

Registered Number: 3782700

EGGBOROUGH POWER LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009

Registered Office:

Barnett Way  
Barnwood  
Gloucester  
GL4 3RS

WEDNESDAY



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22/07/2009

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COMPANIES HOUSE

**Eggborough Power Limited  
Directors and Advisers**

**DIRECTORS**

Robert Armour	(resigned 27 April 2009)
Stephen Billingham	(resigned 27 April 2009)
Bill Coley	(resigned 3 April 2009)
Alan Feakins	(appointed 27 April 2009)
Jean-Baptiste Galland	(appointed 27 April 2009)
Rob Guyler	(appointed 27 April 2009)
Neil O'Hara	(resigned 16 June 2008)
Paul Tomlinson	(resigned 27 April 2009)
Peter Wakefield	(resigned 16 May 2008)

**SECRETARY**

Robert Armour	(resigned 27 April 2009)
Karen Lawrie	(appointed 27 April 2009)

**REGISTERED OFFICE**

Barnett Way  
Barnwood  
Gloucester  
GL4 3RS

**AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Kintyre House  
209 West George Street  
Glasgow  
G2 2LW

**SOLICITORS**

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

## **Eggborough Power Limited Directors' Report**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2009.

### **PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the Company during the year was the operation of the Eggborough coal-fired power station. The Company's results have been prepared under the revised Capacity Tolling Agreement (CTA) under which British Energy Trading and Sales Limited, a fellow subsidiary company, reimburses the Company for its qualifying capital expenditure, operating and maintenance costs.

References to the Group are to British Energy Group plc, the largest group for which consolidated financial statements are prepared for the year ended 31 March 2009, and its subsidiaries including this Company.

On 5 November 2008, Lake Acquisitions Limited (Lake Acquisitions), a wholly owned subsidiary of Electricité de France S.A. (EDF) announced the terms of its Recommended Offers to acquire the entire issued and to be issued share capital of British Energy Group plc other than the Special Share (being the special rights redeemable preference share of £1 held jointly by the Secretary of State of Her Majesty's Government ("HMG") and the Secretary of State for Scotland). European Commission clearance for the bid was received on 22 December 2008 and on 5 January 2009 the Offers were declared wholly unconditional and British Energy Group plc became an indirect subsidiary of EDF (the Acquisition).

In order to secure consent from the European Commission for the Acquisition to proceed, the EDF Group made certain commitments to address concerns about competition in the Great Britain market. As part of these commitments the EDF Group agreed to sell its investment in Eggborough Power Station. Prior to its sale, the operations of Eggborough Power Limited have been ring-fenced from the rest of EDF Group's activities. On 5 April 2009 a Hold Separate Manager was appointed to manage and operate the station and the trading of its output as if it were an independent merchant generator operating in the Great Britain market. The Hold Separate Manager, is supervised by a Monitoring Trustee who reports to the European Commission. On 27 April 2009 a new Board of Directors was appointed. Whilst these Directors are employees of the EDF Group they are not directly involved in day to day operation of EDF Energy's other thermal plants. Eggborough Power Limited remains an indirectly wholly owned subsidiary of the EDF Group.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks. A discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Directors' Report of the Group's Annual Report and Financial Statements for the year ended 31 March 2009, which does not form part of this report.

### **ASSET AND SHARE OPTIONS**

As part of the restructuring of British Energy plc in 2005, an Asset Option and a Share Option were granted in favour of the participants in the now redeemed "project finance" loan. Upon exercise, these options would allow the participants to acquire either the Eggborough power station assets (Asset Option) or the shares in the Company (Share Option). In addition, the Group holds a pre-emption right if the participants choose to sell or transfer their options to a third party before 31 March 2010.

The options may be exercised at any time prior to 31 August 2009 following which the participants in the now redeemed "project finance" loan may acquire the assets of, or shares in, the Company on 31 March 2010. Consideration of approximately £104m (subject to certain adjustments depending on the condition of the Eggborough power station on 31 March 2010) plus the amount prepaid under the project finance loan which would have been due on or after 31 March 2010 (£97m), together with any premium thereon will be payable, subject to other certain agreed adjustments described in the option agreements. From 1 September 2008, the Company is required, if requested, to provide access to certain station property, assets, records and information to enable permitted parties under the options to prepare an evaluation.

