Limited. On 10 February 2000 National Power PLC transferred the business, assets and liabilities relating to Eggborough power station into the Company in exchange for the issue of shares in the Company.

On 3 March 2000 the entire share capital of the Company was sold to British Energy Investment (No.7) Limited (now Eggborough Power Holdings Limited), a wholly owned subsidiary of British Energy plc, for a price of £615 million. Following the sale on 3 March 2000, the name of the Company was changed to Eggborough Power Limited.

### **Results and dividend**

This is the first set of financial statements for the Company since its incorporation on 4 June 1999. The result for the period is set out in the profit and loss account on page 5.

The directors recommend a final dividend of £3.09 per ordinary share.

### **Directors**

The directors of the Company during the period ended 3 March 2000 were set out below. There have been no changes since 3 March 2000.

Hackwood Directors Limited	(resigned 12 November 1999)
Mr G A Brown	(appointed 12 November 1999, resigned 3 March 2000)
Dr B M Count	(appointed 12 November 1999, resigned 3 March 2000)
Mr A J Swanson	(appointed 12 November 1999, resigned 3 March 2000)
Mr M Kirwan	(appointed 3 March 2000)
Mr P Hollins	(appointed 3 March 2000)
Mr R Armour	(appointed 3 March 2000)

# **Eggborough Power Limited** **(formerly Boron Limited)**

## **Directors' interests**

None of the directors had any beneficial interest in the shares of the Company.

The directors had the following beneficial interests at 3 March 2000 in the shares of British Energy plc, the Company's ultimate parent undertaking:

	<b>Ordinary shares of 44 28/43p 3 March 2000 Number</b>	<b>Options to subscribe 3 March 2000 Number</b>
Mr G A Brown	-	-
Dr B M Count	-	-
Mr A J Swanson	-	-
Mr M Kirwan	34,690	199,904
Mr P Hollins	6,212	216,389
Mr R Armour	1,465	78,570

Mr Hollins and Mr Kirwan are also directors of British Energy plc.

## **Employee involvement**

The senior management team is committed to the continuous development of staff at all levels of the organisation, and the Company has been accredited with 'Investors in People' (IiP) status. The process and practices that have been introduced to achieve the IiP standard are regularly reviewed and improved to allow the business and employees to gain the maximum benefit, and staff are encouraged to maintain personal development plans.

## **Equal opportunities**

The Company operates an Equal Opportunities Policy providing employees with the chance to share equally in opportunities for training, career development and promotion.

## **Charitable and political donations**

The Company made no political or charitable donations during the financial period.

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss 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;
- 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 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 the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **Eggborough Power Limited (formerly Boron Limited)**

## **Auditors**

KPMG audit plc resigned as auditors of the company in July 2000 and PricewaterhouseCoopers were subsequently appointed as auditors of the company. PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to be 'R. Armour', with a long horizontal flourish extending to the right.

R. Armour  
Company Secretary  
15 December 2000

Eggborough Power Limited  
Barnett Way  
Barnwood  
Gloucester  
GL4 3RS

# **Eggborough Power Limited (formerly Boron Limited)**

## **Auditors' report to the members of Eggborough Power Limited (formerly Boron Limited)**

We have audited the financial statements on pages 5 to 15.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 audit 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 the company's affairs at 3 March 2000 and of its profit and cash flows for the period from 6 June 1999 to 3 March 2000 and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Edinburgh  
15 December 2000

**Eggborough Power Limited**  
**(formerly Boron Limited)**

**Profit and loss account for the period from 6 June 1999 to 3 March 2000**

	Notes	Period ended 3 March 2000 £'000
Turnover		15,995
Cost of sales		(7,555)
<b>Gross profit</b>		<b>8,440</b>
Other income		162
Other operating expenses – net		(4,036)
<b>Operating profit, being profit on ordinary activities before taxation</b>	2	<b>4,566</b>
Tax on profit on ordinary activities	6	(1,478)
<b>Profit on ordinary activities after taxation, being profit for the period</b>		<b>3,088</b>
Dividend payable – equity shares	7	(3,088)
<b>Retained profit for the period</b>		<b>-</b>

There were no recognised gains or losses other than the profit on ordinary activities after taxation.

