

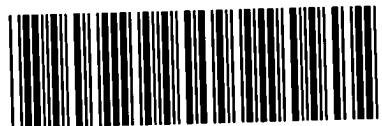
LAKE ACQUISITIONS LIMITED

REGISTERED NUMBER: 06612465

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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Directors

Humphrey Cadoux-Hudson
Vincent Mark Hanafin
Robert Guyler
Lisa Ann Minns
Jean-Michel Quilichini
Marie-Sylvie Collet
Simone Rossi

Company secretary Guido Santi

Auditor

Deloitte LLP
2 New Street Square
London
United Kingdom
EC4A 3BZ

Registered office

90 Whitfield Street
London
England
W1T 4EZ

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2017.

Principal activity

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

Review of the business

The profit for the year before and after taxation amounted to £287m (2016: loss of £1,026m), derived from dividend income received of £287m (2016: £550m). The loss in prior year was a result of the impairment of the Company's investment in the Nuclear Generation business through its owning of EDF Energy Nuclear Generation Group Limited.

EDF Energy Holdings Limited indirectly holds an 80% interest in Lake Acquisitions Limited and manages the Company's operations on a group basis. For this reason, and the fact that the Company is non-trading, 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.

Principal risks and uncertainties

The main financial risks faced by the Company in its normal business activities are liquidity risk, credit risk and taxation risk. The following is a discussion of the key risks together with a summary of the Company's approach to managing those risks.

Liquidity risk is the risk that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Company's exposure to liquidity risk is reduced by its borrowing facilities in place provided by its shareholders.

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 primarily due from other Group companies who are able to repay these if required.

The future prospects of the Company are dependent on the performance of its investment in its subsidiary. The investment in EDF Energy Nuclear Generation Group Limited has been reviewed and the carrying value is considered to be recoverable based on forecast performance of the EDF Energy Nuclear Generation Group Limited group of companies.

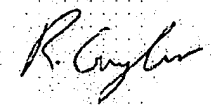
LAKE ACQUISITIONS LIMITED
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STRATEGIC REPORT (CONTINUED)

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Company faces and which have been outlined in more detail elsewhere in this report. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 19 June 2018 and signed on its behalf by:



.....
Robert Guyler
Director

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 December 2017.

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:

Humphrey Cadoux-Hudson

Vincent Mark Hanafin

Robert Guyler

Lisa Ann Minns

Jean-Michel Quilichini

Marie-Sylvie Collet (appointed 1 June 2017)

Simone Rossi (appointed 1 November 2017)

Tilmann Steinhagen (resigned 21 March 2017)

Vincent de Rivaz (resigned 31 October 2017)

No Director is employed by or has a service contract with the Company. Lisa Ann Minns and Vincent Mark Hanafin are employed by and have service contracts with Centrica plc, the ultimate parent of the minority shareholder in the Company. The remaining Directors are employed by and have service contracts with subsidiaries of the ultimate parent company, EDF SA.

Dividends

Dividends of £287m were paid during the year (2016: £550m).

Post balance sheet events

On 27 March 2018, the Directors approved an interim 2018 dividend of £100m, which was paid to its shareholders on 3 April 2018.

The company has guaranteed the availability of a £474m credit facility from March 2018. Previously, this was a £448m credit facility guaranteed until March 2018.

Political donations

The Company made no political donations in the current year (2016: £nil).

Future developments

The future developments of the Company are outlined in the Strategic Report.

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.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT (CONTINUED)

Disclosure of information to the auditor

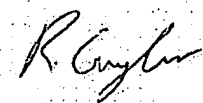
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Appointment and re-appointment of auditor

It is noted that Deloitte LLP are deemed to be re-appointed as the Auditor to the Company for the financial year ending 31 December 2018 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 Auditor.

Approved by the Board on 19 June 2018 and signed on its behalf by:



.....
Robert Guyler
Director

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAKE ACQUISITIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lake Acquisitions Limited (the 'Company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

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 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAKE ACQUISITIONS LIMITED
(CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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. 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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

**LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAKE ACQUISITIONS LIMITED
(CONTINUED)**

Report on other legal and regulatory requirements

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

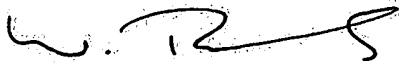
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.



