

Registered Number 03782700

EGGBOROUGH POWER LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013



Eggborough Power Limited
Directors and Advisors

DIRECTORS

Paul Tomlinson
Peter Douglas Coleman
Richard James Cazenove (resigned 1 August 2012)
Jason Clarke
Andrew Neil O'Hara
Lucien Orlovius (resigned 1 August 2012)
William Rickett
Zachary Lewis (appointed 20 February 2013)

COMPANY SECRETARY

Eversecretary Limited

REGISTERED OFFICE

Eggborough Power Station
Goole
East Yorkshire
DN14 0BS

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
141 Bothwell Street
Glasgow
G2 7EQ

SOLICITORS

Eversheds LLP
Bridgewater Place,
Water Lane,
Leeds,
LS11 5DR

Eggborough Power Limited

Directors' Report for the year ended 31 March 2013

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2013 and the comparatives for the year ended 31 March 2012. The Company's registered number is 03782700.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company and its subsidiary during the year was the operation of the Eggborough coal-fired power station. Trading of the station's output is carried out under the Energy Management Services Agreement (EMSA) between the Company and a third party Commodity Agent experienced in trading power, coal and carbon within the UK electricity market.

During the year the Company sold 4.7 million of its 2012 free EUA allowances. Proceeds from the sale of these allowances are reported as other income in the profit and loss account on page 7.

Since 31 March 2010 Eggborough Power Limited has been a wholly owned subsidiary of Eggborough Holdco 2 Sàrl, a company registered in Luxembourg. The Directors consider the ultimate parent undertaking to be Field Point IV Sàrl, a company incorporated in Luxembourg.

The future activity of the Group will continue to be the operation of the Eggborough coal-fired power station.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for determining strategies and policies for risk and control, and management is responsible for designing, operating and monitoring risk and control processes which implement Board policies effectively. Risk management and internal control are considered by the Board and its committees during the year.

The risk management process operating throughout the year and up to the date of approval of the report was based on the identification, mitigation and monitoring of the key risks that influence the Group's strategy and business objectives.

The Board reviews the Group's business objectives and the strategic, financial, legal and regulatory and operational risks and controls associated with these. Risks reviewed by the Board include:

- safe operation of the plant,
- security,
- plant condition and reliability,
- human performance,
- IT systems and business continuity,
- major contracts,
- the financial position of the Group,
- treasury and trading financial exposures including collateral,
- changes in energy markets (including electricity, coal and carbon prices, and future developments in carbon schemes),
- policy proposals by legislative bodies in the markets in which we operate,
- safety regulations, and
- commercial and environmental regulation.

Throughout the year the Group's reporting arrangements monitored business performance against the business plan. Risk logs identifying business risks facing the Group were regularly considered at Board meetings and mitigation plans were established and monitored.

The conduct of risk assessment involves senior management of the entire Group in addition to the Executive Directors. The results of these assessments are summarised and reported to the Board. These risk assessments will continue to be used as part of the Group's evaluation of the risks it faces.

Eggborough Power Limited

Directors' Report for the year ended 31 March 2013

KEY PERFORMANCE INDICATORS

The Group uses a number of key performance indicators ("KPIs") to measure its safety and operational performance. The principal KPIs are set out below.

Key Performance Indicator	Description	2013	2012
Generation	Station output in TWh, after deductions for works power and direct supply sales	11.9 TWh	6.6 TWh
Load Factor	Generation as a proportion of total theoretical station capacity (including planned outages)	71.38%	39.10%
EBITDA ¹	Earnings before interest, tax, depreciation and amortisation	£70m	£(2)m
Employee Lost Time Incidents	Incidents resulting in employees taking more than 24 hours off work	1	1
All Accident Rate	Number of employee and contractor incidents (of any severity) per 100,000 hours worked	3.18	2.98

¹ EBITDA is a non-statutory measure and is calculated by adding back depreciation and amortisation to operating profit/(loss).