The assets of, or shares in, the Company can also be acquired by the participants in the now redeemed "project finance" loan in the event of default at any time prior to 31 August 2009. The consideration payable under such circumstance would vary depending on the type of event of default, along with the cancellation of the outstanding debt at such time.

If unexercised, the options will expire on 31 March 2010. In the event that the option is not exercised, the Group is still committed to divest Eggborough in accordance with the European Commission conditions.

### **KEY PERFORMANCE INDICATORS**

The Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Eggborough Power Limited. The development, performance and position of Eggborough's coal-fired power station is discussed within the Directors' Report of the Group's Annual Report and Financial Statements for the year ended 31 March 2009, which does not form part of this report.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial risk management objectives and policies, including policies for hedging transactions, are discussed in the Group's Annual Report and Financial Statements for the year ended 31 March 2009 in the Directors' Report, which does not form part of this report.

## **Eggborough Power Limited Directors' Report**

### **RESULTS AND DIVIDENDS**

The result for the year is set out in the profit and loss account on page 7. The Company's loss for the year of £14m (2008: £7m) was deducted from reserves.

The Directors do not recommend the payment of a dividend (2008: £nil).

### **EVENTS AFTER THE BALANCE SHEET DATE**

On 11 May 2009, Centrica plc announced that it had entered into certain transactions with EDF Group. The main elements of the transactions which impact upon the Group are:

- Centrica plc intends to subscribe for a 20% shareholding in Lake Acquisitions. Following the Acquisition, EDF Group and Centrica plc will jointly own, on an 80/20 basis, British Energy Group plc; and
- EDF Group and Centrica plc will have the right to offtake power from the Group's existing nuclear fleet in proportion to their respective shareholdings in Lake Acquisitions.

The above transactions were approved by Centrica plc shareholders at a General Meeting, on 8 June 2009. The transactions remain subject respectively to merger control approvals from the European Commission and UK competition authorities and other regulatory clearances.

### **DIRECTORS**

The Directors of the Company throughout the year and up to the date of signing the financial statements are listed on page 2.

### **POLICY ON PAYMENT OF CREDITORS**

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of these terms and to abide by the agreed terms. The Company had no trade creditors at 31 March 2009 (2008: £nil).

### **CHARITABLE AND POLITICAL DONATIONS**

The Company made charitable donations during the year of £16,605 (2008: £8,154) in support of the community. No political donations were made during the year (2008: £nil).

### **EMPLOYEES**

The Company is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through briefings, staff conferences and well-established formal consultation procedures.

The Company is committed to its equal opportunities policies, which includes promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age, religion or sexual orientation. The policy is supported by a Code of Practice on harassment that recognises that all employees have the right to be treated with dignity and respect.

Prior to the Acquisition, the Group operated a number of share compensation schemes. Upon the Acquisition these schemes vested with immediate effect and no further awards are to be made under share compensation schemes.

More details of these schemes are set out in the Group's Annual Report and Financial Statements for the year ended 31 March 2009.

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 2. Having made enquiries of fellow Directors and of the auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their Report of which the auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the Board of Directors on 10 July 2009 and signed on its behalf by:



**ROB GUYLER**  
Director

**Eggborough Power Limited**  
**Statement of Directors' Responsibilities**  
**for the year ended 31 March 2009**

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 results 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. Further details of the basis of preparation of the financial statements are set out in note 1.

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 to 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.

**Eggborough Power Limited**  
**Independent Auditors' Report to the Members of Eggborough Power Limited**  
**for the year ended 31 March 2009**

We have audited the financial statements of Eggborough Power Limited for the year ended 31 March 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profit and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the Company's members as a body 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 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 transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Statement of Directors' Responsibilities and all of the other information listed on the Directors and Advisers page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**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 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.

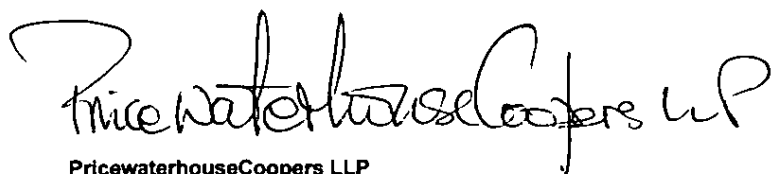
**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its loss 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.

**Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the Company's parent company continuing not to demand repayment of certain balances due to it by the Company. This condition, along with the other matters disclosed in note 1 to the financial statements, indicates the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.



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

10 July 2009

**Eggborough Power Limited**  
**Profit and Loss Account**  
**for the year ended 31 March 2009**

	Note	2009 £m	2008 £m
Turnover	2	95	102
Operating costs	3	(96)	(103)
Operating loss on ordinary activities before taxation		(1)	(1)
Financing (charges)/credits:			
Net revaluation charges	6	(1)	-
Interest payable and similar income	6	(62)	(52)
Interest receivable and similar income	6	48	38
Other finance income	6	1	1
Loss on ordinary activities before taxation		(15)	(14)
Tax on loss on ordinary activities	7	1	7
Loss for the financial year	19	(14)	(7)

**Statement of Total Recognised Gains and Losses**  
**for the year ended 31 March 2009**

	Note	2009 £m	2008 £m
Loss for the year		(14)	(7)
Impairment reversal of fixed asset valuation	8	39	11
Deferred tax on impairment reversal of fixed asset valuation		(11)	(2)
Actuarial loss	17	(11)	(2)
Deferred tax on actuarial gains and losses		3	1
Total recognised gains and losses relating to the year		6	1

**Note of Historical Cost Profits and Losses**  
**for the year ended 31 March 2009**

	2009 £m	2008 £m
Reported loss on ordinary activities before taxation	(15)	(14)
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(1)	(1)
Historical cost loss on ordinary activities before taxation	(16)	(15)
Historical cost loss for the year after taxation	(15)	(8)


The accompanying notes on pages 9 to 18 are an integral part of these financial statements.

**Eggborough Power Limited**  
**Balance Sheet**  
**as at 31 March 2009**

	Note	2009 £m	2008 £m
<b>Tangible fixed assets</b>	8	<u>203</u>	<u>164</u>
<b>Current assets</b>			
Stocks	9	13	12
Debtors:	10		
amounts falling due within one year		23	462
amounts falling due after more than one year		-	98
Restricted cash		<u>6</u>	<u>6</u>
		42	578
<b>Creditors: amounts falling due within one year</b>	12	<u>(263)</u>	<u>(685)</u>
<b>Net current liabilities</b>		<u>(221)</u>	<u>(107)</u>
<b>Total assets less current liabilities</b>		(18)	57
<b>Creditors: amounts falling due in more than one year</b>	13	-	(98)
<b>Provisions for liabilities and charges</b>	15	(35)	(24)
<b>Deferred income</b>	16	<u>(2)</u>	<u>(2)</u>
<b>Net liabilities excluding retirement benefits liability</b>		(55)	(67)
<b>Retirement benefits - liability</b>	17	<u>(9)</u>	<u>(2)</u>
<b>Net liabilities including retirement benefits liability</b>		<u>(64)</u>	<u>(69)</u>
<b>Capital and reserves</b>			
Called up share capital	18/19	1	1
Share premium	19	56	56
Revaluation reserve	19	170	142
Profit and loss account	19	<u>(291)</u>	<u>(268)</u>
<b>Equity shareholders' deficit</b>	19	<u>(64)</u>	<u>(69)</u>

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

The financial statements on pages 7 to 18 were approved by the Board of Directors on 10 July 2009 and signed on its behalf by:

  
**ROB GUYLER**  
 Director



**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2009**

**1. ACCOUNTING POLICIES**

**(i) Basis of Preparation**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with accounting standards applicable in the United Kingdom. The Directors recognise that the Company has net liabilities recorded on its balance sheet, however they consider that it is appropriate to continue to prepare the financial statements of the Company on a going concern basis because of the following four reasons:

