Registered Number: 3782700

EGGBOROUGH POWER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

Registered Office:

3 Redwood Crescent
Peel Park
EAST KILBRIDE
G74 5PR

Eggborough Power Limited
Directors' Report and Accounts
For the Year Ended 31 March 2002

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2002.

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company is a member of the British Energy group of companies ('BE'). The principal activity of the company is the generation of electricity on demand to complement the electricity generated by British Energy's fleet of nuclear power stations. BE has recently announced that, having reviewed the longer term prospects for the business, it had no alternative but seek financial support from the UK government. BE announced on 26 September 2002 that it had entered into a facility agreement with the UK Government for up to £650 million to provide working capital for BE's immediate requirements and to allow BE to stabilise its trading position in the UK and North America. These arrangements provide collateral, where appropriate, for BE's trading counterparties and will allow BE to continue to trade in the electricity markets in which it operates.

This agreement expires on 29th November 2002. It is expected that discussions regarding longer term restructuring will commence shortly. BE's board has reasonable grounds for believing that these discussions will be successful but there can be no certainty. If these discussions are not successful, BE may be unable to meet its financial obligations as they fall due and therefore BE may not be considered to be a going concern.

The facility agreement is cross-guaranteed by the principal group entities (excluding the company, Eggborough Power (Holdings) Limited and the group's interest in AmerGen in North America) and contains a requirement to provide security as required by the Government and where the provision of such security would not cause a material default under any contract. The company is therefore excluded from this cross-guarantee arrangement but nonetheless its business and operations are significantly exposed to the ability of the British Energy group, as a whole, to continue as a going concern.

In accordance with FRS 18, the financial statements have been prepared on a going concern basis because the entity is not being liquidated nor ceasing to trade and the directors are currently seeking an alternative to liquidating the company or ceasing to trade.

The going concern basis assumes that the company will continue in operational existence for the foreseeable future.

As the company

1. has as its principal activity the generation of electricity on demand to complement the electricity generated by British Energy's fleet of nuclear power stations;
2. has significant receivables from members of the BE group;

it is only likely to remain in operational existence if BE continues to be able to meet its financial obligations as they fall due. The validity of this assertion depends on

a. BE being able to achieve long term financial restructuring, or
b. further assistance being obtained from the UK government for the foreseeable future.

If BE were unable to achieve long term financial restructuring or obtain further assistance from the UK government for the foreseeable future, the company may be unable to continue in operational existence. Therefore, adjustments may have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Therefore directors have not prepared cashflow projections for the company since 14 May 2002 so that they can not assess going concern.

Further, in light of the current uncertainty surrounding the operations and prospects of BE and the company, the directors have significant doubt as to whether the assumptions and estimates used to determine the carrying values of the company's assets and liabilities, including Eggborough power station (note 9) and intercompany receivable (note 11) and payable (note 12) balances, are now the most appropriate. However, the directors do not believe that reasonable assumptions and estimates can be made in the current circumstances and as such have presented assets and liabilities in the financial statements based on their view consistent with that used in the preparation of British Energy plc's group financial statements.

POST BALANCE SHEET EVENT

Refer to note 1 for details of post balance sheet event.

RESULTS AND DIVIDEND

The result for the year is set out in the profit and loss account on page 6. Following the write down of the carrying value of Eggborough power station by £300m the Company's loss for the year of £292,650,000 (2001: profit of £15,451,000) was transferred from reserves.

The Directors do not recommend the payment of a dividend (2001: nil).

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year ended 31 March 2002 are listed below. All the directors held office throughout the year except where otherwise indicated.

Robin Jeffrey (appointed 7 June 2001)
Robert Armour
Michael Kirwan (resigned 7 June 2001)
Peter Hollins (resigned 7 June 2001)
Terry Brookshaw
Keith Lough (appointed 17 October 2001)

None of the Directors had an interest in the shares of the Company during the period.

