

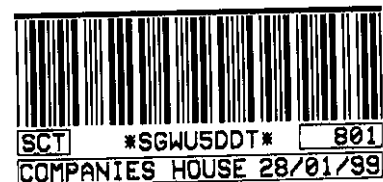
BRITISH ENERGY TECHNICAL SERVICES LIMITED
(formerly Scottish Nuclear International Limited)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1998

Registered Office:

10 Lochside Place
Edinburgh
EH12 9DF



BRITISH ENERGY TECHNICAL SERVICES LIMITED
(formerly Scottish Nuclear International Ltd)

DIRECTORS' REPORT

The Directors present their report and the audited accounts of British Energy Technical Services Limited for the period ended 31 March 1998.

ACTIVITIES AND FUTURE DEVELOPMENTS

The Company's principal activity is handling certain overseas consultancy business of the British Energy Group.

RESULTS AND DIVIDENDS

The profit for the period was £113,000 (1997: loss £150,000) and this amount has been transferred to reserves. No dividends are proposed.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company at 31 March 1998 are as follows:-

Robert Armour

Michael Kirwan (appointed 9 March 1998)

Alan Nickalls (appointed 9 March 1998)

Neil Stewart resigned as a director of the Company on 15 October 1997. Robin Jeffrey resigned as a director of the Company on 9 March 1998. Peter Hollins was appointed as a director of the Company on 16 April 1998. None of the directors had an interest in the shares of the Company during the year.

The interests of Michael Kirwan in the shares of the ultimate holding company, British Energy plc, are disclosed in the accounts of that company. The other directors at 31 March 1998 had the following interests in the £1 ordinary shares of British Energy plc:

	Shares		Share Options		Executive Share Options	
	31.3.98	1.4.97	31.3.98	1.4.97	31.3.98	1.4.97
Robert Armour	1,465	1,465	10,781	10,781	30,961	-
Alan Nickalls	5,459	459	-	-	37,145	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year 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 accounts the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

AUDITORS

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 and the directors propose that the new firm PricewaterhouseCoopers be appointed as auditors at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'R. Armour', written over a horizontal line.

ROBERT ARMOUR
SECRETARY

15 JANUARY 1999

Registered Office:

10 Lochside Place
Edinburgh
EH12 9DF

REPORT BY THE AUDITORS TO THE MEMBERS OF BRITISH ENERGY TECHNICAL SERVICES LIMITED

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the affairs of the Company at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Albany House
58 Albany Street
Edinburgh
EH1 3QR

15 January 1999

BRITISH ENERGY TECHNICAL SERVICES LIMITED
(formerly Scottish Nuclear International Limited)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 1998

	<u>Note</u>	<u>1998</u> £000	<u>1997</u> £000
Turnover	2	359	473
Operating costs	3	(415)	(640)
Other operating income		<u>137</u>	<u>-</u>
Operating profit/loss		81	(167)
Bank interest received		<u>22</u>	<u>17</u>
Profit/(loss) for year before taxation		103	(150)
Taxation	4	<u>-</u>	<u>-</u>
Profit/(loss) for year after taxation		103	(150)
Retained (loss)/profit brought forward		<u>(137)</u>	<u>13</u>
Loss carried forward		<u>(34)</u>	<u>(137)</u>

The Company had no recognised gains or losses other than the losses for the years.

The notes on pages 6 to 7 form part of these accounts.

BRITISH ENERGY TECHNICAL SERVICES LIMITED
(formerly Scottish Nuclear International Limited)

BALANCE SHEET AS AT 31 MARCH 1998

	<u>Note</u>	<u>1998</u> £000	<u>1997</u> £000
CURRENT ASSETS			
Debtors	5	1,117	662
Cash at bank		342	379
		<hr/> 1,459	<hr/> 1041
CREDITORS (Amounts falling due within one year)	6	<hr/> (1,493)	<hr/> (1178)
NET CURRENT LIABILITIES		<hr/> (34)	<hr/> (137)
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account		<hr/> (34)	<hr/> (137)
TOTAL SHAREHOLDERS' FUNDS	8	<hr/> (34)	<hr/> (137)

APPROVED BY THE BOARD ON 15 JANUARY 1999



ROBERT ARMOUR
DIRECTOR

The notes on pages 6 to 7 form part of these accounts.

BRITISH ENERGY TECHNICAL SERVICES LIMITED
(formerly Scottish Nuclear International Limited)

NOTES TO THE ACCOUNTS - 31 MARCH 1998

1 ACCOUNTING POLICIES

(i) Basis of Accounting

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

The Company's results are consolidated within British Energy Plc which produces publicly available financial statements including a cash flow statement. Accordingly, the Company has elected to utilise the exemption provided by Financial Reporting Standard 1, Cash Flow Statements (Revised), and has not provided a cash flow statement. Additionally, as the Company is a wholly owned subsidiary it is exempt from the requirements under FRS 8 to disclose related party transactions with other members of the British Energy plc group.

These financial statements have been prepared on the going concern basis as the Company's parent undertaking has indicated its intention to continue to financially support the company for the foreseeable future.

(ii) Long Term Contracts

Turnover in respect of contracting activities represents the value of work carried out during the period including amounts not invoiced. Profit on contracting activities is taken as work progresses, proportionate to the prudently assessed overall forecast.

The amounts recoverable on contracts represents the excess of the value of work carried out to the balance sheet date over cumulative amounts invoiced to date.

(iii) Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Transactions entered into during the year are translated at the exchange rate ruling on that date.

2 TURNOVER

Turnover arose primarily from contracts to carry out on-site assistance and plant upgrade work at power plants outside the UK, principally in Russia.

3 OPERATING COSTS

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Cost of Sales	253	500
Management Fee	162	140
	<u>415</u>	<u>640</u>

None of the Directors received any emoluments from the Company in respect of their services during the year. Auditors' remuneration is borne by the parent company.

BRITISH ENERGY TECHNICAL SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1998 (Continued)

4 TAXATION

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Current year credit at 31% (1996-33%)	-	(1)
Adjustment in respect of prior years Corporation Tax	-	1
	<u>-</u>	<u>-</u>

Any taxable profits arising will be covered by group relief surrendered for nil consideration. No provision for deferred tax is required because of the availability of tax losses.

5 DEBTORS

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Trade debtors	1,116	61
Amounts recoverable on contracts	-	600
Tax recoverable	1	1
	<u>1,117</u>	<u>662</u>

6 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Amount due to ultimate parent undertaking	166	141
Amount due to fellow subsidiary undertaking	1,067	1,037
Deferred income	260	-
	<u>1,493</u>	<u>1178</u>

The Company's ultimate parent undertaking waived £137,000 during the year, eliminating the deficit on the Profit and Loss Account brought forward from 1 April 1997.

7 SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Balance brought forward	(137)	13
Profit/(loss) for the year	103	(150)
Closing shareholder's deficit funds	<u>(34)</u>	<u>(137)</u>

9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party of the Company is British Energy Plc, a company registered in Scotland. Copies of the accounts of British Energy Plc can be obtained from 10 Lochside Place, Edinburgh EH12 9DF.