



WEST BURTON PROPERTY LIMITED

Registered Number 04267566

ANNUAL REPORT AND FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2001 TO 31 DECEMBER 2002



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CONTENTS

Page:

| | |
|---|--|
| 2 | Directors' report |
| 3 | Statement of directors' responsibilities |
| 4 | Auditors' report |
| 6 | Profit and loss account |
| 7 | Statement of total recognised gains and losses |
| 8 | Balance sheet |
| 9 | Notes to the financial statements |

Directors

Angus T Norman
Humphrey Cadoux-Hudson
Christopher Daniels

Secretary

Robert I Higson

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The directors present their report and financial statements for the period from 15 December 2001 to 31 December 2002. The prior period comparatives relate to the period from incorporation on 9 August 2001 to 14 December 2001.

Principal activity and review of the business

The Company commenced trading on 15 December 2001 following the transfer by TXU Europe Merchant Generation Limited to the Company of the West Burton Power Station freehold site together with all fixed plant and equipment. On 30 December 2001 the Company's entire share capital was acquired by EDF Energy (Energy Branch) plc (formerly The London Power Company plc), which is a wholly owned subsidiary of EDF Energy plc (formerly London Electricity Group plc).

The Company's principal business activity is the ownership and leasing West Burton Power Station. The lease is with EDF Energy (West Burton Power) Limited (formerly West Burton Power Limited). The Company will continue in this activity for the foreseeable future.

Results and dividends

The profit for the period, after taxation, amounted to £62,753,000 (period ended 14 December 2001: restated loss £12,506,000). No dividend was paid during the period.

Directors and their interests

Directors who held office during the period and subsequently were as follows:

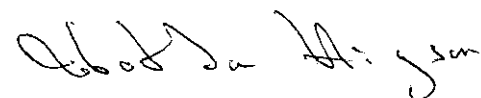
| | |
|------------------------|--|
| Angus T Norman | (Appointed 1 January 2002) |
| Gerald L Wingrove | (Appointed 1 January 2002, resigned 30 September 2002) |
| Vincent de Rivaz | (Appointed 7 February 2002, resigned 1 April 2003) |
| Paul A Cuttill | (Appointed 1 January 2002, resigned 1 April 2003) |
| Humphrey Cadoux-Hudson | (Appointed 1 April 2003) |
| Christopher Daniels | (Appointed 1 April 2003) |

There are no contracts of significance during or at the end of the financial period in which a director of the Company was materially interested. None of the directors who held office at the end of the financial period had an interest in the shares of the Company or any other Group company.

Auditors

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



Robert I Higson
Company Secretary

Date 27 OCT 2003

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST BURTON PROPERTY LIMITED

We have audited the Company's financial statements for the period 15 December 2001 to 31 December 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST BURTON PROPERTY
LIMITED Continued**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the auditor.

Ernst & Young LLP
Registered Auditor
London

Date 27 OCT 2003

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 15 DECEMBER 2001 TO 31 DECEMBER 2002**

| | | Period 15 Dec 2001 to 31 Dec 2002 | Restated Period 9 Aug 2001 to 14 Dec 2001 |
|--|-------------|--|---|
| | <i>Note</i> | £000 | £000 |
| Turnover | <i>2</i> | 28,707 | 1,959 |
| Gross profit | | 28,707 | 1,959 |
| Administrative expenses | | (18,460) | (2,992) |
| Operating profit/(loss) | <i>3</i> | 10,247 | (1,033) |
| Operating exceptional item – loan waiver | <i>4</i> | 62,887 | - |
| Profit/(loss) on ordinary activities before interest and taxation | | 73,134 | (1,033) |
| Interest receivable | <i>6</i> | 2,666 | - |
| Interest payable | <i>7</i> | (17,311) | - |
| Profit/(loss) on ordinary activities before taxation | | 58,489 | (1,033) |
| Tax credit / (charge) on profit / (loss) on ordinary activities | <i>8</i> | 4,264 | (11,473) |
| Profit/(loss) on ordinary activities after taxation | | 62,753 | (12,506) |
| Profit/(loss) retained for the financial period | <i>18</i> | 62,753 | (12,506) |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD 15 DECEMBER 2001 TO 31 DECEMBER 2002

| | | Period 15 Dec 2001 to 31 Dec 2002 £000 | Restated Period 9 Aug 2001 to 14 Dec 2001 £000 |
|---|-------------|--|---|
| | <i>Note</i> | | |
| Profit/(loss) for the financial period | | 62,753 | (12,506) |
| Total recognised gains and losses relating to the period | | 62,753 | (12,506) |
| Prior period adjustment | 20 | 10,979 | |
| Total recognised gains and losses since last annual report | | 73,732 | |