- ♦ the provisions of the revised Capacity and Tolling Agreement, which became effective on Restructuring of the Group on 14 January 2005. Under the revised Capacity and Tolling Agreement, British Energy Trading and Sales Limited, a fellow subsidiary company, has committed to reimburse the Company for its qualifying capital expenditure, operating and maintenance costs. This agreement is operational until 31 March 2010, unless an event of default occurs;
- ♦ the absence of a request for immediate repayment of the intercompany creditor balances due to other Group companies. The Directors recognise that the intercompany creditor amounts are repayable on demand, however, the Directors are confident that the repayment of the debt will not be requested in the foreseeable future;
- ♦ in the event that the neither the Share Option nor the Asset Option are not exercised, as detailed in the Directors' Report the EDF Group has agreed to divest Eggborough as part of the conditions required by the European Commission following the Acquisition. It is expected that an agreement similar to the existing CTA agreement would be put in place until such time as the divestment occurred; and
- ♦ in the event that the Company is disposed of by the EDF Group, or one of the Options are exercised, the Directors are confident that appropriate funding will be made available as part of any transaction to enable the Company to continue to meet its debts as they fall due.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates.

In accordance with FRS 18 - Accounting Policies, the Directors have reviewed the Company's accounting policies and confirm that they continue to be the most appropriate. A number of the policies require the Company to use a variety of estimation techniques.

The Company is a wholly owned subsidiary company of a group headed by British Energy Group plc, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 (Revised 1996) - Cash Flow Statements from preparing a cash flow statement.

**(ii) Turnover**

Turnover represents amounts receivable from British Energy Trading and Sales Limited under the revised Capacity and Tolling Agreement (CTA), net of value added tax. The amounts recognised as turnover principally relate to the reimbursement of the Company's power station operating and maintenance costs.

**(iii) Fuel Costs**

Fuel costs for oil are determined on a weighted average cost basis.

Coal and carbon costs incurred in operating Eggborough coal-fired power station are borne by British Energy Trading and Sales Limited.

**(iv) Pensions and Other Post Retirement Benefits**

The Company provides for pension costs in accordance with FRS 17 - Post Retirement Benefits (FRS 17). Contributions to the Company's defined benefit pension scheme are assessed by qualified actuaries. Pension plan assets are measured using market values. Pension plan liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the Company's defined benefit pension plan expected to arise from employee service in the period is charged against operating profit. The expected return on the plan's assets and the increase during the period in the present value of the plan's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

**(v) Tangible Fixed Assets and Depreciation, including Decommissioning Costs**

The Company's principal fixed asset is the Eggborough power station and related strategic spares, which under FRS 11 is carried at the higher of value in use and net realisable value. As a result of the contractual arrangements which came into force on the completion of the Group's Restructuring, the asset is now carried at net realisable value, which is the discounted value of the total consideration that would be receivable on exercise of the options, as discussed in note 16 on deferred income. This carrying value is not adjusted for depreciation in the period to 31 March 2010, which is the potential exercise date of the options. Capital investment incurred post Restructuring is not recorded as a fixed asset to the extent that it is reimbursed by British Energy Trading and Sales Limited under the Capacity and Tolling Agreement, as it has no impact on the amount realisable through exercise of the options.

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2009**

No depreciation has been charged since 14 January 2005 in line with the above accounting policy, however, the asset lives adopted were subject to regular review and for the year to 31 March 2009 were:

Eggborough coal-fired power station	7 years
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The costs of decommissioning the power station have been estimated on the basis of ongoing assessments of the processes and methods likely to be used for decommissioning. The estimate provided in note 15, is designed to reflect the costs of making the site available for alternative use.

**(vi) Stocks of Spares, Oil and Consumables**

Stocks of spares, oil and consumables are valued at average cost.

Coal stock required in operating Eggborough coal-fired power station is held by British Energy Trading and Sales Limited.

**(vii) Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at 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. Timing differences are differences between taxable profits and those stated in the financial statements. Deferred tax is measured, on an undiscounted basis, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are only recognised to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is recognised in the profit and loss account except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses in which case the deferred tax is recognised directly in that statement.

**(viii) Restricted Cash**

Cash which is placed in term deposits which mature more than one day after the end of the financial year or invested in commercial paper, is classified under current assets restricted cash in the balance sheet.

