

# BRITISH ENERGY GENERATION (UK) LIMITED

REGISTERED NUMBER: SC117121

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020



**BRITISH ENERGY GENERATION (UK) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

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<b>Directors</b>	David Tomblin Matthew Sykes
<b>Auditor</b>	Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh United Kingdom EH1 2DB
<b>Registered office</b>	Edf Energy Gso Business Park East Kilbride Scotland G74 5PG

**BRITISH ENERGY GENERATION (UK) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2020.

**Principal activity**

The principal activity of British Energy Generation (UK) Limited (the "Company") during the year continued to be to act as an intermediate holding company of EDF Energy Nuclear Generation Limited and British Energy International Holdings Limited on behalf of EDF Energy Nuclear Generation Group Limited.

**Section 172 (1) Statement**

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 of the Companies Act 2006. Further details on how the Directors' duties are discharged, and the oversight of these duties are included in the Directors Report.

The principal activity of the Company is to act as an intermediate holding company of EDF Energy Nuclear Generation Limited (ENGL).

The Company is non-trading, dormant and has no employees, customers or suppliers. As a result of this, the breadth of stakeholder and other considerations that would often apply to decision making for those operational companies within the Company's wider group, Lake Acquisitions Limited Group, being Lake Acquisitions Limited and its subsidiaries (the Lake Group), have generally not applied to the decisions made by the Directors of the Company. The Board's decisions in the reporting year have been limited solely to approval of the Company's Annual Report & Financial Statements.

For more details on how the active companies in the Lake Group engage with their stakeholders please consider the comprehensive Corporate Governance and s.172 Directors Duties Statement as detailed in the Annual Report & Financial Statements (2020) of ENGL.

**Review of the business**

The result for the year before taxation amounted to £nil (2019: profit of £1,447m) and the result after taxation amounted to £nil (2019: profit of £1,447m). The net assets at the end of the year amounted to £1,098m (2019: net assets of £1,098m).

In 2019, the profit was generated from dividend income received from subsidiary undertakings. No dividends have been received in the current year.

The Company is a wholly-owned subsidiary of EDF Energy Holdings Limited (the "Group") which manages its operations on a group basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, and future likely developments of the business are discussed in the Group's Annual Report which does not form part of this report.

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**STRATEGIC REPORT (CONTINUED)**

**Principal risks and uncertainties**

The future prospects of the Company are dependent on the performance of the investments in its subsidiaries. The investments have been reviewed and the carrying value as at 31 December 2020 is considered to be recoverable, based on forecast performance of those subsidiaries.

The main financial risk faced by the Company through its normal business activity is credit risk. This risk and the Company's approach to dealing with it is described below:

The Company's credit risk is primarily attributable to its debtors. Credit risk is mitigated by the nature of the debtor balances owed, with these due from other Group companies who are able to repay these if required.

**EU Referendum**

The United Kingdom (UK) voted to leave the membership of the European Union (EU) on 23 June 2016 and officially left the EU on 31 January 2020. Thereafter the UK entered a transition period that ended on 31 December 2020. During the transition period for most EU and UK businesses including EDF Energy, transactions were mostly unchanged particularly with respect to trade, access to labour & services and the business rules & regulations that govern business operations. During the transition period, the UK and EU negotiated a Trade and Cooperation Agreement (TCA) that was agreed on 24 December 2020 which set out the basis for the future UK-EU relationship from 1st January 2021.

A separate Nuclear Cooperation Agreement (NCA) was also agreed that set out the basis for the specific future civil nuclear relationship. The NCA demonstrates a clear commitment to on-going cooperation on civil nuclear, including safeguards, safety and security. It also provides a framework for trade in nuclear materials and technology, facilitates research and development, and enables exchange of information.

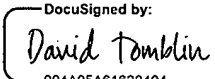
**Covid-19**

The Company continues to monitor the impact of Covid-19 on its business to ensure appropriate actions can be taken to mitigate risk to the Company. While the uncertainty continues, the Covid-19 pandemic has not had a material impact on the financial statements or the financial results of the Company.

**Going concern**

The Directors have prepared the financial statements on a basis other than going concern. This is as a result of the company reaching an agreement with Nuclear Liabilities Fund and the Secretary of State for Business, Energy and Industrial Strategy for the release of certain charges and covenants it held over the Company in Q2 2021, allowing the Directors to wind up this company. Further details can be seen in note 14.

