



EDF ENERGY NUCLEAR GENERATION GROUP LIMITED

Registered Number SC 270184

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2012

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Directors

Humphrey Cadoux-Hudson
Vincent Mark Hanafin
Serge Massart
Philippe Victor Paul Huet
Jean-Michel Quilichini
Vincent de Rivaz
Simone Rossi
Andrew Spurr
Stéphane Tortajada

Company Secretary

Guido Santi

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

GSO Business Park
East Kilbride
G74 5PG

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2012.

Principal activity

The principal activity of EDF Energy Nuclear Generation Group Limited (the "Company") during the year continued to be to act as a holding company for the Company and its subsidiaries (the "Group"). It will continue with this activity for the foreseeable future.

Business review

The loss for the year, before taxation, amounted to £32m (2011: £27m) and after taxation, amounted to £24m (2011: £20m). The change in results is a result of increased net intercompany interest payable primarily due to the funding of dividends by another Group company.

Dividends of £510m were paid in the year (2011: £645m).

Output from the nuclear fleet for the year was 60.0 TWh, 4.2 TWh higher than the 55.8 TWh generated in 2011.

The increase in output is largely explained by:

- (i) lower unplanned losses in 2012, particularly at Dungeness B where in 2011 one reactor was shut down to address a gas circulator seal issue and the other was shut down for an extended period because it could not be refuelled due to a fuelling machine problem
- (ii) extended refuelling durations and reactivity restrictions at Dungeness B due to fuel route issues in 2011
- (iii) one less unit on statutory outage in 2012
- (iv) the output restriction at Heysham 1 arising from hot box dome temperature limits was removed by the end of 2011

The Group remains committed to safety and environmental excellence and has continued its efforts to embed a culture of operational safety and excellence through investment in its people and working practices.

There were three nuclear reportable events during the year which maintains our performance from previous years. The actual and potential significance of individual nuclear events is measured against the International Nuclear Event Scale ("INES"). These are categorised between Level 0, which has no safety significance and Level 7 which represents a major accident. None of the three events were rated higher than Level 1, which represents events that have no impact on the safety of the general public or our workforce.

There were nine lost time injuries during 2012, the same as the previous year. Over half of the accidents were caused by falls following slips and trips.

There were two environmental incidents during 2012, one more than the previous year.

The Group also uses a more stringent measure for monitoring injuries and environmental events in order to highlight precursors and thereby enable early action to be taken.

Going concern

The Company is a holding company and is dependent on the continued profitability and cash generation of its subsidiaries. Whilst the Company currently has net current liabilities, management expect future dividends from the Company's subsidiaries to allow it to fulfil its financial obligations going forward. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT continued

Risk management

The future prospects of the Company are dependent on the performance of its investment in its subsidiaries. The investment in British Energy Bond Finance plc has been reviewed and the carrying value is considered to be recoverable based on forecast performance of the British Energy Bond Finance plc group of companies.

The main financial risks faced by the Company through its normal business activities are liquidity risk and credit risk. These risks and the Company's approach to dealing with them are described below:

Liquidity risk is the risk that the proceeds from financial assets, including investments in subsidiaries, are not sufficient to fund the obligations arising from liabilities as they fall due. The Company's exposure to liquidity risk is reduced due to all current liabilities being within the Group.

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.

Directors

Directors who held office during the year and subsequently, except as noted, were as follows:

Humphrey Cadoux-Hudson

Vincent Mark Hanafin

Serge Massart

Philippe Victor Paul Huet (appointed 15 June 2012)

Jean-Michel Quilichini (appointed 20 September 2012)

Alain Peckre (resigned 14 June 2012)

Vincent de Rivaz

Simone Rossi

Andrew Spurr

Stéphane Tortajada

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated EDF companies, or Centrica plc, and have contracts with those companies.

There were qualifying third-party indemnity provisions in place for the benefit of the Directors of the Company during the financial year and at the date of approval of the financial statements.

DIRECTORS' REPORT continued

Disclosure of information to Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

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

Auditor

It is noted that Deloitte LLP as appointed by the members on 30 September 2011 are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2013 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.

By order of the Board



Simone Rossi
Director

27 June 2013

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). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY NUCLEAR GENERATION GROUP LIMITED

We have audited the financial statements of EDF Energy Nuclear Generation Group Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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).

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.

Respective responsibilities of Directors and Auditor

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. 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.