RESULTS AND DIVIDENDS

The result for the financial year is set out in the profit and loss account on page 7. The Group's profit for the financial year of £46m (2012: £7m loss) was added to reserves. A resolution was signed on 26 April 2013 to reduce 90,069,460 ordinary £1 shares to 82,000,000 and to extinguish the whole of the share premium account totalling £55,572,000. A final dividend of 61p (2012: £nil) per ordinary share amounting to £50m was declared on 26 April 2013 and approved by the shareholders on that date; the dividend was subsequently paid on 10 May 2013.

DIRECTORS

The Directors of the Company throughout the year and up to the date of signing the financial statements are listed on page 1.

CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations during the year of £11,099 (2012: £11,674) of which £125 was made in support of the local community and £10,884 were made to three national registered charities. No political donations were made during the year (2012: £nil).

RESEARCH AND DEVELOPMENT

The Group is committed to investing in new technologies to improve plant and environmental performance to ensure it is in the best position to meet the demands of future environmental constraints. Expenditure on research and development during the year was £4.9m (2012: £3.6m).

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 Group encourages the involvement of employees in the Group's performance through the provision for all employees of an annual bonus scheme linked to the Group's performance. Employees are briefed regularly in relation to the financial and economic factors that affect the performance of the Group.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary. 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.

Eggborough Power Limited
Directors' Report for the year ended 31 March 2013 (continued)

PAYMENT OF CREDITORS

The Group agrees terms and conditions under which business activities with its suppliers are conducted on an individual basis. Accordingly, the Group has, and will continue to have, a variety of payment terms. It is Group policy however that the terms are agreed with suppliers when entering into contracts and that suppliers are made aware of these terms. Payment terms are adhered to, provided the relevant goods and services have been supplied in accordance with the contract. Group policy will continue to apply for the current financial year.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the auditor, 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 auditor is 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 auditor is aware of that information.

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

Eggborough Power Limited
Directors' Report for the year ended 31 March 2013 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 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.



Andrew Neil O'Hara
Director
23 July 2013

Eggborough Power Limited
Directors' Report for the year ended 31 March 2013 (continued)

We have audited the group and parent company financial statements of Eggborough Power Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow, the Accounting Policies and the related notes. 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).

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 and consolidated financial statements to identify material inconsistencies with the audited financial statements. 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 group's and the parent company's affairs as at 31 March 2013 and of the group's profit and cash flows 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.

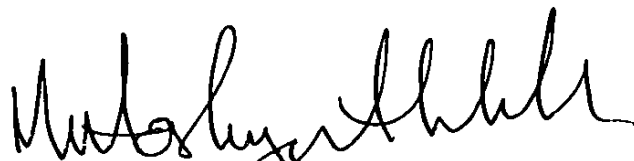
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Mark Hoskyns-Abrahall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Glasgow
25 July 2013

Eggborough Power Limited
Consolidated Profit and Loss Account for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Turnover	2	619	430
Other income	2	24	10
Cost of sales		<u>(484)</u>	<u>(348)</u>
Gross profit		159	92
Operating costs	3	<u>(100)</u>	<u>(105)</u>
Operating profit/ (loss) on ordinary activities before interest and taxation		59	(13)
Finance charges	6	1	2
Profit/ (loss) on ordinary activities before taxation		<u>60</u>	<u>(11)</u>
Taxation on (profit)/loss on ordinary activities	7	(14)	4
Profit/(loss) for the financial year	19	<u>46</u>	<u>(7)</u>

All activities are continuing

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical costs equivalents

Statement of Total Recognised Gains and Losses for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Group profit/(loss) for the year		46	(7)
Items taken directly to the reserves			
Actuarial gain/(loss)	17	3	(13)
Deferred tax on actuarial (gain)/loss	17	-	3
Inter-Company debt waiver	19	(1)	-
Pension Asset not recognised		(3)	2
Section 75 Debt Paid by British Energy Limited		-	4
Total recognised gains/(losses) for the year		<u>45</u>	<u>(11)</u>