Approved by the Board and signed on its behalf by:

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David Tomblin  
Director

23 August 2021

**BRITISH ENERGY GENERATION (UK) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal risks, uncertainties and going concern are discussed within the Strategic Report.

**Directors**

The Directors who held office during the year and to the date of this report were as follows:

David Tomblin

Matthew Sykes

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the EDF Energy Holdings Limited Group and have contracts with those companies. No portion of any Directors remuneration can be specifically attributed to their service to this company.

No Director (2019: None) held any interests in the shares or debentures of the Company or the Group that are required to be disclosed under the Companies Act 2006.

**Dividends**

Dividends of £nil (2019: £2,850m) were paid in the year.

**Political contributions**

The Company made no political contributions in the current or prior year.

**Future developments**

There are no expected future developments, the directors have an intention to wind up the company as outlined in the Post balance sheet events.

**Post balance sheet events**

Subsequent events are disclosed in note 14 of the financial statements.

**Directors' liabilities**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year and these remain in force at the date of this report.

**Disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

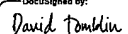
**BRITISH ENERGY GENERATION (UK) LIMITED  
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**DIRECTORS' REPORT (CONTINUED)**

**Reappointment of auditor**

It is noted that Deloitte LLP as appointed by the members are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2021 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditors.

Approved by the Board and signed on its behalf by:

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David Tomblin  
Director

23 August 2021

**BRITISH ENERGY GENERATION (UK) LIMITED  
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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping 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.

**BRITISH ENERGY GENERATION (UK) LIMITED  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH ENERGY GENERATION (UK) LIMITED**

**Report on the audit of the financial statements**

**Opinion**

**In our opinion the financial statements of British Energy Generation (UK) Limited ('the company'):**

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 and "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter - Financial statements prepared other than on a going concern basis**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH ENERGY GENERATION (UK) LIMITED (CONTINUED)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH ENERGY GENERATION (UK) LIMITED (CONTINUED)**

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 and relevant tax legislation; and 'regulations, such as the UK Companies Act and UK Corporation Tax, and'
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

**BRITISH ENERGY GENERATION (UK) LIMITED  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH ENERGY GENERATION (UK) LIMITED (CONTINUED)**

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Stephen Pratt CA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

Edinburgh, United Kingdom

23 August 2021

**BRITISH ENERGY GENERATION (UK) LIMITED  
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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £ m	2019 £ m
Investment income	6	-	1,447
<b>Profit before taxation</b>		-	1,447
Taxation	8	-	-
<b>Profit for the year</b>		-	1,447

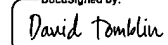
There were no recognised gains or losses during the current or prior year other than the profit/losses shown above. Accordingly, no statement of comprehensive income has been presented.

**BRITISH ENERGY GENERATION (UK) LIMITED**  
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**BALANCE SHEET**  
**AT 31 DECEMBER 2020**

	Note	2020 £ m	2019 £ m
<b>Non-current assets</b>			
Investments in subsidiary undertakings	7	1,079	1,079
<b>Current assets</b>			
Trade and other receivables	9	19	19
<b>Total assets</b>		<u>1,098</u>	<u>1,098</u>
<b>Net assets</b>		<u>1,098</u>	<u>1,098</u>
<b>Equity</b>			
Called up share capital	10	-	-
Share premium reserve	10	72	72
Capital reserve	10	46	46
Retained earnings		<u>980</u>	<u>980</u>
Shareholders' funds		<u>1,098</u>	<u>1,098</u>

The financial statements of British Energy Generation (UK) Limited (registered number: SC117121) on pages 10 to 21 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:  
  
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 David Tomblin  
 Director

23 August 2021

**BRITISH ENERGY GENERATION (UK) LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital £ m</b>	<b>Share premium £ m</b>	<b>Capital reserve £ m</b>	<b>Retained earnings £ m</b>	<b>Total £ m</b>
At 1 January 2019	-	72	46	2,383	2,501
Profit for the year	-	-	-	1,447	1,447
Dividends	-	-	-	(2,850)	(2,850)
At 31 December 2019	-	72	46	980	1,098
Result for the year	-	-	-	-	-
At 31 December 2020	-	72	46	980	1,098

**BRITISH ENERGY GENERATION (UK) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1 General information**

British Energy Generation (UK) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is shown on the contents page. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

**Basis of preparation**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework". These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the Company operates.