**(ix) Debt Instrument**

All borrowings are stated at cost with issue costs being charged to profit and loss account on purchase. The interest payable on debt is charged to the profit and loss account over the life of the borrowing. Premiums and discounts arising on early repayment of borrowings are recognised in the profit and loss account as incurred and received.

**(x) Share-based Payment**

The Group operated four share compensation schemes, the Share Incentive Plan, the Deferred Incentive Plan, the Long-Term Deferred Bonus Plan and the Interim Bonus Plan. As a result of the Acquisition on 5 January 2009, all share compensation schemes vested with immediate effect. The Company has accounted for these share compensation schemes in accordance with FRS 20 – Share-based Payment (FRS 20).

The fair value of the share compensation schemes has been charged to the profit and loss account over the period from the date the schemes were granted to the date at which the schemes vested on the employees, with the corresponding credit being included in shareholders' funds. No further awards are to be made under share compensation schemes.

**2. TURNOVER**

	2009 £m	2008 £m
Turnover	<u>95</u>	<u>102</u>

All income is attributable to continuing activities in the United Kingdom.

**3. OPERATING COSTS**

	2009 £m	2008 £m
Operating costs		
Fuel	14	8
Materials and services	65	79
Staff costs	<u>17</u>	<u>16</u>
Total operating costs	<u>96</u>	<u>103</u>

The auditors' remuneration for audit services was £22,000 (2008: £31,000) which was borne by British Energy Limited.

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2009**

**4. STAFF COSTS**

**a) Staff costs**

	2009 £m	2008 £m
Salaries	13	11
Social security costs	1	1
Pension costs (note 17)	3	3
Share-based payments	-	1
<b>Total staff costs</b>	<b>17</b>	<b>16</b>

**b) Employee numbers**

	2009 No.	2008 No.
Average number of employees by category during the year was:		
Operations	281	280

**5. SUMMARY OF DIRECTORS' EMOLUMENTS**

	2009 £000	2008 £000
Total emoluments, including pension contributions:		
For management services:		
- salaries and other short-term benefits	3,654	3,498
- pension contributions	115	139
	3,769	3,637
- compensation for loss of office	1,159	-
	4,928	3,637

Emoluments of the Directors of the Company are borne by associated EDF group companies, but are included in the above amounts. None of the Directors received emoluments for their services as Directors to this Company in the year ending 31 March 2009 (2008: £nil), since the services supplied to this Company are considered to be incidental to those supplied to the Group.

Retirement benefits accrue to 3 (2008: 5) Directors under a defined benefits scheme.

The above amounts for remuneration include the following in respect of the highest paid Director:

	2009 £000	2008 £000
Emoluments	1,419	1,402
Compensation for loss of office	552	-
	1,971	1,402
Accrued pension at the end of the year	68	-
Accrued lump sum at the end of the year	842	-

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2009**

**6. FINANCING CHARGES/(CREDITS)**

	2009 £m	2008 £m
Revalorisation charge – unwind of one year's discount	1	-
<b>Interest payable and similar charges:</b>		
Interest payable on bank loans	7	9
Make Whole charge on bond redemption (note 14)	18	-
Interest payable on amounts owed to group undertakings	37	43
	<u>62</u>	<u>52</u>
<b>Interest receivable and similar income</b>		
Interest receivable on amounts owed by group undertakings	(30)	(38)
Make Whole credit on CTA global bond receivable redemption (note 10)	(18)	-
	<u>(48)</u>	<u>(38)</u>
Expected return on assets in the pension scheme	(5)	(4)
Interest on pension scheme liabilities	4	3
	<u>(1)</u>	<u>(1)</u>
	<u>14</u>	<u>13</u>

**7. TAX ON LOSS ON ORDINARY ACTIVITIES**

Tax charged to the profit and loss account

	2009 £m	2008 £m
<b>Deferred tax</b>		
Deferred tax credit for the year	1	7

A reconciliation of the effective tax rate for the current year tax charge is set out below.