A statement of movement in reserves is shown in note 14.

**Eggborough Power Limited**  
**(formerly Boron Limited)**

**Balance sheet as at 3 March 2000**

	Notes	3 March 2000 £'000
<b>Fixed assets</b>		
Tangible assets	8	57,586
<b>Current assets</b>		
Stocks	9	2,749
Debtors	10	15,732
		18,481
<b>Creditors: amounts falling due within one year</b>	11	(19,391)
<b>Net current liabilities</b>		(910)
<b>Total assets less current liabilities</b>		56,676
<b>Provisions for liabilities and charges</b>	12	(104)
<b>Net assets</b>		56,572
<b>Capital and reserves</b>		
Called up share capital	14	1,000
Share premium account	14	55,572
Profit and loss account		-
<b>Shareholder's funds - equity</b>		56,572

The financial statements on pages 5 to 15 were approved by the Board of Directors on 15 December 2000 and signed on its behalf by:



Director

15 December 2000





**Eggborough Power Limited**  
**(formerly Boron Limited)**

**Cash flow statement for the period ended 3 March 2000**

	Period ended 3 March 2000
	£'000
Net cash inflow from operating activities	460
Capital expenditure – purchase of tangible fixed assets	(460)
<b>Change in cash in the period</b>	<b>-</b>

**(i) Reconciliation of operating profit to net cash inflow from operating activities**

	Period ended 3 March 2000
	£'000
Operating profit	4,566
Tangible fixed asset depreciation charged to profit and loss	292
Plant spares and assets under construction charged to profit and loss	101
Decrease in stocks	29
Increase in debtors	(15,732)
Decrease in creditors	11,204
<b>Net cash flow from operating activities</b>	<b>460</b>

**(ii) Analysis of cash flows**

Prior to the sale of the Company, National Power PLC was responsible for the cash receipt and payment of the majority of the Company's income and charges. Hence there are only limited cash flows within the Company.

**(iii) Reconciliation of net funds**

The Company had no cash balances or debt at the period end. Hence, a statement of net debt has not been shown.

**(iv) Major non-cash transactions**

The Company allotted 1,000,000 £1 ordinary shares on 10 February 2000 in consideration for the transfer of assets and liabilities from National Power PLC. The balance of the consideration was met by the creation of a share premium account (note 15). None of these transactions involved any cash flow.

# **Eggborough Power Limited (formerly Boron Limited)**

## **Notes to the financial statements for the period ended 3 March 2000**

### **1 Statement of accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

#### **Basis of preparation of financial statements**

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

#### **Comparative figures**

This is the first financial period of the Company since it was incorporated on 4 June 1999. Hence there are no comparative figures in the profit and loss account, balance sheet, cash flow statement and associated notes to the financial statements.

#### **Turnover**

Turnover comprises primarily sales to the electricity trading market in England and Wales of electricity generated by the Company.

#### **Pension costs**

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

#### **Tangible fixed assets**

Tangible fixed assets are stated at original cost less accumulated depreciation. Assets in the course of construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Buildings and original generation plant	- 40 years
Other plant and machinery	- 3-5 years

Capital refurbishment and improvement of the original generation plant is capitalised and depreciated over the remaining life of the original plant. Freehold land, assets under construction and plant spares are not depreciated.

#### **Stock**

Operating stocks of fuel and stores are valued at the lower of cost and net realisable value.

#### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

# **Eggborough Power Limited** **(formerly Boron Limited)**

## **2 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	Period ended 3 March 2000
	£'000
Depreciation and amounts written off tangible fixed assets - owned	292

The auditors' remuneration for audit services was borne by British Energy plc.

## **3 Staff costs**

The average number of employees during the period (including executive directors) analysed by category was:

	Period ended 3 March 2000
	Number
Operations	220
Business Services	32
	252

Their aggregate remuneration comprised:

	Period ended 3 March 2000
	£'000
Wages and salaries	484
Social security costs	40
Other pension costs	25
	549

## **4 Directors' remuneration, interests and transactions**

The directors' remuneration was borne by National Power PLC while under its ownership. None of the directors appointed on 3 March 2000 received any remuneration for services provided to the Company during the period.