Eggborough Power Limited
Consolidated and Company Balance Sheets

At 31 March 2013	Note	Group		Company	
		2013 £m	2012 £m	2013 £m	2012 £m
Fixed Assets					
Intangible fixed assets	8	87	68	87	68
Tangible fixed assets	9	84	93	84	93
Investments	10	-	-	-	-
Current Assets					
Stock	11	14	15	14	15
Debtors	12	56	45	56	57
Restricted cash		24	20	24	20
Cash at bank and in hand		112	77	112	68
		<u>206</u>	<u>157</u>	<u>206</u>	<u>160</u>
Creditors - Amounts falling due within one year	14	(155)	(139)	(159)	(154)
Net current assets		<u>51</u>	<u>18</u>	<u>47</u>	<u>6</u>
Debtors - Amounts falling after one year	12	-	-	4	4
Creditors - Amounts falling due after more than one year	15	-	(8)	-	-
Provisions for liabilities and charges	16	(22)	(16)	(22)	(16)
Net assets excluding pension liability		<u>200</u>	<u>155</u>	<u>200</u>	<u>155</u>
Pension liability	17	-	(2)	-	(2)
Net assets including pension liability		<u>200</u>	<u>153</u>	<u>200</u>	<u>153</u>
Capital and reserves					
Called up share capital	18	90	90	90	90
Share premium account	19	56	56	56	56
Capital Reserves	19	134	132	134	132
Profit and loss reserve	19	(80)	(125)	(80)	(125)
Total shareholders' funds		<u>200</u>	<u>153</u>	<u>200</u>	<u>153</u>

The accompanying notes are an integral part of these financial statements

The financial statements on pages 7 to 22 were approved by the Board of Directors on 23 July 2013 and signed on its behalf by



Andrew Neil O'Hara
Director
23 July 2013

Eggborough Power Limited
Consolidated Cashflow Statement for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Net cash inflow from operating activities	23	52	20
Taxation		(4)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1)	(2)
Financing			
Shareholder loan	21	(8)	-
Change in cash		<u>39</u>	<u>18</u>

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013

1 ACCOUNTING POLICIES

(i) Basis of Preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with aspects of the Companies Act 2006 and applicable accounting standards in the United Kingdom

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.

There have been no changes to any of the accounting policies adopted by the Group during the year, as a result the policies in place have been applied consistently throughout the financial year.

(ii) Basis of Consolidation

The financial statements consolidate the financial statements of the Company and its subsidiary undertaking, Eggborough Newco Ltd.

The subsidiary is consolidated into the financial statements of the Group from the date that control commences until the date control ceases, using the acquisition method of accounting.

Control exists when the company has power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(iii) Turnover

Turnover is recognised through the Energy Management Services Agreement with the Commodity Agent, and represents the net settled position of power sale and purchase contracts. Turnover also includes revenues from participating within the Balancing Mechanism, the provision of ancillary services, direct sales to end customers and sales of station by-products. Turnover is shown net of value added tax and climate change levy.

(iv) Fuel Costs

All fuel costs which relate to the generation of electricity are included within cost of sales.

Coal burn costs are valued at the prevailing market price, and are net of gains and losses made on any settled financial coal swaps transacted by the Commodity Agent.

Carbon costs represent the cost of acquiring certificates under the European Union Emissions Trading Scheme (EUAs) in order to settle the liability arising on carbon emissions in the period. Where contracts have been entered into to acquire these EUA certificates, or where EUA certificates are already held by the Company, the liability will be valued at the weighted average purchase price of these certificates. Where carbon emissions exceed the contracted level of certificates, the excess will be valued at the prevailing market price for EUA certificates at the period end date.

The Company has allocated to it each year a number of free EUA certificates. No value is attributed to these free certificates unless they are sold, at which point the full sale proceeds are recognised as other income within the profit and loss account.

Oil and Biomass costs are valued on a weighted average cost basis.

(v) Research and Development

Research and development expenditure is charged to the Profit and Loss Account in the period in which it is incurred, until such time that the expenditure leads to further investment that can be shown to have an economic payback.

(vi) Pensions and Other Post Retirement Benefits

The Group provides for pension costs in accordance with FRS 17 – Post Retirement Benefits. Contributions to the Group'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 Group'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 losses are recognised immediately in the Statement of Total Recognised Gains and Losses. Actuarial gains are only recognised to the extent that the year end coincides with a triennial valuation of the pension scheme and the recoverability of the asset has been agreed with the pension trustees.