	2009 £m	2008 £m
Tax credit on loss on ordinary activities at standard rate of 28% (2008: 30%)	(4)	(4)
Qualifying capital expenditure in year in excess of capital allowances	1	2
Movement in pension provision	-	(1)
Generation of tax losses	3	3
Current tax charge for year	<u>-</u>	<u>-</u>

**8. TANGIBLE FIXED ASSETS**

	Power station £m
<b>Valuation</b>	
As at 1 April 2008	196
Impairment reversal	39
<b>As at 31 March 2009</b>	<u>235</u>
<b>Depreciation</b>	
As at 1 April 2008 and 31 March 2009	<u>32</u>
<b>Net book value</b>	
As at 31 March 2009	<u>203</u>
As at 31 March 2008	<u>164</u>

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2009**

If land and buildings, within the power station, category had not been revalued they would have been included at the following amounts:

	2009 £m	2008 £m
Cost	10	10
Depreciation	(6)	(5)
Net book value	<u>4</u>	<u>5</u>

Included within the power station category is freehold land with a cost of £105,000.

As a result of the contractual arrangements, which came into force on the completion of the Group's Restructuring, the power station asset is now carried at net realisable value, which is the value of the consideration that would be payable on exercise of the asset purchase option held over the Company's power station (as discussed in note 16), discounted at a rate of 7%. This discount rate is a long-term rate and is based on the Directors' assessment of the associated risk of the cash flows. This valuation is not adjusted for depreciation or capital expenditure investment, because they have no impact on the net realisable value (as discussed in note 1 (v)).

**9. STOCKS**

	2009 £m	2008 £m
Spares	9	9
Oil	1	1
Consumables	3	2
	<u>13</u>	<u>12</u>

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

**10. DEBTORS**

	2009 £m	2008 £m
Amounts due from group undertakings	21	443
Amounts due from parent undertaking - CTA global bond receivable	-	111
Prepayments and other receivables	2	6
	<u>23</u>	<u>560</u>

Upon repayment of the Bank loan (see note 14), the CTA global bond outstanding from British Energy Bond Finance plc was settled for the Make Whole Amount of £129m, being equivalent to 116.3% of the principal amount outstanding, together with accrued and unpaid interest. The receivable as at 31 March 2009 was therefore £nil (2008: £111m).

Amounts due from group undertakings which originated post Restructuring bear interest at LIBOR plus 2% and are repayable on demand. Amounts due from fellow subsidiary undertakings which originated prior to Restructuring bear no interest and are repayable on demand.

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**11. DEFERRED TAXATION**

	2009 £m	2008 £m
Accelerated capital allowances	27	17
Short term timing differences	(4)	(1)
Taxation losses	(6)	(4)
	<u>17</u>	<u>12</u>
Asset not recognised	6	4
Deferred tax liability	<u>23</u>	<u>16</u>
		£m
As at 1 April 2008		16
Deferred tax (credit)/charge:		
- disclosed in Profit and Loss Account		(1)
- disclosed in Statement of Total Recognised Gains and Losses		8
As at 31 March 2009		<u>23</u>

	2009 £m	2008 £m
Included in:		
Retirement benefits (note 17)	(4)	(1)
Provisions for liabilities and charges (note 15)	<u>27</u>	<u>17</u>
	<u>23</u>	<u>16</u>

No deferred tax asset has been recognised on the taxation losses because there is insufficient certainty that it would be recovered in the foreseeable future. If the asset purchase option held over the Company's power station (as discussed in note 16) had been exercised at the balance sheet date the deferred tax liability reflected in the balance sheet of £23m (2008: £16m) would decrease by £27m (2008: £17m) to reflect a deferred tax asset of £4m (2008: £1m).

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £m	2008 £m
Amounts owed to group undertakings	246	654
Retentions	1	2
Accruals	14	15
Other taxes and social security	2	1
Bank loan (note 14)	-	13
	<u>263</u>	<u>685</u>

£195m (2008: £183m) of amounts owed to parent undertakings represents amounts payable to Eggborough Power (Holdings) Limited at 31 March 2008 plus interest of £12m (2008: £13m) charged at LIBOR plus 1%.

Other amounts due to group undertakings which originated post Restructuring bear interest at LIBOR plus 2% and are repayable on demand. Amounts due to group undertakings which originated prior to Restructuring bear no interest and are repayable on demand.