# **Eggborough Power Limited (formerly Boron Limited)**

## **5 Pension scheme funding**

The majority of pensions are funded through the industry-wide scheme, the Electricity Supply Pension Scheme (ESPS) which is a defined benefit scheme with assets invested in separate trustee-administered funds. The ESPS is divided into sections, one of which is the National Power PLC section and one of which is the British Energy plc section. Prior to the sale of the Company, Eggborough Power Limited was part of the National Power PLC section, and following the sale it was part of the British Energy plc section. The benefits to pensioners have been transferred accordingly.

An actuarial valuation is carried out every three years by a professionally qualified actuary, who recommends the rates of contribution by each employer. National Power PLC has taken separate advice from a professionally qualified actuary in order to determine the pension cost to be included in the financial statements under Statement of Accounting Practice 24. The latest available review of the assets and liabilities in National Power PLC's section of the ESPS for accounting purposes was undertaken as at 31 March 1998, using the projected unit credit method. The assumptions which have the most significant effect on the results of the review are those relating to the rate of return of investments and the rates of increase in salaries and pensions. It was assumed that the annual investment return will be 2.75% higher than the annual general increase in salaries and 4.5% higher than the annual increases in pensions. Dividends are expected to grow at 5% per annum, with allowance made for the loss of tax credits on UK equities.

At 31 March 1998, the market value of the National Power PLC ESPS assets was £2,595 million and the actuarial value covered 105% of the benefits that had accrued to members after allowing for expected future increases in earnings and benefit improvements granted to members following the formal valuation of the National Power PLC section of the ESPS as at 31 March 1998.

During the period ended 3 March 2000, the Company contributed to the ESPS at the rate of 10.5% of members' pensionable earnings.

The total pension costs for the Company over the period was £25,000.

## **6 Tax on profit on ordinary activities**

The tax charge comprises:

	Period ended 3 March 2000
	£'000
UK corporation tax at 30%	309
Group relief – National Power PLC	1,115
Deferred taxation	54
	<b>1,478</b>

**Eggborough Power Limited**  
**(formerly Boron Limited)**

**7 Dividend payable**

	Period ended 3 March 2000
	£'000
<b>Equity shares</b>	
Final dividend of £3.09 per ordinary share	3,088

**8 Tangible fixed assets**

	Land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Plant spares £'000	Total £'000
<b>Cost</b>					
At 4 June 1999	-	-	-	-	-
Transfers (see note 15)	7,725	37,816	1,510	10,468	57,519
Additions	-	303	9	148	460
Issues	-	-	-	(101)	(101)
<b>At 3 March 2000</b>	<b>7,725</b>	<b>38,119</b>	<b>1,519</b>	<b>10,515</b>	<b>57,878</b>
<b>Depreciation</b>					
At 4 June 1999	-	-	-	-	-
Charge for the period	50	242	-	-	292
<b>At 3 March 2000</b>	<b>50</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>292</b>
<b>Net book value</b>					
<b>At 27 May 2000</b>	<b>7,675</b>	<b>37,877</b>	<b>1,519</b>	<b>10,515</b>	<b>57,586</b>

Freehold land, with a cost of £105,000, has not been depreciated.

**9 Stocks**

	3 March 2000 £'000
Oil	1,418
Consumables	1,331
	<b>2,749</b>

There is no material difference between the balance sheet value of stocks and their replacement value.

# **Eggborough Power Limited (formerly Boron Limited)**

## **10 Debtors**

	3 March 2000
	£'000
Trade debtors	15,732

## **11 Creditors: amounts falling due within one year**

	3 March 2000
	£'000
Trade creditors – National Power PLC	14,087
Retentions	120
Corporation tax creditor	309
Accruals and deferred income	1,787
Proposed dividends	3,088
	19,391

## **12 Provisions for liabilities and charges**

	Deferred taxation £'000	Asset removal provision £'000	Total £'000
At 4 June 1999	-	-	-
Transfers (note 15)	-	50	50
Charged to profit and loss account	54	-	54
At 3 March 2000	54	50	104

The deferred taxation provision arises due to timing differences on capital allowances and depreciation.