**Summary of disclosure exemptions**

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

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group accounts which are available to the public as set out in note 13.

**BRITISH ENERGY GENERATION (UK) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**Going concern**

The Directors have prepared the financial statements on a basis other than going concern. This is as a result of the company reaching an agreement with Nuclear Liabilities Fund and the Secretary of State for Business, Energy and Industrial Strategy for the release of certain charges and covenants it held over the Company in Q2 2021, allowing the Directors to wind up this company. Further details can be seen in note 14.

No adjustments arose as a result of ceasing to apply the going concern basis.

**Exemption from preparing group accounts**

The financial statements contain information about British Energy Generation (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of EDF Energy Holdings Limited, a company incorporated in United Kingdom.

**Dividend income**

Dividend income is recognised when the right to receive payment is established.

**Taxation**

**Current tax**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

**Deferred tax**

Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Investments in subsidiary**

Subsidiary undertakings are those entities controlled by the company, and where the substance of the relationship between the company and the entity indicates that the entity is controlled by the company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Considerations in the assessment of control include:

- the purpose and design of the entity;
- what the relevant activities are and how decisions about those activities are made;
- whether the rights of the company give it the current ability to direct the relevant activities;
- whether the company is exposed, or has rights, to variable returns from its involvement with the entity;
- and
- whether the entity has the ability to use its power over the investee to affect the amount of the investor's returns.

The company continues to assess whether it controls an entity if facts and circumstances indicate that there changes to the elements of control.

Investment in subsidiaries is recorded at cost and is subsequently assessed for indicators of impairment. If such factors exist, a detailed impairment test is carried out. Impairment is recognised in the income statement when the recoverable amount of the company's investment is lower than the carrying amount of the investment.

Upon disposal of the investment in the entity, the company measures the investment at its fair value. Any difference between the fair value of the company's investment and the proceeds of disposal is recognised in the income statement.

**BRITISH ENERGY GENERATION (UK) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**Financial assets and liabilities**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability or a financial asset and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or asset or (where appropriate) a shorter period, to the net carrying amount on initial recognition).

**Recognition of expected credit losses**

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost, measured at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which impairment requirements apply.

At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking.

If at the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, and entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The amount of credit losses (or reversal) is recognised in profit or loss, as an impairment gain or loss at the reporting date.

**Capital reserve**

The capital reserve reflects a capital contribution from the parent company to the Company following restructuring in 2005.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, described in note 2, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements or estimations that the Directors have made in the process of applying the accounting policies of the Company, that are deemed to have a significant effect on the amounts recognised in the financial statements.

**Impairment of investment in subsidiary**

The Company performs impairment testing of investment in subsidiaries where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates and cashflow forecast. These assumptions are reviewed annually to ensure they are reliable.

**4 Operating costs**

In 2020, an amount of £4,310 (2019: £3,798) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2020, no non-audit services were provided to the Company (2019: £nil).

The Company had no employees in the year ended 31 December 2020 (2019: None).

**5 Directors' remuneration**

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the EDF Energy Holdings Limited Group and no portion of their remuneration can be specifically attributed to their services to the Company.

No Director (2019: none) held any interests in the shares or debentures of the Company or the EDF Energy Holdings Limited Group required to be disclosed under the Companies Act 2006.

**6 Investment income**

	2020 £ m	2019 £ m
Dividends from shares in Group undertakings	-	1,447

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**7 Investment in subsidiary undertakings**

**£ m**

**Cost**

At 1 January 2019	1,079
At 31 December 2019 and 31 December 2020	<u>1,079</u>

**Carrying amount**

At 31 December 2019 and 31 December 2020	<u>1,079</u>
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Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership of ordinary shares and voting rights held	
			2020	2019
EDF Energy Nuclear Generation Limited (1)*	Generation and sale of electricity	United Kingdom	100%	100%
British Energy International Holdings Limited*	Holding company	United Kingdom	100%	100%