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

ACCOUNTING POLICES (continued)

(vii) Goodwill

Goodwill represents the excess or deficit of the cost of businesses or shares in subsidiaries over the fair value of the separate new assets acquired. Goodwill is charged or credited to the Profit and Loss Account in equal instalments over its estimated useful economic life. Provision is made for any impairment.

(viii) Intangible Assets

Intangible assets represent carbon certificates that have been purchased by the company to surrender against its obligations under the European Emissions Trading Scheme and purchased emissions allowances relating to the National Emissions Reduction Plan (NERP). Both Intangible Assets are held at cost and due to the short timing before obligations fall due are not amortised.

(ix) Tangible Fixed Assets and Depreciation, including Decommissioning Costs

IT assets are depreciated over four years on a straight line basis.

Land is held at historical cost value and is not depreciated.

Plant is depreciated on a straight line basis, over its useful economic life to 31 March 2023.

A post Balance Sheet review has been performed by The Directors to appraise the remaining useful economic life of the operating plant. Taking into account the current configuration of the plant, existent and emergent legislation, and expectations of future market developments, the plant has been assessed as having a useful economic life that ends on 31 March 2020 (2012 31 March 2023). The revised useful economic life will be reflected in depreciation charges in subsequent periods of account.

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 and quotations received from experts in power station decommissioning.

(x) Leases

Assets acquired and made available to third parties under operating leases are recorded as property, plant and equipment and are depreciated on a straight-line basis to their estimated residual values over their estimated useful lives. Operating lease income is charged on a straight-line basis to the date of the next rent review.

(xi) Stocks of Spares, Coal, Oil, Biomass and Consumables

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

A stock of plant spares is expected to still be present at the scheduled station closure date. As any such remaining spares will have nil value once the station is closed, a provision is built up each year such that these stocks will have a nil net book value at that date.

Coal stock represents coal which has been transferred to the mill bunkers but not yet burnt. All remaining coal held onsite is owned by a third party commodity agent.

(xii) 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.

(xiii) Restricted Cash

Cash which is placed in term deposits which mature more than one day after the end of the financial year, has been used as collateral with a counter-party, or is invested in commercial paper is classified under current assets as restricted cash.

Eggborough Power Limited**Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)****2 TURNOVER****Group and company**

	2013 £m	2012 £m
Turnover	<u>619</u>	<u>430</u>
Other income		
Sale of free carbon allowances within the year	<u>24</u>	<u>10</u>

All income is attributable to continuing activities

3 OPERATING LOSS DISCLOSURE**Group and company**

	2013 £m	2012 £m
Operating costs		
Materials and services	62	74
Depreciation, movements in provisions	11	11
Staff costs (note 4)	27	20
Total operating costs	<u>100</u>	<u>105</u>

The auditor's remuneration for audit services was £66,920 (2012 £78,000) The auditor's remuneration for other services was £195,634 (2012 £60,250)

4 STAFF COSTS**Group and company**

a) Staff costs	2013 £m	2012 £m
Wages and salaries	21	15
Social security costs	3	2
Pension costs (note 17)	3	3
Total staff costs	<u>27</u>	<u>20</u>

b) Employee numbers

Average number of employees during the year was

Management and support staff	61	52
Asset management	108	106
Operations	<u>141</u>	<u>142</u>
	<u>310</u>	<u>300</u>

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

5 SUMMARY OF DIRECTORS' EMOLUMENTS

Group and company

Directors' emoluments	2013 £m	2012 £m
Aggregate amounts	<u>2</u>	<u>1</u>

Highest paid director	2013 £m	2012 £m
Aggregate amounts	<u>1</u>	<u>1</u>

	Number of directors	
The number of directors who	2013	2012
Are members of a money purchase pension scheme	1	1
Are members of a defined benefit pension scheme	1	1

All emoluments in both years were made by the Company

6 FINANCE CHARGES

Group and company

	2013 £m	2012 £m
Interest receivable and similar income		
Expected return on assets in the pension scheme (note 17)	(6)	(6)
Interest on pension scheme liabilities (note 17)	<u>5</u>	<u>4</u>
	<u>(1)</u>	<u>(2)</u>