The interests of Robin Jeffrey and Keith Lough 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 2002 had the following interests in the ordinary shares of British Energy plc:

	Shares		Sharesave Options		Executive Share Options	
	31 March 2002	31 March 2001	**31 March 2002**	31 March 2001	**31 March 2002**	31 March 2001
Robert Armour	1,427	1,427	6,461	10,781	111,312	111,312
Terry Brookshaw	-	-	6,461	-	-	-

EMPLOYEE INVOLVEMENT

The senior management team is committed to the continuous development of staff at all levels of the organisation, and the Company has been accredited with 'Investors in People' (IiP) status. The process and practices that have been introduced to achieve the IiP standard are regularly reviewed and improved to allow the business and employees to gain the maximum benefit, and staff are encouraged to maintain personal development plans.

EQUAL OPPORTUNITIES

The Company operates an Equal Opportunities Policy providing employees with the chance to share equally in opportunities for training, career development and promotion.

POLICY ON PAYMENT OF CREDITORS

The Company supports the Prompt Payers' Code of the Confederation of British Industry. The Company's policy is to settle the terms of payments with suppliers when agreeing the terms of each transaction, to ensure suppliers are made aware of these terms and to abide by the agreed terms. At 31 March 2002 the Company had no trade creditors. Suppliers were paid on an average of 35 days for the financial period (31 March 2001: 35 days).

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 and 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 (see page 2).

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing the reappointment of PricewaterhouseCoopers as auditors will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

ROBERT ARMOUR
Secretary

27 September 2002

Registered in Scotland 3892700
Registered Office: 3 Redwood Crescent
Peel Park
EAST KILBRIDE
G74 5PR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EGGBOROUGH POWER LIMITED

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of Directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. As indicated in note 1 to the financial statements, the directors have not re-evaluated, since the issue of the parent company's consolidated financial statements on 14 May 2002, their estimates of the carrying values of certain of the company's assets and liabilities nor have they prepared projections of the company's future cash flows since that date so that they can assess going concern. Additionally, as described in note 1, the company's ability to continue as a going concern is dependent on its parent company's ability to continue as going concern and provide such financial assistance as necessary to the company to enable the company to meet its financial obligations as they fall due. The directors have not been able to provide evidence of the parent company's ability to continue as a going concern and provide such financial assistance as necessary and therefore have not been able to provide evidence of the company's ability to continue as a going concern. As such, the evidence available to us has been restricted and we are unable to carry out auditing procedures necessary on the appropriateness of the carrying values of assets and liabilities and the going concern basis of preparation. Accordingly adjustments may be required to the carrying value of the assets and liabilities in the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 or of its loss for the year then ended. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitations on our work relating to the appropriateness of the carrying values of assets and liabilities and going concern, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit. In respect alone of the limitations on our work relating to the appropriateness of the carrying values of assets and liabilities we were unable to determine whether proper accounting records had been maintained.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered accountants and Registered Auditors
Edinburgh

9 October 2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 £'000	2001 £'000
Turnover	2	150,088	185,716
Operating costs	3	(400,408)	(147,566)
Operating (loss)/profit		(250,320)	38,150
Net interest payable	7	(39,330)	(21,726)
(Loss)/profit on ordinary activities before taxation		(289,650)	16,424
Tax on profit on ordinary activities	8	(3,000)	(973)
Retained (loss)/profit for the financial year	16	(292,650)	15,451

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

	2002 £'000	2001 £'000
(Loss)/profit for the year	(292,650)	15,451
Revaluation of fixed assets	-	567,906
Total recognised gains and losses	(292,650)	583,357

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

	2002 £'000	2001 £'000
Reported (loss)/profit on ordinary activities before taxation	(292,650)	15,451
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount.	31,897	28,395
Historical cost (loss)/profit on ordinary activities before taxation	(260,753)	43,646
Historical cost (loss)/profit for the year retained after taxation and dividends.	(260,753)	43,846

Notes 1 to 19 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2002

	Note	2002 £'000	2001 £'000
Tangible fixed assets	9	299,747	603,767
Current assets			
Stocks	10	4,654	4,543
Debtors	11	574,214	1,114,418
Investments		40,000	21,000
Cash at bank and in hand		167	1,442
		619,035	1,141,403
Creditors: amounts falling due within one year	12	(97,183)	(595,834)
Net current assets		521,852	545,569
Total assets less current liabilities		821,599	1,149,336
Creditors: amounts falling due in more than one year	13	(471,216)	(509,303)
Provisions for liabilities and charges	14	(3,104)	(104)
Net assets		347,279	639,929
Capital and reserves			
Called up share capital	15	1,000	1,000
Share premium account	16	55,572	55,572
Revaluation reserve	16	267,906	567,906
Profit and loss account	16	22,801	15,451
Shareholders' funds – equity		347,279	639,929

Notes 1 to 19 form part of these financial statements.