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 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 company's affairs as at 31 December 2012 and of its loss 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.

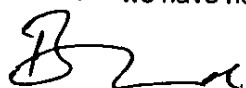
Opinion on other matter prescribed by the Companies Act 2006

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, 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.



Bevan Whitehead (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

Date: 27 June 2013

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	2012 £m	2011 £m
Interest receivable and similar income	4	-	2
Interest payable and similar charges	5	(32)	(29)
Loss on ordinary activities before taxation		(32)	(27)
Tax on loss on ordinary activities	6	8	7
Loss for the financial year	12	(24)	(20)

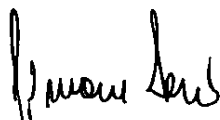
All results are derived from continuing operations in both the current and preceding year.

There were no recognised gains or losses in either year other than those included in the profit and loss account above. Accordingly, no statement of total recognised gains and losses has been presented.

BALANCE SHEET
AT 31 DECEMBER 2012

	<i>Note</i>	2012 £m	2011 £m
Fixed assets			
Investment in subsidiary undertaking	7	8,297	8,297
Current assets			
Debtors			
- due within one year	8	16	9
Creditors: amounts falling due within one year	9	(1,973)	(1,432)
Net current liabilities		(1,957)	(1,423)
Total assets less current liabilities		6,340	6,874
Net assets		6,340	6,874
Capital and reserves			
Called up share capital	10	161	161
Share premium	12	65	65
Capital reserve	12	767	767
Profit and loss account	12	5,347	5,881
Shareholder's funds	12	6,340	6,874

The financial statements of EDF Energy Nuclear Generation Group Limited, registered number SC 270184 on pages 7 to 14 were approved and authorised for issue by the Board of Directors on 27 June 2013 and were signed on its behalf by:



Simone Rossi
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Going concern

As set out in the Directors' Report, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The Company is exempt from preparing consolidated financial statements as it is a subsidiary of Electricité de France SA (EDF SA), which prepares consolidated financial statements which include the results of the company and are publicly available.

Cash flow statement

The Company has not prepared a cash flow statement as it does not hold bank accounts and as such there are no cash transactions to report in the current or prior year. Cash flows are settled on the Company's behalf by fellow group entities.

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Taxation

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 or substantively enacted by 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 where transactions or events that result in an obligation to pay more tax 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, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses; and
- 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 at the average 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 is measured on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Operating costs

In 2012 an amount of £49,000 (2011: £48,000) was paid to Deloitte LLP for audit services. This charge was borne by another group company in both the current and prior year. In 2012 no non-audit services were provided to the Company (2011: £nil).

The Company had no employees in 2012 (2011: None).

3. Directors' emoluments

All Directors are employees of associated EDF companies or Centrica plc.

The Directors did not receive any remuneration from the Company for their services during the year or preceding year. Humphrey Cadoux-Hudson, Vincent de Rivaz, Simone Rossi and Andrew Spurr are paid by associated EDF companies for services to the EDF Energy (UK) Limited group. Humphrey Cadoux-Hudson's emoluments are included in NNB Generation Company Limited's financial statements for the year ended 31 December 2012. Vincent de Rivaz and Simone Rossi's emoluments are included in EDF Energy Holdings Limited's financial statements for the year ended 31 December 2012. Andrew Spurr's emoluments are included in EDF Energy Nuclear Generation Limited's financial statements for the year ended 31 December 2012. Mark Hanafin is paid by Centrica plc for his services and his emoluments are included in Centrica plc's Annual Report and Accounts for the year ended 31 December 2012. The amounts received by the other non-Executive Director for services to the Company during the year ended 31 December 2012 was nil (2011: £10,000). These charges were borne by another group company.

No Director (2011: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

4. Interest receivable and similar income

	2012 £m	2011 £m
Guarantee fees receivable from Group companies	-	2

5. Interest payable and similar charges

	2012 £m	2011 £m
Interest payable on amounts owed to other Group companies	32	29

NOTES TO THE FINANCIAL STATEMENTS continued

6. Tax on loss on ordinary activities

(a) Analysis of tax credit in the year:

UK current tax	2012 £m	2011 £m
UK corporation tax credit on loss for the year	8	7
Total current tax credit (note 6(b))	8	7

The Finance Act 2012 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 25% to 24%. This change was substantively enacted under the Provisional Collection of Taxes Act 1968 on 27 March 2012 and has therefore been reflected where appropriate in these financial statements.