The asset removal provision relates to a commitment to remove National Grid assets held at Eggborough on the eventual closure of the station.

## **13 Called-up share capital**

	4 June 1999	3 March 2000
	£	£
<b>Authorised</b>		
Equity: ordinary shares of £1 each	100	1,000,001
<b>Allotted, called up and fully paid</b>		
Equity: ordinary shares of £1 each	1	1,000,001

# **Eggborough Power Limited (formerly Boron Limited)**

## **13 Called-up share capital (continued)**

On 15 November 1999, the authorised ordinary share capital of the Company was increased from £100 to £1,000,001 by the creation of a further 999,901 £1 ordinary shares to rank pari passu in all respects with the existing ordinary share in the capital of the Company.

On 10 February 2000, the allotted, called-up and fully paid ordinary share capital of the Company was increased from £1 to £1,000,001 by the transfer of those shares to the ultimate holding company in order to fund the acquisition of the business, assets and liabilities relating to Eggborough power station.

## **14 Reconciliation of movements in shareholder's funds**

	Share capital	Share premium	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 4 June 1999	-	-	-	-
Profit for the financial period	-	-	3,088	3,088
Dividend payable	-	-	(3,088)	(3,088)
Issue of shares (note 13)	1,000	55,572	-	56,572
<b>At 3 March 2000</b>	<b>1,000</b>	<b>55,572</b>	<b>-</b>	<b>56,572</b>

## **15 Transfer of assets and liabilities**

On 10 February 2000 National Power PLC transferred assets and liabilities to the Company. A summary of the business, assets and liabilities transferred is shown below.

	Transfer value - 10 February 2000 £'000
<b>Fixed Assets</b>	
Tangible assets	57,519
<b>Current assets</b>	
Stocks	2,778
<b>Creditors: amounts falling due within one year</b>	(3,675)
<b>Net current liabilities</b>	<b>(897)</b>
<b>Total assets less current liabilities</b>	<b>56,622</b>
<b>Provisions for liabilities and charges</b>	<b>(50)</b>
<b>Net assets transferred</b>	<b>56,572</b>

Consideration for the net assets transferred was met by allotting a further 1,000,000 £1 ordinary shares (note 13), the balance being met through the creation of a share premium account with a value of £55,572,000.



# **Eggborough Power Limited** **(formerly Boron Limited)**

## **16 Commitments**

### **(i) Capital and lease commitments**

At 3 March 2000 the Company had capital commitments of £1,646,000. The Company had no lease commitments.

### **(ii) Other contract commitments**

At 3 March 2000 the estimated minimum commitment for the supply of coal was 2.56 million tonnes, which, at market prices on 3 March 2000, equates to approximately £78,000,000.

## **17 Related party disclosures**

In the course of normal operations, National Power PLC was responsible for the cash receipt and payment of the majority of the Company's income and charges. In addition, National Power PLC charged the Company £469,000 for certain centrally incurred operational costs. Together, these are included within the balance owed to National Power PLC at 3 March 2000 and are as follows:

	<b>3 March 2000</b>
	<b>£'000</b>
<b>Debtors</b>	
Ancillary service income	264
Other debtors	162
	426
 <b>Creditors: amounts falling due within one year</b>	
Fuel costs	(7,555)
Other creditors (including corporation tax group relief owed)	(6,958)
Dividends proposed	(3,088)
	(17,601)
	(17,175)

## **18 Post balance sheet events**

Since the end of the accounting period, the assets of the Company have been refinanced by a £550 million project finance loan which bears interest at LIBOR plus 0.77% and is repayable by instalments over 15 years. The lenders hold a fixed and floating charge over the asset of the Company.

## **Eggborough Power Limited (formerly Boron Limited)**

### **19 Ultimate parent company**

Following the sale of the Company by National Power PLC, the Company is now a wholly owned subsidiary of Eggborough Power Holdings Limited, a company incorporated and registered in Scotland. The largest group in which the Company is consolidated is that headed by British Energy plc and the financial statements as at 31 March 2000 of this company may be obtained from the following address:

The Company Secretary  
British Energy plc  
3 Redwood Crescent  
Peel Park  
East Kilbride  
G74 5PR