7 TAX ON PROFIT /(LOSS) ON ORDINARY ACTIVITIES

Group and company

	2013 £m	2012 £m
Current tax		
UK corporation tax on profit /(loss) for the period	8	-
Deferred tax		
Origination and reversal of timing differences	7	(3)
Change in tax rate – impact on deferred tax	(1)	(1)
Tax on profit/(loss) on ordinary activities	<u>14</u>	<u>(4)</u>

Eggborough Power Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

7 TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (Continued)

The current tax assessed for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 24% (2012 26%) A reconciliation of the effective tax rate for the current year tax charge is set out below

	2013 £m	2012 £m
Profit/(loss) on ordinary activities before taxation	60	(11)
Tax charge/(credit) on profit/(loss) on ordinary activities at standard rate 24% (2012 26%)	14	(3)
Depreciation on qualifying capital expenditure in year in excess of capital allowances	1	2
Movement in pension provision and other timing differences	-	(2)
(Utilisation)/ Generation of tax losses	(7)	2
Expenses not deductible for tax purposes	-	1
Current tax charge for year	8	-

8 INTANGIBLE FIXED ASSETS

Group and company

	Intangible assets £m
Cost	
At 1 April 2012	68
Additions	87
Disposals	(68)
At 31 March 2013	87

The Company has an intangible asset of £87m (2012 £68m) £84m relates to European Union Allowances (EUA) purchased to settle the Company's carbon liability for the year ended 31 December 2012, these are valued at the weighted average purchase price of these certificates £3m relates to purchased National Emission Reduction Plan (NERP) emissions allowances which will be used to settle the Company's liability for the year ended 31 December 2013, these are valued at the purchase price

9 TANGIBLE FIXED ASSETS

Group and Company fixed assets

	Buildings £m	Strategic Spares £m	Plant & Machinery £m	Software £m	Work in progress £m	Total £m
Cost or valuation						
At 1 April 2012	37	10	161	4	2	214
Additions	-	2	-	-	-	2
Disposals	-	-	-	-	(2)	(2)
At 31 March 2013	37	12	161	4	-	214
Accumulated depreciation						
At 1 April 2012	29	4	86	2	-	121
Charge for the year	1	1	7	-	-	9
At 31 March 2013	30	5	93	2	-	130
Net book amount						
At 31 March 2013	7	7	68	2	-	84
At 31 March 2012	8	6	75	2	2	93

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

Eggborough Power Limited**Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)****10 FIXED ASSET INVESTMENTS****Group and company**

The Company acquired the entire issued share capital of Eggborough Newco Limited (a company incorporated in the United Kingdom) on 31 March 2010 for a consideration of £2

In addition, the Company was gifted 22,000 shares in the Electricity Supply Pension Scheme on 31 March 2010. No value is attributable to this investment

11 STOCK**Group and Company**

	2013 £m	2012 £m
Spares	8	10
Fuel	3	3
Consumables	3	2
	<u>14</u>	<u>15</u>

12 DEBTORS

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Amounts falling due within one year				
Trade debtors	33	13	33	13
Amounts owed from group undertakings	-	-	-	12
Other debtors	22	30	22	30
Prepayments and other receivables	1	2	1	2
	<u>56</u>	<u>45</u>	<u>56</u>	<u>57</u>

Other debtors include £22m (2012: £30m) relating to EUA certificates acquired on the group's behalf by a third party commodity agent that had not been transferred to the Groups EUETS registry at the balance sheet date. These certificates are valued at the weighted average price paid for them in the year.

Transactions between Eggborough Power Limited and Eggborough Newco Limited are presented on a net basis reflecting the agreement in place. These transactions are on an unsecured basis with no interest chargeable and no fixed repayment date.

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Amounts falling due after more than one year	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>

£4m represents a loan to Eggborough Newco Limited which is unsecured, interest free and has no fixed repayment date.