.....
William Brooks, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

19 June 2018

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £ m	2016 £ m
Impairment of subsidiary undertakings	9	-	(1,576)
Investment income	6	288	551
Finance costs	7	<u>(1)</u>	<u>(1)</u>
Profit/(loss) on ordinary activities before taxation		287	(1,026)
Tax on profit on ordinary activities	8	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>287</u>	<u>(1,026)</u>

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

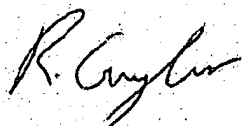
The above results were derived from continuing operations in both the current and preceding year.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

BALANCE SHEET
AT 31 DECEMBER 2017

	Note	2017 £ m	2016 £ m
Non-current assets			
Investments in subsidiary undertakings	10	8,178	8,178
Current assets			
Trade and other receivables	11	1	1
Cash and cash equivalents	12	3	3
		<u>4</u>	<u>4</u>
Total assets		<u>8,182</u>	<u>8,182</u>
Current liabilities			
Trade and other payables	13	<u>(2)</u>	<u>(2)</u>
Net current assets		<u>2</u>	<u>2</u>
Total assets less current liabilities		<u>8,180</u>	<u>8,180</u>
Non-current liabilities			
Other liabilities	14	<u>(3)</u>	<u>(3)</u>
Net assets		<u>8,177</u>	<u>8,177</u>
Capital and reserves			
Called up share capital	15	1,115	1,115
Retained earnings		<u>7,062</u>	<u>7,062</u>
Shareholders' funds		<u>8,177</u>	<u>8,177</u>

The financial statements of Lake Acquisitions Limited (registered number 06612465) on pages 9 to 23, were approved by the Board and authorised for issue on 19 June 2018 and signed on its behalf by:



.....
 Robert Guyler
 Director

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 January 2016	1,115	8,638	9,753
Loss for the year	-	(1,026)	(1,026)
Dividends (note 16)	-	(550)	(550)
At 31 December 2016	<u>1,115</u>	<u>7,062</u>	<u>8,177</u>
Profit for the year	-	287	287
Dividends (note 16)	-	(287)	(287)
At 31 December 2017	<u><u>1,115</u></u>	<u><u>7,062</u></u>	<u><u>8,177</u></u>

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Lake Acquisitions Limited is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page.

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".

Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet mandatory and therefore not adopted; IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases.

On 22 September 2016, the European Union (EU) adopted IFRS 15 "Revenue from Contracts with Customers", which will be mandatory for financial years beginning on or after 1 January 2018. The full retrospective approach will be applied for IFRS 15 and the impact of adopting this standard is not deemed to have a material impact in the Company's accounts.

The Company intends to apply the new rules introduced by IFRS 9 "Financial Instruments" from 1 January 2018. Application of this new standard is not expected to have any significant impacts on the financial statements at the transition date. Implementation of these provisions is currently ongoing in the Company.

IFRS 16 "Leases" was adopted by the European Union on 31 October 2017 and will be mandatory for financial years beginning on or after 1 January 2019. The Company has no plans for early application of this standard. Data collection and analysis works are being carried out and the Company is continuing its calculations regarding the impact of the first application of IFRS 16.

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.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

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 paragraph 10(d), 10(f), 39(c) 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, Changing 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 20.

Going concern

As set out in the Strategic Report, after making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Company faces and which have been outlined in more detail elsewhere in this report. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Exemption from preparing group accounts

The financial statements contain information about Lake Acquisitions 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 its indirect parent, EDF Energy Holdings Limited, a company incorporated in the United Kingdom.

Finance charges

Finance charges are accounted for on an accruals basis in the income statement based upon contracted rates.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

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.

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.

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

Fixed asset investments are stated at historical cost less provision for any diminution in value. Current asset investments are stated at the lower of cost or net realisable value. For acquisitions of investment where there is a contingent consideration, it is included in the cost of acquisition at fair value if it is considered probable to be paid and can be reliably measured. If this estimate is revised in subsequent periods, any movements are recognised in the cost of the investment.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Contingent consideration

The Group has contingent consideration being the Contingent Value Rights notes ("CVR") which were issued to Barclays Bank plc who in turn issued Nuclear Power Notes to subscribing shareholders of EDF Energy Nuclear Generation Group Limited. The resultant liability is measured at fair value, with any resulting gain or loss recognised against the goodwill which arose on the Nuclear Generation acquisition in the Group accounts. In these financial statements, any gain or loss in the value of the contingent value rights is recognised against the investment in subsidiary undertakings balance. The contingent consideration is valued based on the market price of the outstanding notes and will mature in 2019.