BALANCE SHEET
AT 31 DECEMBER 2002

| | <i>Note</i> | 31 Dec 2002 £000 | Restated 14 Dec 2001 £000 |
|---|-------------|---------------------|---------------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 397,508 | 397,424 |
| Current assets | | | |
| Debtors falling due within one year | 10 | 293,910 | 276,769 |
| Debtors falling due after more than one year | 11 | 43,190 | 56,059 |
| | | 337,100 | 332,828 |
| Creditors (amounts falling due within one year) | 12 | (467,510) | (742,758) |
| Net current assets/(liabilities) | | (130,410) | (409,930) |
| Total assets less current liabilities | | 267,098 | (12,506) |
| Creditors (amounts falling due after more than one year) | 13 | (216,851) | - |
| Net assets/(liabilities) | | 50,247 | (12,506) |
| Capital and reserves | | | |
| Called up share capital | 17 | - | - |
| Profit and loss account | 18 | 50,247 | (12,506) |
| Equity shareholder's funds | | 50,247 | (12,506) |

The accounts on pages 6 to 18 were approved by the Board of directors on
were signed on its behalf by:

27 OCT 2003 and

Angus Norman
Director

Date 27 OCT 2003

Humphrey Cadoux-Hudson
Director

Date 27 OCT 2003

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

In preparing the financial statements for the current year, the Company has adopted FRS 19 'Deferred taxation'. The impact of the adoption of FRS 19 is shown in note 20.

Cash flow statement

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group which produces publicly available accounts.

Tangible fixed assets

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Cost includes staff costs where employees participate directly in the construction of assets. Interest on the funding attributable to major capital projects is capitalised during the period of construction and written off as part of the total cost over the operational life of the asset.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

| | | |
|------------------------------------|---|------------|
| Generating station | — | 20 years |
| Vehicles, Mobile plant & equipment | — | 5-20 years |
| Overhaul | — | 4 years |
| IT hardware/software | — | 3-8 years |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS Continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, this is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or eliminated by capital losses.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Previously deferred tax was provided for in respect of timing differences to the extent that it was probable that a liability would crystallise in the foreseeable future. Comparative figures have been restated as required (note 20).

Leasing and hire purchase commitments

Rental income under operating leases is recognised on a straight line basis over the lease term.

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is derived from continuing operations from group company service charges.

3. Operating profit

| | Period ended 31 Dec 2002 | Period ended 14 Dec 2001 |
|------------------------------------|-----------------------------|-----------------------------|
| | £000 | £000 |
| This is stated after charging | | |
| Depreciation of owned fixed assets | 17,790 | 2,992 |

The audit fee of £12,500 was borne by the parent company.

4. Operational exceptional item – loan waiver

Prior to the acquisition of the Company by EDF Energy (Energy Branch) plc (formerly The London Power Company plc), the previous owner TXU Europe Group plc waived £62.9m of an intercompany loan of £400m owed by the Company.

NOTES TO THE FINANCIAL STATEMENTS Continued

5. Directors' emoluments

All directors are employees of EDF Energy plc (formerly London Electricity Group plc) and did not receive any remuneration from the Company during the year.

6. Interest receivable

| | Period ended 31 Dec 2002 £000 | Period ended 14 Dec 2001 £000 |
|--|-------------------------------------|-------------------------------------|
| Interest receivable from EDF Energy (West Burton Power) Ltd (formerly West Burton Power Ltd) | 2,666 | - |
| | <hr/> 2,666 | <hr/> - |

7. Interest payable

| | Period ended 31 Dec 2002 £000 | Period ended 14 Dec 2001 £000 |
|--|-------------------------------------|-------------------------------------|
| Interest due on loan from EDF Energy plc (formerly London Electricity Group plc) | 17,311 | - |
| | <hr/> 17,311 | <hr/> - |

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

UK current tax

| | Period ended 31 Dec 2002 £000 | As restated Period ended 14 Dec 2001 £000 |
|--|-------------------------------------|--|
| UK corporation tax credit/(charge) on loss of the period | - | (69,300) |
| Group relief recoverable | 8,919 | - |
| Total current tax credit/(charge) (Note 8(b)) | 8,919 | (69,300) |