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

13 DEFERRED TAXATION

Group and Company

	2013	2012
	£m	£m
Accelerated capital allowances	12	11
Short term timing differences	-	(1)
Taxation losses	-	(4)
Deferred tax liability	<u>12</u>	<u>6</u>

As at 1 April 2012	£m
	7
Deferred tax charge	
- disclosed in Profit and Loss Account	5
As at 31 March 2013	<u>12</u>

Group and company

	2013	2012
	£m	£m
Included in		
Retirement benefits (note 17)	-	(1)
Provisions for liabilities and charges (note 16)	<u>12</u>	<u>7</u>
	<u>12</u>	<u>6</u>

During the year, a change in the UK corporation tax rate from 24% to 23% was substantively enacted and the reduced rate will be effective from 1 April 2013. The relevant closing deferred tax balances have been re-measured accordingly. In addition to the change in rate of corporation tax disclosed above, further changes to the UK corporation tax system were announced in the December 2012 Autumn Statement and updated in the March 2013 Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 is expected to be included in the Finance Act 2013. These expected rate reductions had not been substantively enacted by the balance sheet date and, therefore, are not included in these financial statements. Had the change in rate to 20% been substantively enacted by the balance sheet date, there would have been no significant impact on the financial statements.

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£m	£m	£m	£m
Amounts due within one year				
Trade creditors	14	6	14	6
Amounts owed to group undertakings	-	-	4	15
Corporation tax	4	-	4	-
Taxation and social security	17	12	17	12
Other creditors	106	99	106	99
Accruals and deferred income	<u>14</u>	<u>22</u>	<u>14</u>	<u>22</u>
	<u>155</u>	<u>139</u>	<u>159</u>	<u>154</u>

Other creditors include £106m (2012: £99m) relating to the companies obligations under the European Union Emissions Trading Scheme. The obligation is to be settled in EUA certificates, which have been valued at the average purchase price of certificates acquired in the year.

Intercompany transactions are on an unsecured basis with no interest payable and no fixed repayment date. 2013 intercompany balances are reported on a net basis, reflecting the agreement in place.

Eggborough Power Limited**Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)****15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
Amounts falling due after one year	2013 £m	2012 £m	2013 £m	2012 £m
Shareholder loans	-	8	-	-

Represents amount payable to shareholders (Bluebay Value Recovery (master) Fund Limited, Field point IV S àr I, Field point 1A S àr I, and BDF Limited) The loan was repaid on 12 December 2012 no interest was paid on the loan

16 PROVISIONS FOR LIABILITIES AND CHARGES**Group and Company**

	Deferred Tax	Station Closure	Total
	£m	£m	£m
As at 1 April 2012	7	9	16
Increased during year	5	1	6
As at 31 March 2013	12	10	22

The site restoration provision is to provide for all costs of the eventual decommissioning of Eggborough Power Station scheduled in 2020 (2012 2023) and is stated at 2013 prices

A post balance sheet review has been performed by the Directors to appraise the remaining useful economic life of the operating plant, the plant has been assessed as having a useful economic life that ends 31 March 2020, and the revised useful life will be reflected in the decommissioning provision in subsequent periods of account

17 POST RETIREMENT BENEFIT OBLIGATIONS**Group & Company**

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

The disclosures below relate to the Eggborough Power Group of the ESPS (the EP Group) A roll forward update of the most recent actuarial valuation as at 31 March 2009 was prepared by Broadstone using methodology prescribed under Financial Reporting Standard 17

For this Group, the updated valuation was determined using the projected unit credit method ("PUC Method")

The following contributions were made to the pension arrangements during 2012/13

Company Contributions	£5m
Member Contributions	£0m

The Company contributions include deficit repair contributions of £2m (2012 £2m) The Company also pays contributions toward the cost of the additional benefits being accrued during the year For the year 2012/13, the accrual cost amounted to £3m (2012 £3m) which represents 28.2% of pensionable earnings (2012 28.2%) These contribution rates may change in the year 2013/14 following the expected completion of the actuarial valuation dated 31 March 2012

Following the divestment of the Eggborough Power Group from EDF Energy (UK) Ltd, a deficit repair plan was agreed between the shareholders and trustees whereby additional contributions of £2m would be paid into the scheme each year until June 2014 with a view to repay the £179 deficit as valued at 31 March 2009 before the expected plant closure date of 31 March 2023

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)
17 POST RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Fair value of plan assets	113	94	82	72	52
Present value of defined benefit obligations	(110)	(97)	(80)	(86)	(65)
	3	(3)	2	(14)	(13)
Related deferred tax asset	-	1	-	4	4
Adjustment to derecognise pension asset	(3)	-	(2)	-	-
Net pension liability	-	(2)	-	(10)	(9)