The financial statements on pages 6 to 14 were approved by the Board of Directors on 27 September 2002 and signed on its behalf by:

R. M. Armour
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention as adjusted for the revaluation of fixed assets and in accordance with applicable accounting standards. The Company has changed its accounting policy for deferred tax in accordance with the provisions of FRS19. The change did not result in a restatement of prior year figures.

Basis of preparation of financial statements – going concern
The company is a member of the British Energy group of companies ('BE'). The principal activity of the company is the generation of electricity on demand to complement the electricity generated by British Energy's fleet of nuclear power stations. BE has recently announced that, having reviewed the longer term prospects for the business, it had no alternative but to seek financial support from the UK government. BE announced on 26 September 2002 that it had entered into a facility agreement with the UK Government for up to £650 million to provide working capital for BE's immediate requirements and to allow BE to stabilise its trading position in the UK and North America. These arrangements provide collateral, where appropriate, for the BE's trading counterparties and will allow BE to continue to trade in the electricity markets in which it operates.

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If BE were unable to achieve long term financial restructuring or obtain further assistance from the UK government for the foreseeable future, the company may be unable to continue in operational existence. Therefore, adjustments may have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Therefore the directors have not prepared cashflow projections for the company since 14 May 2002 so they can not assess going concern.

Further, in light of the current uncertainty surrounding the operations and prospects of BE and the company, the directors have significant doubt as to whether the assumptions and estimates used to determine the carrying values of the company's assets and liabilities, including Eggborough power station (note 9) and intercompany receivable (note 11) and payable (note 12) balances, are now the most appropriate. However, the directors do not believe that reasonable assumptions and estimates can be made in the current circumstances and as such have presented assets and liabilities in the financial statements based on their view consistent with that used in the preparation of British Energy plc's group financial statements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

The Company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose related party transactions with fellow members of the British Energy plc group. These transactions eliminate on consolidation in the Group Accounts.

Turnover
Turnover comprises income received under a capacity and tolling agreement with a fellow subsidiary of British Energy plc as described on page 2.

Pension costs
Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Tangible fixed assets.
The Company's principal fixed asset is the power station which is carried at directors' valuation, based on the fair value assigned by British Energy plc following its acquisition of the Company. In accordance with British Energy plc group accounting policies, the fair value assigned to the power station is annually reviewed for impairment.

Tangible fixed assets are stated at original cost or valuation less accumulated depreciation. Assets in the course of construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Buildings and original generation plant	- 20 years
Other plant and machinery	- 5 years

Capital refurbishment and improvement of the original generation plant is capitalised and depreciated over the remaining life of the original plant. Freehold land, and assets under construction are not depreciated.

Stock
Stores are valued at the lower of cost and net realisable value.

Investments
Cash which is placed on term deposits which mature more than one day after the end of the period or invested in commercial paper is classified under current asset investments in the balance sheet.

Taxation
Corporation tax payable is provided on taxable profits at the current rate and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The Company makes full provision for deferred tax on all temporary timing differences which arise between its taxable profits and results as stated in the financial statements. The full amount of the provision is discounted using a discount rate similar to the current post tax rates of return on UK treasury gilts. There is no financial impact arising from the change in accounting policy.