The Finance Act 2012 also announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2013 from 24% to 23%. This change was substantively enacted on 17 July 2012 and has therefore been reflected where appropriate in these financial statements.

The Chancellor's Autumn Statement on 5 December 2012 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21%.

The Chancellor's Budget on 20 March 2013 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2015 from 21% to 20%.

(b) Factors affecting tax credit for the year:

The tax assessed for the period is equal to (2011: equal to) the standard rate of corporation tax in the UK, as shown below.

	2012 £m	2011 £m
Loss on ordinary activities before tax	32	27
Tax on loss on ordinary activities at standard UK rate of corporation tax of 24.5% (2011: 26.5%)	8	7

NOTES TO THE FINANCIAL STATEMENTS continued

7. Investment in subsidiary undertaking

Cost and book value

	£m
At 1 January 2012 and 31 December 2012	8,297

The principal subsidiary undertakings at 31 December 2012, which are incorporated in Great Britain and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Proportion of ownership interest	Proportion of voting power held	Principal activity
	%	%	
British Energy Bond Finance plc	100%	100%	Financial activities
British Energy Finance Limited *	100%	100%	Financial activities
British Energy Generation (UK) Limited *	100%	100%	Holding company
British Energy Holdings Limited * (Canada)	100%	100%	Holding company
British Energy International Holdings Limited *	100%	100%	Holding company
British Energy Investment Limited *	100%	100%	Investment company
British Energy Limited *	100%	100%	Holding company
British Energy Renewables Limited *	100%	100%	Investment company
British Energy Trading and Sales Limited *	100%	100%	Sale of electricity
British Energy Trading Services Limited *	100%	100%	Sale of electricity
British Energy Technical Services Limited *	100%	100%	Holding company
EDF Energy Nuclear Generation Limited *	100%	100%	Power generation
Eggborough Power (Holdings) Limited*	100%	100%	Holding company
Lochside Insurance Limited * (Guernsey)	100%	100%	Insurance company
Northern Power Limited*	100%	100%	Investment company

* Indirectly held

8. Debtors

	2012 £m	2011 £m
Debtors: amounts falling due within one year		
Amounts owed by other Group companies	-	1
Corporation tax (Group relief receivable)	16	8
	16	9

9. Creditors: amounts falling due within one year

	2012 £m	2011 £m
Amounts owed to other Group companies	1,973	1,432

NOTES TO THE FINANCIAL STATEMENTS continued

10. Share capital

Allotted, called up and fully paid

	2012 Number	2011 Number	2012 £m	2011 £m
Ordinary shares of 10p each	1,607,494,287	1,607,494,287	161	161
Special rights redeemable preference shares of £1.00 each	1	1	-	-

Special rights redeemable preference share of £1

The special 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 British Energy Limited, EDF Energy Nuclear Generation Limited or British Energy Generation (UK) Limited, or a disposal by the Company of its shares in these companies. 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.

11. Dividends paid

	2012 £m	2011 £m
Ordinary dividends on equity shares – 31.7p per ordinary share (2011: 40.1p)	510	645

12. Reconciliation of shareholder's funds

	Share capital £m	Share premium £m	Capital reserve £m	Profit and loss account £m	Total shareholder's funds £m
At 1 January 2011	161	4,429	767	2,182	7,539
Loss for the year	-	-	-	(20)	(20)
Capital reduction	-	(4,364)	-	4,364	-
Dividends paid (note 11)	-	-	-	(645)	(645)
At 31 December 2011	161	65	767	5,881	6,874
Loss for the year	-	-	-	(24)	(24)
Dividends paid (note 11)	-	-	-	(510)	(510)
At 31 December 2012	161	65	767	5,347	6,340

NOTES TO THE FINANCIAL STATEMENTS continued

13. 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 the Nuclear Liabilities Fund along with a number of other Group companies in respect of 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 Group companies in respect of any decommissioning default payment.

14. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with other wholly owned entities that are part of the Group or investees of the Group qualifying as related parties, as it is the parent company of the Group.

15. Parent undertaking and controlling party

Lake Acquisitions Limited holds a 100% interest in EDF Energy Nuclear Generation Group Limited and is considered to be the immediate parent company. 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 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2012, Electricité 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 Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.