Group and Company

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

	2013 % pa	2012 % pa
Retail price inflation (RPI)	3.20	3.20
Rate of general increase in salaries	4.20	4.20
Rate of increase of pensions in payment	3.10	3.10
Discount rate	4.40	4.70
Expected return on assets	5.80	6.10

Mortality assumptions

	2013 Male years	2013 Female years	2012 Male years	2012 Female years
Life expectancy for members currently aged 63	86.9	89.3	86.9	89.3
Life expectancy for members aged 63 in 20 years time	88.3	90.9	88.3	90.9

Changes in the fair value of plan assets are as follows

	2013 £m	2012 £m
Opening fair value of plan assets	94	82
Expected return on plan assets	6	6
Actuarial gains/(losses)	10	(1)
Contributions by employer	5	9
Benefits paid	(2)	(2)
Closing fair value of plan assets	113	94

The actual return on scheme assets during the year was £15m (2012: £5m)

The major categories of plan assets are as follows

	2013 £m	2012 £m
Equities	53	45
Bonds	50	40
Target Return Funds	10	9
Closing fair value of plan assets	113	94

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

	2013 £m	2012 £m
Opening defined benefit obligations	97	80
Current service cost	3	3
Interest cost	5	4
Actuarial losses	7	12
Benefits paid	(2)	(2)
Closing defined benefit obligations	110	97

Eggborough Power Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

17 POST RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2013 £m	2012 £m
Current service cost	4	3
Interest cost	5	4
Expected return on plan assets	(6)	(6)
Total amounts recognised in the profit and loss account	3	1

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	2013 £m	2012 £m
Total actuarial gain/(losses)	3	(13)
Deferred Tax	-	3
Total amounts recognised in the STRGL	3	(10)

The history of experience gains and losses is as follows

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Actual return less expected return on post employment plan assets	10	(1)	2	15	(16)
As % of plan assets at the end of the year	9%	1%	2%	21%	31%
Experience gains arising on plan liabilities	-	-	-	1	-
As % of plan liabilities at the end of the year	0%	0%	0%	1%	0%

18 CALLED UP SHARE CAPITAL

Group & company

	2013 £m	2012 £m
Allotted, called up and fully paid		
90,069,460 (2012 90,069,460) ordinary shares of £1 each	90	90

A resolution was signed on 26 April 2013 to reduce 90,069,460 ordinary shares to 82,000,000 and to extinguish the whole of the amount standing in the share premium account of 55,572,000 (note 26)

19 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group and company

	Called up Share capital	Share premium	Capital reserves	Profit & Loss account	Total
	£m	£m	£m	£m	£m
Reserves position at 1 April 2012	90	56	132	(125)	153
Profit for the financial year	-	-	-	46	46
Contribution from shareholders	-	-	2	-	2
Intercompany debt waiver	-	-	-	(1)	(1)
As at 31 March 2013	90	56	134	(80)	200

During the year the directors resolved to waive £515,000 of intercompany debt with Eggborough Newco Limited. The debt waiver was to return the Eggborough Newco balance sheet to a net asset position.

The £132m Capital Reserve relates to the restatement of Tangible Fixed Assets to historical cost in 2011 being the total capital contribution the Group received from previous shareholders, of which £74m, has been depreciated and consequently is distributable.

Eggborough Power Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)

19 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES (continued)

During the period £1.6m was transferred from trade creditors to Capital reserves in respect of a cash collateral balance which had previously been incorrectly recorded as a trade creditor in favour of EDF Energy plc (the former owner of EPL). During the year, the shareholders of EPL finalised the acquisition price with EDF and consequently the liability has been de-recognised. The amount has been transferred to Capital Reserves reflecting the correct treatment as a contribution from shareholders as part of the acquisition.

20 COMMITMENTS

At 31 March 2013, the Company had £nil capital commitments (2012: £724,904) and £nil (2012: £2,018,584) commitments to purchase fuel.

In 2010, the company sold the coal stock to a third party commodity agent with a commitment to repurchase it at market price on 31 March 2013. This agreement was renewed and extended for one year to the 31 March 2014, if this agreement had ended on 31 March 2013 the value of the liability would have been £22,649,242.