Bank borrowings
Bank borrowings are carried at their issue proceeds net of issue costs less amounts repaid. Issue costs are allocated over the period of the borrowing to achieve a constant rate on the carrying amount.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

3. TURNOVER

	2002 £'000	2001 £'000
Generation sales	-	98,211
Tolling income	150,088	82,764
Miscellaneous sales	-	4,741
	150,088	185,716

4. OPERATING COSTS

	2002 £'000	2001 £'000
Fuel	2,550	42,412
Materials and services	56,075	61,575
Staff costs	9,886	10,166
Depreciation	31,897	33,413
Operating costs before exceptional items	100,408	147,566
Exceptional write down (note 9)	300,000	-
Operating Costs after exceptional items	400,408	147,566

The auditors' remuneration for audit services was £15,000, (2001: £15,000)

5. STAFF COSTS

The average number of employees during the period (including executive directors) analysed by category was:

	2002 Number	2001 Number
Operations	225	225
Business Services	25	26
	250	251

Their aggregate remuneration comprised.

	2002 £'000	2001 £'000
Wages and salaries	8,373	8,679
Social security costs	732	699
Other pension costs	781	788
	9,886	10,166

6. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The Directors are all employed by other companies in the British Energy plc group. None of the Directors received any remuneration for services provided to the Company during the year.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

7. PENSION OBLIGATIONS

The employees are members of the British Energy Combined Pension Group within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to triennial actuarial valuation. Each pension group which participates in the ESPS is financially independent from the other groups. A formal valuation of the British Energy Combined Pension Scheme was carried out at 31 March 2001. The valuation for accounting purposes has been carried out by an independent actuary using the projected unit method. The principal assumptions adopted for these accounting valuations were that, over the long term, the investment rate of return would be 6% per annum for benefits already accrued and 6.5% for the return achieved on future contributions. The rate of salary increase would be 4% per annum and the rate of pension increase would be 2.5% per annum. Assets were taken at market value. At the date of valuation the market value of assets was £26m. This represents 100% of benefits that had accrued to members after allowing for expected increases in earnings. The Company contributes 12% to the British Energy Combined Pension Group. Contributing members make normal contributions of 6%. Any deficiency disclosed following an actuarial valuation has to be made good by British Energy.

The Company's pension cost for the period ended 31 March 2002 was £781,000 (2001 : £788,000).

Eggborough Power Limited has not implemented FRS17 'Retirement Benefits' in the accounts to 31 March 2002. The disclosures required under the transitional arrangements in FRS17 are, however, set out below.

	£m
The fair value of the scheme's assets at 31 March 2002.	27
The present value of the scheme's liabilities at 31 March 2002.	(32)
Net pension liabilities	(5)
Related deferred tax	2
Net liability for post retirement benefits net of tax	(3)

The assets in the scheme, together with the expected long term rate of return were:

	Rate of Return %	Value at 31 March 2002
Equities	8.0	20
Bonds	5.3	6
Others	4.75	1

The principle assumptions which were used to arrive at the present value of the scheme liabilities were as follows:

	%
Annual inflation rate	2.75
Annual rate of salary increase	4.25
Annual rate of pension increase	2.75
Annual discount rate for scheme liabilities	6.00

8. NET INTEREST PAYABLE

	2002 £'000	2001 £'000
Interest payable on overdrafts and bank loans	61,306	21,320
Interest payable on other loans	-	1,386
	61,306	22,706
Interest receivable	(21,976)	(980)
	39,330	21,726

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2002 £'000	2001 £'000
UK corporation tax at 30% (31 March 2001: 30%)	-	973
Deferred taxation	3,000	-
	3,000	973

The exceptional write down of fixed assets of £300m is not allowable for tax purposes. The corporation tax charge that would arise on the remaining profit for the year relates to a year when taxable profits could be covered by group relief from fellow subsidiaries. A reconciliation of the current year tax charge is set out below.

	2002 Tax Terms £'000	2002 Percentage
Tax credit on loss at standard rate 30%	(87,000)	(30%)
Current year deferred tax charge	(3,000)	(1%)
Group relief	(10,000)	(3%)
Expenses not deductible for tax purposes	100,000	34%
Current tax charge for the year	-	-

10. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Plant Spares £'000	Total £'000
Cost or valuation					
As a 1 April 2001	577,627	42,889	6,391	10,515	637,422
Additions	-	902	26,975	-	27,877
Exceptional write down	(300,000)	-	-	-	(300,000)
Transfers	-	2,230	(2,230)	-	-
As at 31 March 2002	277,627	46,021	31,136	10,515	365,299
Depreciation					
As at 1 April 2001	28,761	4,249	-	645	33,655
Charge for the year	28,869	2,307	-	721	31,897
As at 31 March 2002	57,630	6,556	-	1,366	65,552
Net Book Value					
As at 31 March 2002	219,997	39,465	31,136	9,149	299,747
At 1 April 2001	548,866	38,640	6,391	9,870	603,767

During the year the Directors reviewed the economic value and net realisable value of the Company's power station and compared it to net book value. A discount rate of 8% was applied to the economic value review. As a result of this review the value of Eggborough power station has been written down by £300m.

If land and buildings had not been revalued they would have been included in the following amounts.

	2002 £'000	2001 £'000
Cost	9,771	9,771
Depreciation	(489)	(416)
Net book value	9,282	9,355

Freehold land, with a cost of £105,000, has not been depreciated.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

10. STOCKS

	2002 £'000	2001 £'000
Oil	638	1,268
Consumables	4,016	3,275
	4,654	4,543

There is no material difference between the balance sheet value of stocks and their replacement value.

11. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	15,414	14,941
Amounts owed by group undertakings	558,800	1,099,477
	574,214	1,114,418

12. CREDITORS; AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Amounts owed to group undertakings	28,076	545,687
Retentions	1,482	131
Other tax and social security	1,583	7,260
Accruals and deferred income	28,668	8,629
Bank loan (note 13)	37,374	34,127
	97,183	595,834

13. CREDITORS; AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Bank Loan	471,216	509,303

During the year ended 31 March 2001, the Company entered into a project finance loan for £550m and incurred arrangement fees of £7m. The loan is secured by a fixed and floating charge over the assets of the Company. The loan is repayable by instalments over an eleven year period and bears interest at LIBOR plus 1%. The maturity of borrowings is set out below:

	2002 £'000	2001 £'000
Less than 1 year	37,374	34,127
Between 1 and 2 years	40,737	36,799
Between 2 and 5 years	142,640	132,718
Over 5 years	287,839	339,786
	508,590	543,430

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £'000	Asset removal provision £'000	Total £'000
At 1 April 2001	54	50	104
Charge in year	3,000	-	3,000
At 31 March 2002	3,054	50	3,104

The deferred taxation provision arises due to timing differences on capital allowances and depreciation.

The asset removal provision relates to a commitment to remove National Grid assets held at Eggborough on the eventual closure of the station.

16. CALLED-UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
1,000,001 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000,001 ordinary shares of £1 each	1,000	1,000

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
As at 1 April 2001	1,000	55,572	567,906	15,451	639,929
Loss for year	-	-	-	(292,650)	(292,650)
Transfer from revaluation reserve	-	-	(300,000)	300,000	-
As at 31 March 2002	1,000	55,572	267,906	22,801	347,279

The loss relating to exceptional write down of Eggborough power station has been transferred to the revaluation reserve which was recognised following the revaluation of Eggborough power station after the purchase of the company by British Energy plc.

18. COMMITMENTS

At 31 March 2002 the Company had capital commitments of £23,930,000 (2001 : £13,686,000) The Company had no lease commitments.

19. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Eggborough Power (Holdings) Limited. The results of Eggborough Power Limited have been consolidated within the accounts of its ultimate holding Company, and ultimate controlling party, British Energy plc. Copies of the Group accounts are available from the Company Secretary at the registered office: British Energy plc, 3 Redwood Crescent, Peel Park, East Kilbride, G74 5PR.

19. POST BALANCE SHEET EVENT

Refer to note 1 for details of the post balance sheet event.

Eggborough Power Limited
For the Year Ended 31 March 2002

APPENDIX

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002 (UNAUDITED)

	£'000
Operating loss	(250,320)
Asset write-down	300,000
Depreciation	31,898
Increase in stocks	(111)
Increase in debtors	(473)
Increase in creditors	15,711
Operating cash flow	96,705
Interest paid	(39,330)
Capital expenditure	(27,877)
Payment of bank loan	(36,960)
Increase in net inter-company creditors	46,186
Increase in cash	38,724