UK deferred tax

| | | |
|--|----------|----------|
| Origination and reversal of timing differences | (12,528) | 68,590 |
| Increase/(decrease) in discount | 7,873 | (10,763) |
| Total deferred tax credit/(charge) | (4,655) | 57,827 |
| Tax credit/(charge) on loss on ordinary activities | 4,264 | (11,473) |

(b) Factors affecting tax credit / (charge) for the period:

| | Period ended 31 Dec 2002 £000 | Period ended 14 Dec 2001 £000 |
|---|-------------------------------------|-------------------------------------|
| The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). | | |
| The differences are explained below: | | |
| Profit/(loss) on ordinary activities before tax | 58,489 | (1,033) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%) | (17,547) | 310 |
| Effect of: | | |
| Disallowed expenses and non-taxable income | (5,986) | - |
| Capital allowances in excess of/(lower than) depreciation | 5,493 | - |
| General provisions | 6,773 | (69,610) |
| Adjustment re lease premium | 1,320 | - |
| Loan waiver | 18,866 | - |
| Current tax credit / (charge) for the period | 8,919 | (69,300) |

NOTES TO THE FINANCIAL STATEMENTS Continued

9. Tangible fixed assets

| | Overhaul | Vehicles & mobile plant | Strategic spares | Generating stations | Assets in the course of construction | Total tangible assets |
|----------------------------|---------------|-------------------------------|---------------------|------------------------|--|-----------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | | |
| At 15 December 2001 | - | - | - | 341,300 | 59,116 | 400,416 |
| Additions | 11,161 | 4,534 | 2,179 | - | - | 17,874 |
| At 31 December 2002 | 11,161 | 4,534 | 2,179 | 341,300 | 59,116 | 418,290 |
| Depreciation | | | | | | |
| At 15 December 2001 | - | - | - | (2,992) | - | (2,992) |
| Charge for the period | (428) | (68) | (111) | (16,953) | (230) | (17,790) |
| At 31 December 2002 | (428) | (68) | (111) | (19,945) | (230) | (20,782) |
| Net book amount | | | | | | |
| At 31 December 2002 | 10,733 | 4,466 | 2,068 | 321,355 | 58,886 | 397,508 |
| At 14 December 2001 | - | - | - | 338,308 | 59,116 | 397,424 |

10. Debtors falling due within one year

| | At 31 Dec 2002 | Restated At 14 Dec 2001 |
|---|----------------|----------------------------|
| | £000 | £000 |
| Other debtors | 11 | - |
| Amounts owed by other group companies | 283,916 | 275,001 |
| Deferred taxation recoverable (note 15) | 9,983 | 1,768 |
| | 293,910 | 276,769 |

11. Debtors falling due after more than one year

| | At 31 Dec 2002 | Restated At 14 Dec 2001 |
|---|----------------|----------------------------|
| | £000 | £000 |
| Deferred taxation recoverable (note 15) | 43,190 | 56,059 |
| | 43,190 | 56,059 |

NOTES TO THE FINANCIAL STATEMENTS Continued

12. Creditors: amounts falling due within one year

| | At 31 Dec 2002 | At 14 Dec 2001 |
|--|----------------|----------------|
| | £000 | £000 |
| Trade creditors | - | 416 |
| Amounts owed to other group companies | 40,959 | 400,000 |
| Bank overdraft | 15,383 | - |
| Corporation tax | - | 69,300 |
| Borrowings (note 14) | 383,676 | - |
| Obligations under operating leases (Deferred Income) | 27,492 | 273,042 |
| | <hr/> 467,510 | <hr/> 742,758 |

13. Creditors: amounts falling due after one year

| | At 31 Dec 2002 | At 14 Dec 2001 |
|--|----------------|----------------|
| | £000 | £000 |
| Obligations under operating leases (Deferred Income) | 216,851 | - |
| | <hr/> 216,851 | <hr/> - |

14. Borrowings

| | At 31 Dec 2002 | At 14 Dec 2001 |
|--|----------------|----------------|
| | £000 | £000 |
| EDF Energy plc (formerly London Electricity Group plc) | 383,676 | - |
| | <hr/> 383,676 | <hr/> - |