21 RELATED PARTIES

Group and company

The Group is ultimately owned by a consortium consisting of a number of companies, with the majority ownership held by funds managed by Strategic Value Partners. The Group has controls in place to monitor expenditure with other parties who may be deemed a related party as defined by FRS 8 - Related Parties.

In the year ended 31 March 2013, the group has entered into transactions or has outstanding balances with the following companies with whom the directors of the Group have significant influence or control over:

Amounts owed from related parties

	2013 £m	2012 £m
Eggborough Trustee Ltd	-	1
Amounts provided for	-	(1)
	<u>-</u>	<u>-</u>

Eggborough Trustee Ltd is a wholly owned subsidiary of Strategic Value Master Fund Ltd. Transactions relate to recharges of professional services borne by Eggborough Power Ltd on behalf of Eggborough Trustee Ltd. All outstanding debts were paid back to the Group in December 2012.

The Company had a net intercompany creditor with Eggborough Newco Ltd of £(3,444,599), (2012: £2,915,447).

Not included within the above Company creditor is a loan from the Company to Eggborough Newco Limited of £3,563,987, which has a repayment date of 30 March 2016 and no interest is chargeable.

	Group		Company	
Amounts falling due after one year	2013 £m	2012 £m	2013 £m	2012 £m
Shareholder loans	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>

The £8m loan was repaid by Eggborough Newco Limited on 12 December 2012 to a panel of lenders who were major shareholders. The majority ownership was held by funds managed by Strategic Value Partners and Bluebay Asset Management.

22 ULTIMATE PARENT UNDERTAKING

Group and company

In the opinion of the directors, the Company's ultimate controlling party is Field Point IV S à r l, a company incorporated in Luxembourg. The parent undertaking of the largest group is Eggborough HoldCo1 S à r l, a company incorporated in Luxembourg. The Company's immediate parent company is Eggborough HoldCo 2 S à r l, a company incorporated in Luxembourg.

Eggborough Power Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)
23 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS
Group

	Note	2013 £m	2012 £m
Operating profit/ (loss)		59	(13)
Depreciation charges, non cash items & insurance proceeds		11	9
Pension deficit repair payments	17	<u>(2)</u>	<u>(2)</u>
		68	(6)
Decrease in stocks	11	1	1
(Increase)/decrease in debtors	12	(11)	4
Increase in creditors	14	<u>13</u>	<u>57</u>
Total net decrease in working capital		3	62
Net (increase) in emissions allowances		<u>(19)</u>	<u>(36)</u>
Net Cash inflow from operating activities		<u>52</u>	<u>20</u>

24 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
Group

	2013 £m	2012 £m
Increase in cash in the period	39	18
Cash outflow from decrease in shareholder loan	<u>8</u>	<u>-</u>
Movement in net debt for the period	47	18
Net debt at 1 April 2012	<u>89</u>	<u>71</u>
Net Debt at 31 March 2013	<u>136</u>	<u>89</u>

25 ANALYSIS OF NET FUNDS
Group

	At 1 April 2012 £m	Cash Flows £m	Other Changes £m	At 31 March 2013 £m
Cash at bank in hand	77	39	(4)	112
Restricted Cash	20	4	-	24
Debt due within 1 year	-	-	-	-
Debt due after 1 year	<u>(8)</u>	<u>8</u>	<u>-</u>	<u>-</u>
	89	51	(4)	136

Eggborough Power Limited**Notes to the Consolidated Financial Statements for the year ended 31 March 2013 (continued)****26 POST BALANCE SHEET EVENTS****Company**

On the 26 April 2013, the shareholders approved a share resolution that reduced 90,069,460 ordinary shares at £1 each to 82,000,000 at £1 each. The reduction was effected by cancelling and extinguishing 8,069,460 of existing ordinary shares registered in the name of Eggborough Holdco 2 S à r l and to extinguish the whole of the amount standing on the share premium account of £55,572,000.

A final dividend of 61p (2012: £nil) per ordinary share amounting to £50m was declared on 26 April 2013 and approved by the shareholders on that date. It was subsequently paid on 10 May 2013.