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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of investments

The Company performs impairment testing on investments where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates, output values, asset lives and forward power prices.

Critical judgements in applying accounting policies

There are no critical judgements 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.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating result

In 2017 an amount of £10,250 (2016: £10,000) was paid to Deloitte LLP for audit services provided to the Company. This charge was borne by another Group company in both the current and prior year. In 2017, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £8,164 (2016: £8,164).

The Company had no employees during 2017 (2016: none).

5 Directors' remuneration

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

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company. Accordingly, no details in respect of their emoluments have been included in these financial statements.

Humphrey Cadoux-Hudson, Simone Rossi, Marie-Sylvie Collet, Jean-Michel Quilichini, Tilmann Steinhagen, Robert Guyler and Vincent de Rivaz are paid by associated EDF companies for services to the whole Group. Simone Rossi, Vincent de Rivaz and Robert Guyler's emoluments are included within EDF Energy Holdings Limited's financial statements for the year ended 31 December 2017.

Vincent Mark Hanafin and Lisa Ann Minns are paid by Centrica plc for their services. Vincent Mark Hanafin's emoluments can be found in Centrica plc's annual report and financial statements for the year ended 31 December 2017.

6 Investment income

	2017	2016
	£ m	£ m
Dividends from shares in Group undertakings	287	550
Interest receivable from other Group companies	<u>1</u>	<u>1</u>
	<u>288</u>	<u>551</u>

7 Interest payable and similar charges

	2017	2016
	£ m	£ m
Interest payable to Group undertakings	<u>1</u>	<u>1</u>

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Tax

(a) Tax charged in the income statement

	2017	2016
	£ m	£ m
Current taxation		
UK corporation tax charge on profit/(loss) made in the year	-	-
Total current tax charge in the year	-	-
Income tax charge reported in the income statement	-	-

(b) The tax on profit before tax for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

The charge for the year can be reconciled to the profit/(loss) in the income statement as follows:

	2017	2016
	£ m	£ m
Profit/(loss) before tax	287	(1,026)
Tax at the UK corporation tax rate of 19.25% (2016: 20.00%)	55	(205)
Non-taxable dividends receivable	(55)	(110)
Non-deductible impairment of subsidiary undertakings	-	315
Tax charge reported in the income statement	-	-

(c) Other factors affecting the tax charge for the year:

Changes to the main rate of corporation tax were announced in Finance (No. 2) Act 2015. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2017 from 20% to 19% and a further reduction for the financial year beginning 1 April 2020 from 19% to 18%.

Finance Act 2016 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2020 from 18% to 17%.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Impairment

	2017 £ m	2016 £ m
Impairment of subsidiary undertakings	-	(1,576)

In 2016, an impairment test was performed for the Company's investment in the nuclear generation business due to falling power prices which was considered as an impairment trigger. This resulted in an impairment of £1,576m in 2016.

10 Investment in subsidiary undertakings

	£ m
Cost and book value	
At 1 January 2016	9,790
Impairment (note 9)	(1,576)
Change in value of CVR instrument during the year	(36)
At 31 December 2016	8,178
At 31 December 2016 and 31 December 2017	8,178

The subsidiary undertakings at 31 December 2017, which are incorporated in the United Kingdom and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held	
		2017	2016
EDF Energy Nuclear Generation Group Limited	Holding company	100%	100%
British Energy Technical Services Limited *	Holding company	100%	100%
British Energy Bond Finance plc *	Financial activities	100%	100%
British Energy Finance Limited *	Financial activities	100%	100%
British Energy Generation (UK) Limited *	Holding company	100%	100%
EDF Energy Nuclear Generation Limited (1) *	Power generation	100%	100%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investment in subsidiary undertakings (continued)

British Energy Holdings Limited (Canada) (3) *	Holding company	100%	100%
British Energy International Holdings Limited *	Holding company	100%	100%
British Energy Investment Limited *	Investment company	100%	100%
British Energy Limited *	Holding company	100%	100%
British Energy Renewables Limited *	Investment company	100%	100%
British Energy Trading and Sales Limited *	Holding company	100%	100%
British Energy Trading Services Limited *	Holding company	100%	100%
Eggborough Power (Holdings) Limited *	Holding company	100%	100%
Lochside Insurance Limited (Guernsey) (2) *	Insurance company	100%	100%