NOTES TO THE FINANCIAL STATEMENTS Continued

15. Deferred Taxation

The movements in deferred taxation during the current period are as follows:

| | £000 |
|---|----------|
| At 15 December 2001 | 68,807 |
| Prior period adjustment on implementation of FRS 19 (note 20) | (10,979) |
| As restated | 57,828 |
| Charge for the period (note 8) | (4,655) |
| At 31 December 2002 | 53,173 |

Deferred taxation provided in the financial statements is as follows:

| | At 31 Dec 2002 £000 | At 14 Dec 2001 £000 As restated |
|---|------------------------|---------------------------------------|
| Accelerated capital allowances | (5,492) | 262 |
| Other timing differences | 61,555 | 68,328 |
| Taxation on valuation surplus | | |
| Undiscounted provision for deferred tax | 56,063 | 68,590 |
| Discount | (2,890) | (10,763) |
| | 53,173 | 57,827 |
| Due within one year (note 10) | 9,983 | 1,768 |
| Due after more than one year (note 11) | 43,190 | 56,059 |
| | 53,173 | 57,827 |

NOTES TO THE FINANCIAL STATEMENTS Continued

16. Accruals and deferred income

| | Deferred lease income |
|--|--------------------------|
| | £000 |
| Balance as at 15 December 2001 | 273,042 |
| Released during the period | (28,698) |
| Balance as at 31 December 2002 (notes 12 & 13) | 244,344 |

17. Share capital

Authorised

| | At 31 Dec 2002 | At 14 Dec 2001 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| 100 Ordinary shares of £1 each | 100 | 100 |

Allotted, called up and fully paid

| | 2002 Number | 2001 Number | 2002 £ | 2001 £ |
|----------------------------|----------------|----------------|-----------|-----------|
| Ordinary shares of £1 each | 1 | 1 | 1 | 1 |

18. Reconciliation of shareholder's funds and movement on reserves

| | Share capital £000 | Profit and loss account £000 | Total share- holder's funds £000 |
|--------------------------------|-----------------------|------------------------------------|--|
| At 9 August 2001 | - | - | - |
| Profit for the period | - | (1,527) | (1,527) |
| At 14 December 2001 | - | (1,527) | (1,527) |
| Prior period adjustment | - | (10,979) | (10,979) |
| At 14 December 2001 (restated) | - | (12,506) | (12,506) |
| Profit for the period | - | 62,753 | 62,753 |
| At 31 December 2002 | - | 50,247 | 50,247 |

NOTES TO THE FINANCIAL STATEMENTS Continued

19. Related parties

In accordance with FRS 8 'Related parties disclosures', the Company is exempt from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated accounts.

20. Prior period adjustment

Deferred tax

The adoption of FRS 19 'Deferred tax' has resulted in a change in the method of accounting for deferred tax, from a partial to a full provision basis. This change in accounting policy has been reflected in the accounts as a prior year adjustment in accordance with FRS 3 'Reporting financial performance'.

The effect on the Company profit and loss account for the periods ended 31 December 2002 and 14 December 2001 is shown below.

| | 2002 £000 | 2001 £000 |
|---------------------------|--------------|--------------|
| Increase in tax charge | 7,873 | 10,979 |
| Total net profit decrease | 7,873 | 10,979 |
| As previously reported | | (1,527) |
| As restated | | (12,506) |

The effect on the Company balance sheet at 31 December 2002 and 14 December 2001 is shown below.

| | Under previous policy £000 | 2002 FRS 19 adjustment £000 | Per accounts £000 | As previously reported £000 | 2001 FRS 19 adjustment £000 | Per accounts (Restated) £000 |
|---|-------------------------------------|--------------------------------------|-------------------------|-----------------------------------|--------------------------------------|------------------------------------|
| Debtors (amounts falling due within one year) | 294,167 | (257) | 293,910 | 281,931 | (5,162) | 276,769 |
| Debtors (amounts falling due after one year) | 45,823 | (2,633) | 43,190 | 61,876 | (5,817) | 56,059 |
| Movement in equity shareholder's funds | | (2,890) | | | (10,979) | |

NOTES TO THE FINANCIAL STATEMENTS Continued

21. Parent undertaking and controlling party

At 31 December 2001 the immediate parent company of West Burton Property Ltd is EDF Energy (West Burton Power) Ltd (formerly West Burton Power Ltd).

At 31 December 2002 'Electricité de France' (EdF), a French state owned company is regarded by the directors as the Company's ultimate parent company. This is the largest group for which consolidated accounts are prepared. Copies of that company's consolidated accounts may be obtained from Electricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.