\* indicates direct investment of British Energy Generation (UK) Limited

(1) Registered Address: Barnett Way, Barnwood, Gloucester, GL4 3RS

Unless stated otherwise, the registered address of the subsidiary undertakings listed above is EDF Energy, GSO Business Park, East Kilbride, Scotland, G74 5PG

The following subsidiaries are currently pledged to Nuclear Liabilities Fund Limited as disclosed in note 11:

- EDF Energy Nuclear Generation Limited
- British Energy International Holdings Limited

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8 Tax**

(a) Tax charged in the income statement

	2020 £ m	2019 £ m
Total current tax charge for the year	-	-
Income tax charge reported in the income statement	-	-

(b) The tax on profit/result before tax for the year is the same as (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

The result for the year can be reconciled to the result in the income statement as follows:

	2020 £ m	2019 £ m
Profit before taxation	-	1,447
Tax at the UK corporation rate of 19.00% (2019: 19.00%)	-	275
Effect of:		
Non-taxable dividends receivable	-	(275)
Income tax reported in the income statement	-	-

**9 Trade and other receivables**

	2020 £ m	2019 £ m
Amounts owed by other Group companies	19	19

Amounts owed by other Group companies are interest free, unsecured and balances are repayable on demand. These amounts are receivable from British Energy Bond Finance Limited, a controlling entity, and approximates fair value.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Share capital and reserves**

**Allotted, called up and fully paid shares**

	<b>2020</b>		<b>2019</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Special rights redeemable preference shares of £1 each	1	1	1	1

The Company has one class of Ordinary shares which carry no right to fixed income.

**Special rights redeemable preference share of £1**

The special rights redeemable preference share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting the Company. This share, which may only be held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown, does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. The Special Share confers no rights to participate in the capital or profits of the Company beyond its nominal value. The consent of the holder of the Special Share is required for certain matters including the alteration or removal of the provisions in the Company's Articles of Association relating to the Special Share and to the limitations on shareholdings.

In addition, consent of the holder of the special share is required in relation to, amongst others, certain amendments to the Articles of Association of the Company, or a disposal by the Company of any or all of its shares held in EDF Energy Nuclear Generation Limited. However, the holder of the Special Share will only be entitled to withhold consent to such an amendment or disposal if, in the holder's opinion, the matter in question would be contrary to the interests of national security. The Articles of Association include full details of these restrictions.

**Share premium and Capital reserve**

The share premium reserve relates to shares issued on restructuring in January 2005 for greater than their nominal value. The capital reserve reflects a capital contribution from the parent company to the Company following the restructuring in 2005.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Contingent liabilities**

The Company has given certain indemnities and guarantees in respect of its subsidiary undertakings. No losses are anticipated to arise under these indemnities and guarantees, provided relevant subsidiary undertakings continue on a going concern basis.

The Company has given a guarantee and indemnity to the Secretary of State for Business, Innovation and Skills and Nuclear Liabilities Fund Limited, along with EDF Energy Nuclear Generation Group Limited and its subsidiaries companies, in respect to their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement.

The Company has provided a debenture comprising fixed and floating charges to the Secretary of State for Business, Innovation and Skills and the Nuclear Liabilities Fund, along with a number of other companies, in EDF Energy Nuclear Generation Group Limited in respect of any decommissioning default payment.

**12 Related party transactions**

The Company has taken advantage of the exemption in FRS 101 "Reduced Disclosure Framework" from disclosing transactions with other wholly owned members of the Group, which would be required for disclosure under IAS 24. For details about amounts owed by other group companies refer to note 9.

**13 Parent undertaking and controlling party**

British Energy Limited holds a 100% interest in the Company and is considered to be the immediate parent company. This interest is currently pledged to Nuclear Liabilities Fund Limited. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered address at 90 Whitfield Street, London, W1T 4EZ.

At 31 December 2020, Électricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered address at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

**14 Post balance sheet events**

In June 2021 the Company reached an agreement with Nuclear Liabilities Fund and the Secretary of State for Business, Energy and Industrial Strategy for the release of certain charges and covenants it held over the Company. These charges will be released on the basis of the step plan agreed with Nuclear Liabilities Fund and the Secretary of State for Business, Energy and Industrial Strategy. On the basis of this agreement, the Directors intentions are to wind up the company as soon as practicably possible and for that reason the accounts have been prepared on a basis other than going concern.