* Indirectly held

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

(2) Registered Address: PO Box 34, St Martin's House, Le Bordage, St Peter Port, Guernsey, Channel Islands, GY1 4AU

(3) Registered Address: 100 King Street West, 1600, 1 First Canadian Place, Toronto ON M5X 1G5, Canada

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investment in subsidiary undertakings (continued)

The UK Government owns a single special rights redeemable preference share of £1 in EDF Energy Nuclear Generation Group Limited. The Special Share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting EDF Energy Nuclear Generation Group Limited. 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 EDF Energy Nuclear Generation Group Limited 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 EDF Energy Nuclear Generation Group Limited'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 other matters, certain amendments to the Articles of Association of British Energy Bond Finance plc, British Energy Limited, EDF Energy Nuclear Generation Limited or British Energy Generation (UK) Limited, or a disposal by EDF Energy Nuclear Generation Group Limited 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 Trade and other receivables

	2017	2016
	£ m	£ m
Amounts owed by Group undertakings	<u>1</u>	<u>1</u>

The carrying amount of trade and other receivables approximates to their fair value.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Cash and cash equivalents

	2017	2016
	£ m	£ m
Short-term deposits	<u>3</u>	<u>3</u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £3m (2016: £3m). The Group operates a cash concentration arrangement which physically offsets cash balances and overdrafts between subsidiary companies.

13 Trade and other payables

	2017	2016
	£ m	£ m
Amounts owed to ultimate parent companies	1	1
Other payables	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

The carrying amount of trade and other payables approximates to their fair value.

14 Other liabilities

	2017	2016
	£ m	£ m
Contingent consideration	<u>3</u>	<u>3</u>

The contingent consideration relates to the CVRs which were issued to Barclays Bank plc, who in turn issued Nuclear Power Notes to subscribing ex-shareholders of EDF Energy Nuclear Generation Group Ltd. They are measured at fair value, with any resulting gain or loss recognised against the goodwill associated with the acquisition.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. m	£ m	No. m	£ m
Ordinary shares of £0.10 each	11,145	1,115	11,145	1,115

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

16 Dividends

	2017	2016
	£ m	£ m
Ordinary dividends on equity shares	287	550

Dividend per share for 2017 was 2.6p (2016: 4.9p).

17 Other financial commitments

At the year end, Lake Acquisitions Limited has guaranteed the availability of a £448m credit facility with a subsidiary company until March 2018. This was increased to £474m from March 2018 onwards. The Company has received a back to back facility from its shareholders to enable it to make this facility available.

At the year end, Lake Acquisitions Limited has guaranteed the availability of a £151m credit facility with a subsidiary company (2016: £176m). The amount of this facility reduces annually until its expiration in 2022. The Company has received letters of support from its shareholders to support this facility.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Related party transactions

During the year, interest of £0.8m was charged to a subsidiary undertaking, British Energy Bond Finance plc (2016: £0.8m). This related to commitment fees on the available credit facility (see note 17 for further details).

During the year, interest of £0.7m was payable to the Company's ultimate parent companies (2016: £0.6m). In both 2017 and 2016, this was split 80% to Électricité de France SA and 20% to Centrica plc. This related to commitment fees on the available facilities.

At 31 December 2017, the Company was owed £0.7m by British Energy Bond Finance plc (2016: £0.6m), a subsidiary undertaking.

At 31 December 2017, the Company owed £1.3m in total to its ultimate parent companies, Électricité de France SA and Centrica plc (2016: £1.2m).

19 Post balance sheet events

On 27 March 2018, the Directors approved an interim 2018 dividend of £100m, which was paid to its shareholders on 3 April 2018.

The Company has guaranteed the availability of a £474m credit facility from March 2018. Previously, this was a £448m credit facility guaranteed until March 2018.

20 Parent undertaking and controlling party

EDF Energy Lake Limited holds an 80% interest in the Company and is considered to be the immediate parent company. The remaining 20% is held by Centrica Lake Limited. EDF Energy Holdings Limited, the parent of EDF Energy Lake 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 office at 90 Whitfield Street, London, England, W1T 4EZ.

At 31 December 2017, 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 office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.