**13. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

	2009 £m	2008 £m
Bank loan (note 14)	<u>-</u>	<u>98</u>

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**14. BORROWINGS**

The Company's borrowings in the form of bank loans at 31 March 2009 were repayable as follows:

	2009 £m	2008 £m
Less than 1 year	-	13
Between 1 and 2 years	-	14
Between 2 and 5 years	-	33
Over 5 years	-	51
	<u>-</u>	<u>111</u>

Following the Acquisition (as detailed in the Directors' Report above), the loan was redeemed on 10 February 2009 for the Make Whole Amount of £129m, being equivalent to 116.3% of the principal amount outstanding, together with accrued and unpaid interest. The loan at 31 March 2009 was therefore £nil (2008: £111m).

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £m	Site restoration £m	Total £m
As at 1 April 2008	17	7	24
Revalorisation	-	1	1
Taxation losses	(2)	-	(2)
Accelerated capital allowances	10	-	10
Asset not recognised	2	-	2
As at 31 March 2009	<u>27</u>	<u>8</u>	<u>35</u>

The site restoration provision is to provide for all costs of the eventual decommissioning of Eggborough Power Station.

**16. DEFERRED INCOME**

The deferred income recorded relates to consideration received for an option, the Asset Option, which was granted as part of the Restructuring. If exercised, subject to a number of conditions as summarised below, the option would enable the participants in the now redeemed "project finance" loan to acquire the Eggborough power station assets (Asset Option). In addition, the Group holds a pre-emption right if the participants sell or transfer the option to a third party before 31 March 2010.

The option may be exercised at any time prior to 31 August 2009 following which the participants in the now redeemed "project finance" loan may acquire the assets of Eggborough Power Limited on 31 March 2010 in consideration of approximately £104m (subject to certain adjustments depending on the condition of the Eggborough power station on 31 March 2010) plus the amount prepaid under the project finance loan which would have been due on or after 31 March 2010 (£97m), together with any premium thereon, subject to other certain agreed adjustments described in the option agreements. From 1 September 2008, the Company was required, if requested, to provide access to certain station property, assets, records and information to enable permitted parties under the options to prepare an evaluation.

The options, if unexercised, expire on 31 March 2010.

The deferred income will be realised upon the exercise or expiry of the options as described above.

**17. POST RETIREMENT BENEFIT OBLIGATIONS**

Eggborough Power Limited contributes to the pension arrangement operated by British Energy Combined Group (BECG) within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to triennial actuarial valuation. Each pension group that participates in the ESPS is financially independent from the other groups.

The most recent triennial valuation of the BECG scheme was carried out at 31 March 2007 by the independent ESPS actuary. The valuation for accounting purposes has been carried out by a separate independent actuary using the projected unit method.

The Company contributed 22.2% (2008: 19.7%) to the BECG pension scheme as employer's normal contributions for the year ended 31 March 2009. Members who do not participate in the salary conversion arrangement and who are required to pay employee contributions contribute 6% (2008: 6%) to the BECG scheme. Members who participate in the salary conversion arrangements have their salaries reduced by 6% (2008: 6%), these monies being paid to the BECG scheme as additional employer contributions.

The Company made additional employer contributions of £1m (2008: £1m) to the BECG scheme in the year. Following the Acquisition, agreement has been reached with the Trustees that the 31 March 2007 triennial actuarial valuation deficit will be paid in full by 31 March 2010.

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The amounts disclosed in the balance sheet under FRS 17 in respect of the Company's funded defined benefit pension scheme is as follows:

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of plan assets	52	62	58	49	36
Present value of defined benefit obligations	(65)	(65)	(61)	(57)	(47)
	(13)	(3)	(3)	(8)	(11)
Related deferred tax asset	4	1	1	2	3
Net pension liability	(9)	(2)	(2)	(6)	(8)

The major assumptions used by the actuaries for the defined benefit plan were:

	2009 % pa	2008 % pa
Price inflation	2.70	3.30
Rate of general increase in salaries	4.20	4.80
Rate of increase of pensions in payment	2.70	3.30
Discount rate	5.80	6.00

Mortality assumptions:

	2009 Male years	2009 Female years	2008 Male years	2008 Female years
Currently aged 65	21.8	24.0	21.6	24.0
Currently aged 45	23.7	25.2	23.5	25.9

Changes in the fair value of plan assets are as follows:

	2009 £m	2008 £m
Opening fair value of plan assets	62	58
Expected return on plan assets	5	4
Actuarial losses	(16)	(3)
Contributions by employer	3	4
Benefits paid	(2)	(1)
Closing fair value of plan assets	52	62

The major categories of plan assets are as follows:

	2009 £m	2008 £m
Equities	36	43
Bonds	16	19
Closing fair value of plan assets	52	62

Changes in the present value of the defined benefit obligations are as follows:

	2009 £m	2008 £m
Opening defined benefit obligations	65	61
Current service cost	3	3
Interest cost	4	3
Actuarial gains	(5)	(1)
Benefits paid	(2)	(1)
Closing defined benefit obligations	65	65



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The amounts recognised in the profit and loss account are as follows:

	2009 £m	2008 £m
Current service cost	3	3
Interest cost	4	3
Expected return on plan assets	(5)	(4)
<b>Total amounts recognised in the profit and loss account</b>	<b>2</b>	<b>2</b>

The history of experience gains and losses is as follows:

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Actual return less expected return on post employment plan assets	(16)	(4)	1	7	-
As % of plan assets at end of year	31%	6%	2%	14%	0%
Experience gains/(losses) arising on plan liabilities	-	3	(1)	-	-
As % of plan liabilities at end of year	0%	5%	2%	0%	0%

**18. CALLED UP SHARE CAPITAL**

	2009 £m	2008 £m
Authorised 1,000,001 (2008: 1,000,001) ordinary shares of £1 each	1	1
Allotted, called up and fully paid 1,000,001 (2008: 1,000,001) ordinary shares of £1 each	1	1

**19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital £m	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total £m
As at 31 March 2007	1	56	133	(261)	(71)
Loss for the year	-	-	-	(7)	(7)
Impairment reversal of fixed asset valuation	-	-	9	-	9
Actuarial loss net of deferred tax	-	-	-	(1)	(1)
Share-based payments	-	-	-	1	1
As at 31 March 2008	1	56	142	(268)	(69)
Loss for the year	-	-	-	(14)	(14)
Impairment reversal of fixed asset valuation	-	-	28	-	28
Actuarial loss net of deferred tax	-	-	-	(8)	(8)
Vesting of share schemes on the Acquisition	-	-	-	(1)	(1)
As at 31 March 2009	1	56	170	(291)	(64)

**20. COMMITMENTS**

At 31 March 2009, the Company had no capital commitments (2008: £1m). The Company had no lease commitments.

**21. RELATED PARTIES**

The Company has taken advantage of the exemption under FRS 8 – Related Parties not to disclose related party transactions with fellow members of the Group. These transactions eliminate on consolidation in the Group financial statements. The Company has not transacted with any other related parties during the year.

Related party transactions between the Group and its ultimate parent undertaking are disclosed in the Group's Annual Report and Financial Statements for the year ended 31 March 2009.

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**22. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Eggborough Power (Holdings) Limited.

The Directors consider that the ultimate parent undertaking and controlling party is Electricité de France SA (EDF), a company incorporated in France. British Energy Group plc is the parent undertaking of the largest group to consolidate these financial statements for the year ended 31 March 2009. Copies of the consolidated financial statements of British Energy Group plc can be obtained from the Company Secretary at British Energy Group plc, GSO Business Park, East Kilbride, G74 5PG.

**23. NON-ADJUSTING POST BALANCE SHEET EVENTS**

On 11 May 2009, Centrica plc announced that it had entered into certain transactions with EDF Group. The main elements of the transactions which impact upon the Group are:

- Centrica plc intends to subscribe for a 20% shareholding in Lake Acquisitions. Following the Acquisition, EDF Group and Centrica plc will jointly own, on an 80/20 basis, British Energy Group plc; and
- EDF Group and Centrica plc will have the right to offtake power from the Group's existing nuclear fleet in proportion to their respective shareholdings in Lake Acquisitions.

The above transactions were approved by Centrica plc shareholders at a General Meeting, on 8 June 2009. The transactions remain subject respectively to merger control approvals from the European Commission and UK competition authorities and other regulatory clearances.